



Bank with the Best

Annual Report 2018



Meezan Bank
The Premier Islamic Bank



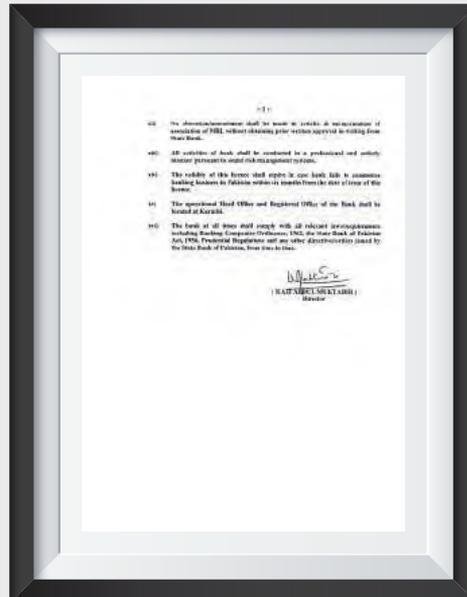
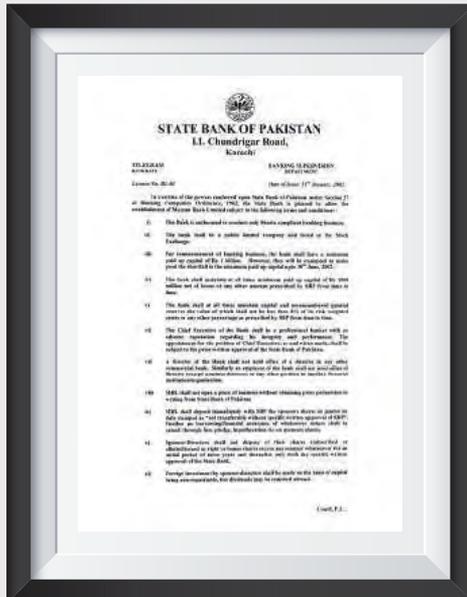
بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

From the First Islamic Bank in Pakistan



On January 31, 2002, Meezan Bank was granted the first ever Islamic Commercial Banking license by the State Bank of Pakistan.

Mr. Irfan Siddiqui, Founding President & CEO, received the license from Dr. Ishrat Hussain, then Governor of State Bank of Pakistan. Meezan Bank became the pioneer of Islamic Banking in the country, adding a new chapter to the history of the financial industry.



To the Best Bank in Pakistan



Alhamdulillah, on November 9, 2018, Meezan Bank was recognized as the Best Bank in Pakistan by Pakistan Banking Awards - the most prestigious banking recognition in the country. Our journey from Pakistan's first Islamic Bank and the smallest bank in the country to Pakistan's Best Bank spanned just 16 years. The guidance of Allah (ﷻ) and the trust and confidence of our shareholders and customers have propelled us on this journey, for which we are grateful.

Our foundations have been built on absolute compliance to Shariah and a focus on customer service through which we endeavour to deliver the best banking experience to our customers.

We would like to reflect, through these pages, on our strengths, direction and purpose. Today, Meezan Bank stands on the threshold of exciting changes to the way our customers bank with us and we invite you to join us in appreciating our past and looking forward to an exciting future.

ABOUT PAKISTAN BANKING AWARDS

Pakistan Banking Awards are recognized as the most credible and prestigious awards in the banking industry of Pakistan. The initiative was launched in 2016 by the Institute of Bankers Pakistan, in partnership with The DAWN Media Group and A. F. Ferguson & Co., under the patronage of the State Bank of Pakistan.

A prestigious jury reviews the award submissions and decides on the winner for each award category. The jury for 2018 comprised

Dr. Ishrat Hussain, Advisor to the Prime Minister on Institutional Reforms & Austerity, Government of Pakistan, Head of Jury;

Mr. Atif Bajwa, Former President & CEO, Bank Alfalah;

Mr. Atif R. Bukhari, Former President & CEO, UBL Bank;

Dr. Farrukh Iqbal, Dean and Director, IBA;

Mr. Naveed A. Khan, Former President & CEO, Faysal Bank;

Mr. Ehsan Ali Malik, Director & CEO, Pakistan Business Council;

Dr. Zeelaf Munir, Managing Director & CEO, English Biscuit Manufacturers Pvt Ltd.

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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 customer within the bounds of Shariah...









Our Culture

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 a man and 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, inspite 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 contended 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.

HIGHLIGHTS - YEAR 2018

PAKISTAN BANKING AWARDS - 2018

**BEST BANK
IN PAKISTAN**



LARGEST DEDICATED ISLAMIC BANKING NETWORK

**660 BRANCHES
IN MORE THAN
180 CITIES**



2,219,500

*CUSTOMERS

* TOTAL NUMBER OF CUSTOMERS AS OF DECEMBER 31, 2018



Years of
Meezan Bank
in Pakistan
2002-2018

EMPLOYEES AND
AMBASSADORS OF ISLAMIC BANKING

10,000⁺

GLOBALLY RECOGNIZED AS

**BEST ISLAMIC BANK
FOR TREASURY MANAGEMENT**

BY ISLAMIC FINANCE NEWS (IFN) MALAYSIA

**Islamic Finance news
Awards**



HIGHEST NUMBER

OF MASTERCARD AND VISA
POS TRANSACTIONS
AMONG

**LINK
MEMBER BANKS**



2nd LARGEST

**IBFT RECEIVING BANK
IN PAKISTAN**



PROFIT AFTER TAX

Rs. **8.96**
BILLION

DEPOSITS

Rs. **785**
BILLION

TOTAL ASSETS

Rs. **938**
BILLION

EARNINGS PER SHARE

Rs. **7.67**

DEPOSIT GROWTH

18%

TRADE BUSINESS VOLUME

Rs. **1 TRILLION**

GROWTH IN DIGITAL PRESENCE

LARGEST FOLLOWING ON



IN PAKISTAN'S BANKING INDUSTRY

ENTITY CREDIT RATINGS

AA+ / A1+

BY JCR - VIS

**1ST DEDICATED ISLAMIC BANKING YOUTUBE CHANNEL
IN THE COUNTRY**

194%
GROWTH
SINCE 2017





What makes us the Best

Being a Strong Retail Bank

Meezan Bank has always maintained a strong focus on developing its Retail Banking network and services. We realize that to achieve our Vision of establishing 'Islamic banking as banking of first choice...' – we must provide access to Islamic banking to the people of Pakistan through a large and geographically diverse branch network and a wide range of Shariah-compliant products and services. This belief and strategy has resulted in exemplary growth in our Retail Banking portfolio and the Bank has grown into a prominent and successful High Street Bank over the years.

Meezan Bank's retail offerings range from deposit products that cater to individual customers, ranging from teenagers to senior citizens, as well as large corporates and small businesses. Our Consumer Finance proposition is the strongest and most diverse in the industry; we provide financing for household durables, motorcycles, private and commercial vehicles, housing and even Hajj and Umrah – all focused on providing 'a one-stop shop for innovative value-added products and services to our customers within the bounds of Shariah' - a key element of our Mission statement.

Our Alternate Distribution Channels include a very user-friendly Internet banking facility, a top-of-the-line Mobile Banking App, a range of debit cards offering discounts and privileges for all categories of customers and a country-wide network of over 600 ATMs - all geared to give our customers a superior banking experience.



What makes us the Best

Our Unfailing Service

We exist for and because of our customers. The quality of our service is the first indication of how much we care for them. With banking becoming increasingly competitive and all banks offering similar products - the differentiating factor among organizations that excel and those that don't, lies in how much they care for their customers and this mindset reflects in their service.

Meezan Bank has put systems and a service culture in place that ensure consistent delivery of a superior banking experience to its customers across all banking channels. A Service Board, chaired by the Bank's President & CEO, monitors the quality of service being provided to both internal and external customers across the network. Evaluation techniques such as Mystery Shopping and Customer Satisfaction Surveys provide direct feedback to the Service Board.

Customer service isn't just about being courteous to your customers – it is also about providing them a professional experience of the highest standard. At Meezan Bank, we strongly believe that our customers have every right to expect us to be competent, courteous and thorough and that we should give them an even better experience, something that we would expect if we were standing on the other side of the counter.





What makes us the Best

Being the Fastest Growing Bank In Pakistan

With a Vision to 'Establish Islamic banking as banking of first choice...', Meezan Bank started operations in 2002 as the first Islamic Commercial Bank in Pakistan and, at that time, was the smallest among the 36 banks operating in the country. Over the last 16 years, our network has grown from 4 branches to 660 branches in over 180 cities across the country - a CAGR of 38% p.a. and our deposits have grown from Rs 5 Billion to Rs 785 Billion - a CAGR of 37% p.a. This is the fastest any bank has ever grown in the country and Meezan Bank has achieved this while maintaining strong profitability.

Meezan Bank is now the 7th largest bank in terms of deposits and the 8th largest in terms of branch network. We also have one of the highest 'Deposits per branch' in the banking industry. The Bank has grown from strength to strength and has now been recognized as the Best Bank in Pakistan. We respect and value the trust of our customers and stakeholders and are constantly striving to meet and exceed their expectations.



STATE BANK OF PAKISTAN
5000
FIVE THOUSAND RUPEES



What makes us the Best

Shariah Compliance

Meezan Bank maintains the highest levels of Shariah compliance in all its products, processes, services and management practices. We are the first Islamic Bank in Pakistan to establish a dedicated and independent Shariah Audit Department to ensure Shariah compliance in our operations as prescribed by our Shariah Supervisory Board and State Bank of Pakistan.

Meezan Bank has developed its own risk based Shariah audit rating models, in-depth audit programs, manuals and checklists – and these have gained global recognition – to the extent that the prestigious standard setting body for Islamic Financial Institutions, AAOIFI, has selected Meezan Bank to establish a regional working group for revamping and redrafting of its global standard on Internal Shariah Review and Audit.

At Meezan Bank, Shariah compliance is not a business need, but part of our belief system. We feel, very strongly, that our customers trust us to ensure that we invest their money in a Shariah-compliant manner and give them halal returns. For us, complete adherence to Shariah principles in all that we do is simply a way of life.



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31.544.65.1

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IP:4.66.13.832

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57%

41%

85%

30%

70%



What makes us the Best

Embracing Technology

At Meezan Bank, we continuously strive to capitalize on technology to improve the convenience, security and quality of banking experience of our customers. The Bank is continuously working on improving its technology backbone and platforms - not only to secure and streamline our banking operations but also to provide our customers with banking solutions that give them secure and seamless accessibility to the Bank's products and services across all touchpoints.

Meezan Bank has introduced a variety of banking conveniences that have transformed the user experience. We have one of the widest range of debit cards that generate the highest number of transactions of any bank in Pakistan. By focusing on technology to make banking easier, we are able to ensure that from our extremely user-friendly Internet banking service to the class-leading Mobile Banking App and from instant biometric verification on ATM machines to the fastest debit card activation, our customers get the best technology, from the Best Bank in Pakistan.

Key Figures at a Glance

	2018	2017	2016	2015	2014	2013
Profit and Loss Account						
Profit on financing, investments and placements	48,625	36,427	31,027	32,893	28,487	23,016
Profit on deposits and other dues expensed	20,457	15,684	13,239	15,181	15,539	12,658
Net Spread earned	28,168	20,743	17,788	17,712	12,948	10,358
Fee, commission, forex and other income	6,887	5,622	4,102	3,617	3,387	1,971
Dividend income and gain / (loss) on securities	575	2,002	1,622	971	1,432	1,539
Total income	35,630	28,367	23,512	22,300	17,767	13,868
Operating and other expenses	19,670	16,832	14,787	13,313	10,402	8,128
Profit before Provisions	15,960	11,535	8,725	8,987	7,365	5,740
Provisions and write offs - net	1,168	1,283	(218)	535	467	93
Profit before Taxation	14,792	10,252	8,943	8,452	6,898	5,647
Taxation	5,830	3,939	3,381	3,429	2,328	1,690
Profit after Taxation	8,962	6,313	5,562	5,023	4,570	3,957

Statement of Financial Position

Islamic Financing and Related Assets	512,564	420,029	311,530	207,569	175,712	127,623
Total Assets	937,915	788,808	662,055	535,864	440,149	332,095
Total Deposits	785,477	667,181	559,398	468,281	378,744	288,433
Share Capital	11,692	10,629	10,027	10,027	10,027	10,027
Sub-ordinated sukuk	14,000	7,000	7,000	-	-	-
Total Shareholders Equity	40,333	35,077	30,474	26,347	23,890	18,913
Market Capitalization	108,022	71,321	67,422	45,875	47,129	39,488
Number of Staff	10,069	9,551	9,168	8,581	7,429	6,248
Number of Branches	660	601	571	551	428	351

Ratios

Book Value (Rs)	34.50	32.31	28.07	25.49	23.21	17.86
Market Value per Share (Rs)	92.39	67.10	67.24	45.75	47.00	39.38
Price to Book Value Ratio	2.68	2.08	2.40	1.79	2.02	2.20
Cash Dividend (%)	35.00	30.00	30.00	30.00	27.50	20.00
Stock Dividend (%)	10.00	-	-	-	-	-
Right Shares at par (%)	-	6.00	-	-	-	-
Price Earning Ratio	12.05	12.07	12.34	9.13	10.31	9.97
Earning per Share (Rs)	7.67	5.56	5.45	5.01	4.56	3.95
Net Spread to Gross Return (%)	57.93	56.94	57.33	53.85	45.45	45.00
Profit Before Tax to Gross Income (%)	26.37	23.27	24.33	22.55	20.71	21.29
Profit After Tax to Gross Income (%)	15.98	14.33	15.13	13.40	13.72	14.92
Operating & Other Expenses to Income before provisions (%)	55.21	59.34	62.89	59.70	58.55	58.61
Financing / Advances to Deposit Ratio-ADR (%)	65.3	63.0	55.7	44.3	46.4	44.2
Investment to Deposit Ratio - IDR (%)	15.75	17.87	23.27	31.24	30.12	52.56
Capital Adequacy Ratio (%)	14.55	12.89	12.91	10.98	11.88	12.48
Return on Average Assets (%)	1.04	0.87	0.93	1.03	1.18	1.30
Return on Average Equity (%)	23.77	19.26	19.58	20.00	21.35	22.31

(Comparative information has been reclassified / rearranged for better presentation)

Rupees in Million

2012	2011	2010	2009	2008
21,592	17,809	12,094	9,911	6,605
11,385	8,666	6,606	4,970	3,088
10,207	9,143	5,488	4,941	3,517
1,413	1,347	2,056	1,332	802
986	1,158	419	266	(95)
12,606	11,648	7,963	6,539	4,224
6,925	5,903	4,340	3,267	2,515
5,681	5,745	3,623	3,272	1,709
451	1,389	1,497	1,532	717
5,230	4,356	2,126	1,740	992
1,722	965	477	715	371
3,508	3,391	1,649	1,025	621

88,678	70,377	60,265	46,985	41,521
278,084	203,439	157,389	126,677	88,110
229,892	169,429	131,070	100,333	70,234
9,034	8,030	6,983	6,650	4,926
-	-	-	-	-
16,563	13,781	11,080	9,184	5,975
27,147	13,956	11,801	10,467	10,581
5,953	4,900	4,364	3,669	3,170
310	275	222	201	166

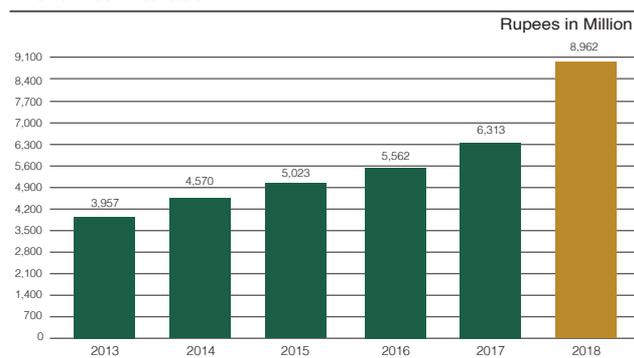
17.14	16.60	15.38	13.67	12.87
30.05	17.38	16.90	15.74	21.48
1.75	1.05	1.10	1.15	1.67
15.00	10.00	-	-	-
11.00	12.50	15.00	5.00	8.60
-	-	-	-	35.00
8.59	4.63	8.24	9.72	17.61

3.50	3.75	2.05	1.62	1.22
47.27	51.34	45.38	49.85	53.25
21.80	21.44	14.59	15.12	13.57
14.62	16.69	11.32	8.91	8.49

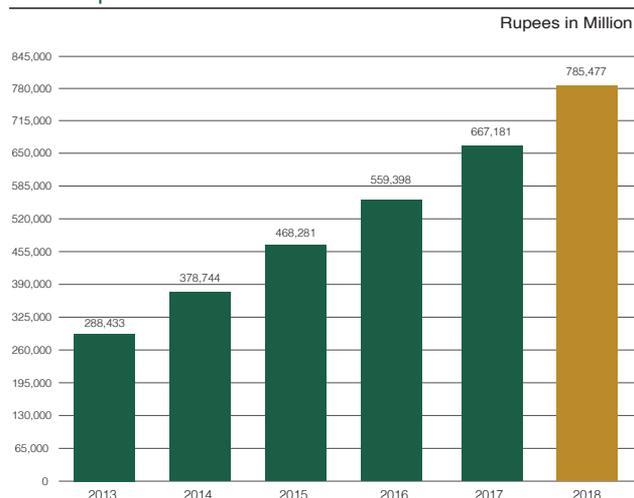
54.93	50.68	54.50	49.96	59.54
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38.6	41.5	46.0	46.8	59.1
66.32	58.13	41.94	23.21	20.68
14.08	14.89	12.41	12.77	9.58
1.46	1.88	1.16	0.95	0.80
23.12	27.28	16.28	13.52	10.62

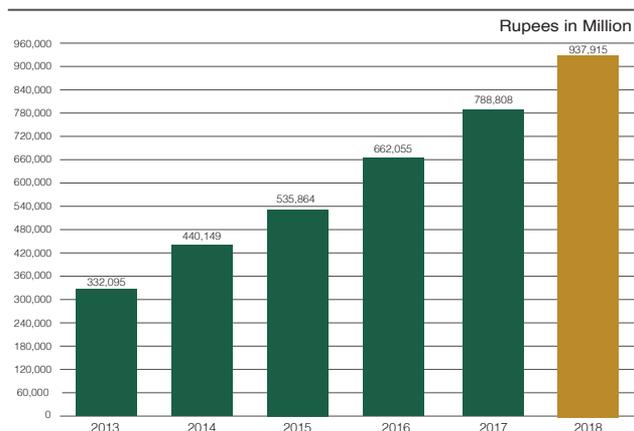
Profit After Taxation



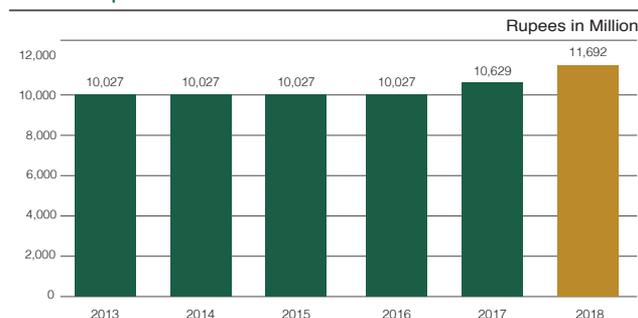
Total Deposits



Total Assets



Share Capital



Six Years' Horizontal Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12
		%		%		%		%		%		%
Assets												
Cash and balances with treasury banks	65,022	1	64,556	15	56,037	28	43,686	47	29,729	4	28,583	49
Balances with other banks	8,255	69	4,896	(59)	12,021	8	11,175	103	5,501	55	3,554	(8)
Due from financial institutions	184,815	26	147,229	14	129,115	28	101,079	11	90,766	1,119	7,443	1,389
Investments	123,743	4	119,238	(8)	130,156	(11)	146,305	28	114,089	(25)	151,614	(1)
Islamic financing and related assets	512,564	22	420,029	35	311,530	50	207,569	18	175,712	38	127,623	44
Fixed assets	13,129	16	11,364	34	8,470	11	7,596	32	5,748	8	5,327	13
Intangible assets	625	22	512	13	455	(1)	461	(12)	525	96	268	59
Deferred tax asset	983	-	-	-	-	-	-	(100)	815	522	131	(76)
Other assets	28,779	37	20,984	47	14,271	(21)	17,993	4	17,264	129	7,552	(6)
	937,915	19	788,808	19	662,055	24	535,864	22	440,149	33	332,095	19
Liabilities												
Bills payable	23,751	38	17,175	25	13,757	36	10,100	38	7,298	46	4,993	63
Due to financial institutions	36,408	(1)	36,813	15	32,006	135	13,610	(12)	15,465	36	11,375	(38)
Deposits and other accounts	785,477	18	667,181	19	559,398	19	468,281	24	378,744	31	288,433	25
Sub-ordinated Sukuk	14,000	100	7,000	-	7,000	-	-	-	-	-	-	-
Deferred tax liabilities	-	(100)	8	(99)	1,362	247	393	-	-	-	-	-
Other liabilities	37,946	48	25,554	42	18,058	5	17,133	16	14,752	76	8,381	(12)
	897,582	19	753,731	19	631,581	24	509,517	22	416,259	33	313,182	20
Net Assets	40,333	15	35,077	15	30,474	16	26,347	10	23,890	26	18,913	14
Represented by:												
Share capital	11,692	10	10,629	6	10,027	-	10,027	-	10,027	-	10,027	11
Reserves	15,161	13	13,369	38	9,700	13	8,588	18	7,289	105	3,551	29
Unappropriated profit	13,526	31	10,340	23	8,422	21	6,942	17	5,958	38	4,330	17
(Deficit) / Surplus on revaluation of assets	(46)	(106)	739	(68)	2,325	194	790	28	616	(39)	1,005	(6)
	40,333	15	35,077	15	30,474	16	26,347	10	23,890	26	18,913	14
Profit & Loss Account												
	2018	18 Vs 17	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12
		%		%		%		%		%		%
Profit on financing, investments and placements	48,625	33	36,427	17	31,027	(6)	32,893	15	28,487	24	23,016	7
Profit on deposits and other dues expensed	(20,457)	30	(15,684)	18	(13,239)	(13)	(15,181)	(2)	(15,539)	23	(12,658)	11
Net spread earned	28,168	36	20,743	17	17,788	-	17,712	37	12,948	25	10,358	1
Fee, commission, forex and other income	6,887	23	5,622	37	4,102	13	3,617	7	3,387	72	1,971	39
Dividend income and gain on securities	575	(71)	2,002	23	1,622	67	971	(32)	1,432	(7)	1,539	56
Total income	35,630	26	28,367	21	23,512	5	22,300	26	17,767	28	13,868	10
Operating and other expenses	(19,670)	17	(16,832)	14	(14,787)	11	(13,313)	28	(10,402)	28	(8,128)	17
Profit before Provisions	15,960	38	11,535	32	8,725	(3)	8,987	22	7,365	28	5,740	1
Provisions and write offs - net	(1,168)	(9)	(1,283)	(689)	218	(141)	(535)	15	(467)	402	(93)	(79)
Profit before taxation	14,792	44	10,252	15	8,943	6	8,452	23	6,898	22	5,647	8
Taxation	(5,830)	48	(3,939)	17	(3,381)	(1)	(3,429)	47	(2,328)	38	(1,690)	(2)
Profit after taxation	8,962	42	6,313	14	5,562	11	5,023	10	4,570	15	3,957	13

(Comparative information has been reclassified / rearranged for better presentation)

Six Years' Vertical Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
Assets	2018	%	2017	%	2016	%	2015	%	2014	%	2013	%
Cash and balances with treasury banks	65,022	7	64,556	8	56,037	8	43,686	8	29,729	7	28,583	9
Balances with other banks	8,255	1	4,896	1	12,021	2	11,175	2	5,501	1	3,554	1
Due from financial institutions	184,815	20	147,229	19	129,115	20	101,079	19	90,766	21	7,443	2
Investments	123,743	13	119,238	15	130,156	20	146,305	27	114,089	26	151,614	46
Islamic financing and related assets	512,564	55	420,029	53	311,530	47	207,569	39	175,712	40	127,623	38
Fixed assets	13,129	1	11,364	1	8,470	1	7,596	2	5,748	1	5,327	2
Intangible assets	625	-	512	-	455	-	461	-	525	-	268	1
Deferred tax asset	983	-	-	-	-	-	-	-	815	-	131	-
Other assets	28,779	3	20,984	3	14,271	2	17,993	3	17,264	4	7,552	1
	937,915	100	788,808	100	662,055	100	535,864	100	440,149	100	332,095	100
Liabilities												
Bills payable	23,751	3	17,175	3	13,757	2	10,100	2	7,298	2	4,993	2
Due to financial institutions	36,408	4	36,813	5	32,006	5	13,610	3	15,465	4	11,375	4
Deposits and other accounts	785,477	84	667,181	84	559,398	84	468,281	87	378,744	86	288,433	86
Sub-ordinated Sukuk	14,000	1	7,000	1	7,000	1	-	-	-	-	-	-
Deferred tax liabilities	-	-	8	-	1,362	-	393	-	-	-	-	-
Other liabilities	37,946	4	25,554	3	18,058	3	17,133	3	14,752	3	8,381	3
	897,582	96	753,731	96	631,581	95	509,517	95	416,259	95	313,182	95
Net Assets	40,333	4	35,077	4	30,474	5	26,347	5	23,890	5	18,913	5
Represented by:												
Share capital	11,692	1	10,629	1	10,027	2	10,027	2	10,027	2	10,027	3
Reserves	15,161	2	13,369	2	9,700	2	8,588	2	7,289	2	3,551	1
Unappropriated profit (Deficit) / Surplus on revaluation of assets	13,526 (46)	1 -	10,340 739	1 -	8,422 2,325	1 -	6,942 790	1 -	5,958 616	1 -	4,330 1,005	1 -
	40,333	4	35,077	4	30,474	5	26,347	5	23,890	5	18,913	5
Profit & Loss Account												
	2018	%	2017	%	2016	%	2015	%	2014	%	2013	%
Profit on financing, investments and placements	48,625	87	36,427	82	31,027	85	32,893	87	28,487	86	23,016	87
Profit on deposits and other dues expensed	(20,457)	(37)	(15,684)	(36)	(13,239)	(35)	(15,181)	(41)	(15,539)	(47)	(12,658)	(48)
Net spread earned	28,168	50	20,743	47	17,788	48	17,712	47	12,948	39	10,358	39
Fee, Commission, forex and other income	6,887	12	5,622	13	4,102	11	3,617	10	3,387	10	1,971	7
Dividend income and gain on securities	575	1	2,002	5	1,622	4	971	3	1,432	4	1,539	6
Total income	35,630	63	28,367	64	23,512	64	22,300	59	17,767	53	13,868	52
Operating and other expenses	(19,670)	(35)	(16,832)	(38)	(14,787)	(40)	(13,313)	(36)	(10,402)	(31)	(8,128)	(31)
Profit before Provisions	15,960	28	11,535	26	8,725	24	8,987	24	7,365	22	5,740	22
Provisions and write offs - net	(1,168)	(2)	(1,283)	(3)	218	1	(535)	(1)	(467)	(1)	(93)	-
Profit before taxation	14,792	26	10,252	23	8,943	24	8,452	23	6,898	21	5,647	21
Taxation	(5,830)	(10)	(3,939)	(9)	(3,381)	(9)	(3,429)	(9)	(2,328)	(7)	(1,690)	(6)
Profit after taxation	8,962	16	6,313	14	5,562	15	5,023	13	4,570	14	3,957	15

(Comparative information has been reclassified / rearranged for better presentation)

Financial Analysis

Statement of Financial Position

2018 was the year of significant achievements for the Bank. The total assets of the Bank crossed Rs 900 billion and grew by 19% to reach Rs 938 billion in 2018 from Rs 789 in 2017.

Financing portfolio of the Bank crossed half a trillion benchmark closing at Rs 513 billion – a growth of 22%. The Bank increased its financing exposure in all sectors. The Bank's Corporate, SME / Commercial and Consumer financing increased by 14%, 44% & 41% respectively. Advance to deposits ratio (ADR) of the Bank grew to 65%, with all the risk acceptance parameters well within limits. The Bank has one of the lowest infection ratio of 1.3%. The Bank's coverage ratio stood at 139% in 2018 - one of the highest in the Banking industry in Pakistan.

The Bank's investments and placements (under Bai-Muajjal) increased to Rs 309 billion as compared to Rs 266 billion in 2018. Although, there has been no fresh issue of GOP Ijarah Sukuk, the Bank managed its liquidity position efficiently through inter bank placements and the Open Market Operation (OMO) conducted by the SBP using Bai-Muajjal Structure.

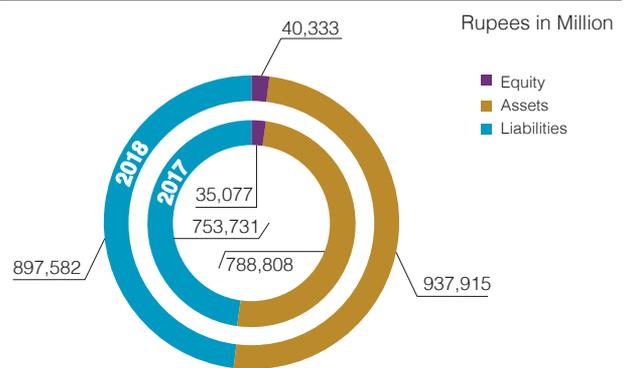
Another commendable achievement during the year was the 18% growth in deposits - twice the average banking industry growth of 8%, closing at Rs 785 billion. The average current account deposits of the Bank grew by 24% from last year. The Bank's market share of deposits grew to 5.9% as compared to 5.4% in 2017. The Bank's market share for the Islamic Banking Industry as a whole including Islamic Banking windows of conventional banks in Pakistan is 35%.

The Bank's equity also increased to Rs 40 billion as compared to Rs 35 billion last year. The Board has recommended the final cash dividend of Rs 2.00 per share (20%) bringing the total payout to Rs 3.50 per share (35%) as Rs 1.50 per share i.e. 15% interim cash dividend was paid alongwith issuance of 10% Bonus Shares.

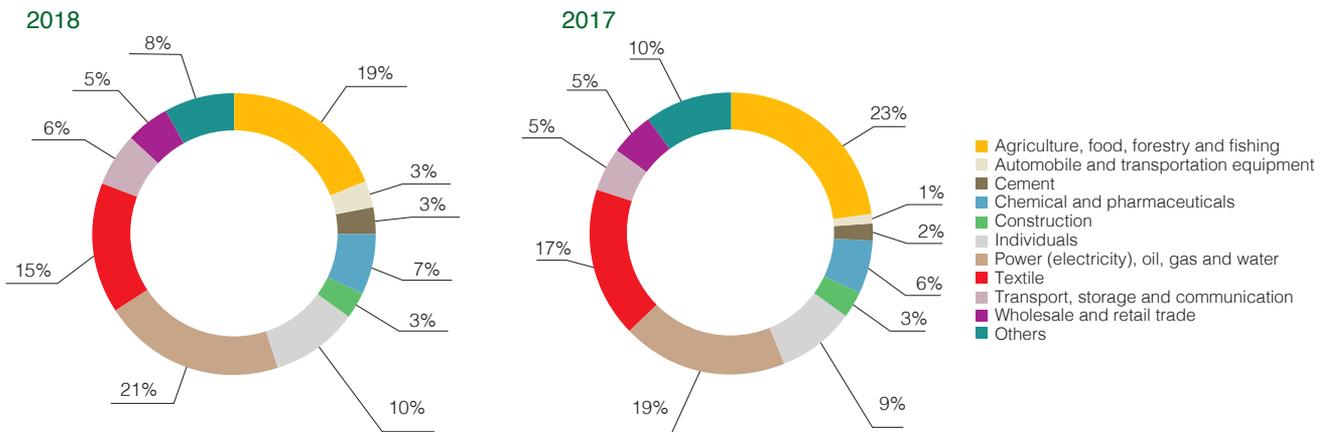
Another milestone during the year was the successful issuance of Additional Tier I Sukuk of Rs 7 billion that further strengthened the Bank's Capital Adequacy Ratio. The Bank's CAR now stands at 14.55% - well above the minimum mandatory level of 11.90%.

During the year, the Bank further expanded its foot prints and opened 59 new branches bringing the total number of branches to 660 in 181 cities. The Bank remains committed to continuously raise service quality standards and set new benchmarks in customer care to ensure service delivery across all channels.

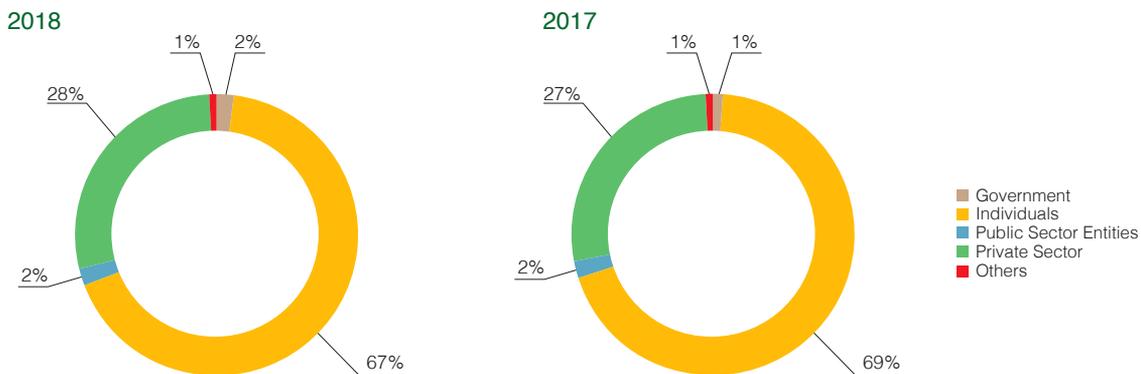
Statement of Financial Position



Islamic Financing and Related Assets (Gross)



Deposits



Profit and Loss Account

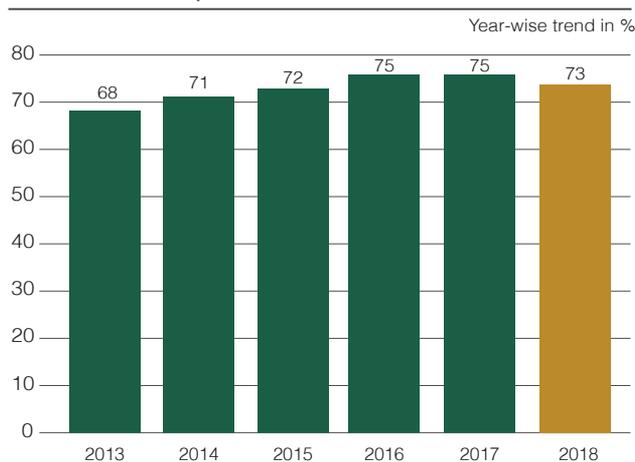
The Bank's Profit after tax grew by 42% to Rs 8.96 billion as compared to Rs 6.31 billion in 2017. The return on average equity increased to 23.77% while Earnings Per Share – on enhanced capital clocked at Rs 7.67 per share. The Bank's net spread grew by 36% primarily due to our continued focus on increasing volume of high yield earning assets, and re-pricing of earning assets pursuant to increase in Target Rate. The Bank maintained optimal cost of funds through strong relationship management and better customer experience.

On an overall basis, fee and commission income of the Bank grew by 26% and increased to Rs 5.3 billion with major contribution from trade finance commissions. The trade business volume handled by the Bank crossed a trillion rupee benchmark and grew by 43%. Other contributors to the increase in fee and commission income were debit card related fee and branch banking income which grew by 39% and 25% respectively over last year.

Operating and other expenses increased to Rs 19.7 billion from Rs 16.8 billion primarily due to rising inflation, rupee devaluation and increase in costs associated with new branches, however, the rise in expenses is sufficiently absorbed by the growth in the Bank's income resulting in improvement in income efficiency ratio by 4% from last year.

The Finance Act, 2018 has further extended the applicability of one-time Super Tax, initially levied for tax year 2015, at 4% of the taxable income of the Bank. This Super Tax has resulted in additional charge of Rs 660 million for the year 2018.

CASA to Total Deposit

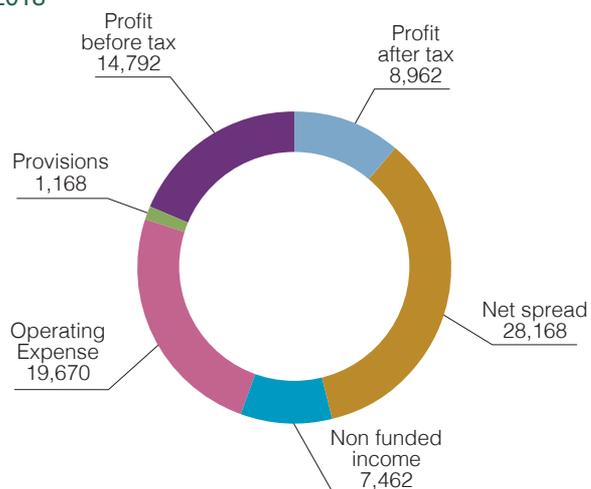


NPL and Coverage Ratios

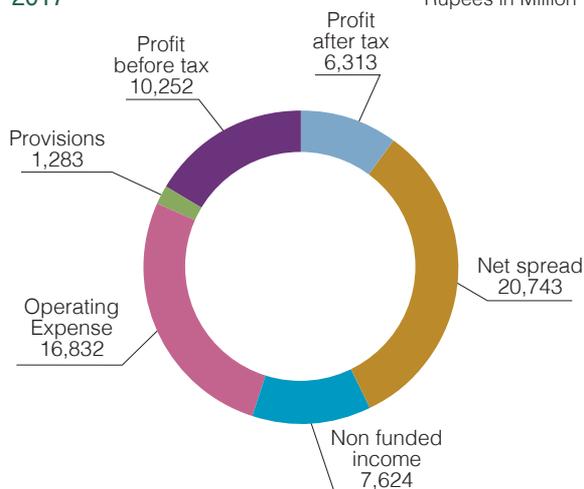


Profit and Loss

2018



2017



DuPont Analysis

Description	2018	2017	2016	2015	2014	2013
Profit Margin - %	16.0%	14.3%	15.1%	13.4%	13.7%	14.9%
Asset Turnover	0.06	0.06	0.06	0.08	0.09	0.09
Equity Multiplier - Times	22.90	22.13	21.08	19.43	18.04	17.20
Return on Equity (ROE) - %	23.77%	19.26%	19.58%	20.00%	21.35%	22.31%

Cash Flow

Direct Method

For the year ended December 31, 2018

2018

2017

Rupees in Million

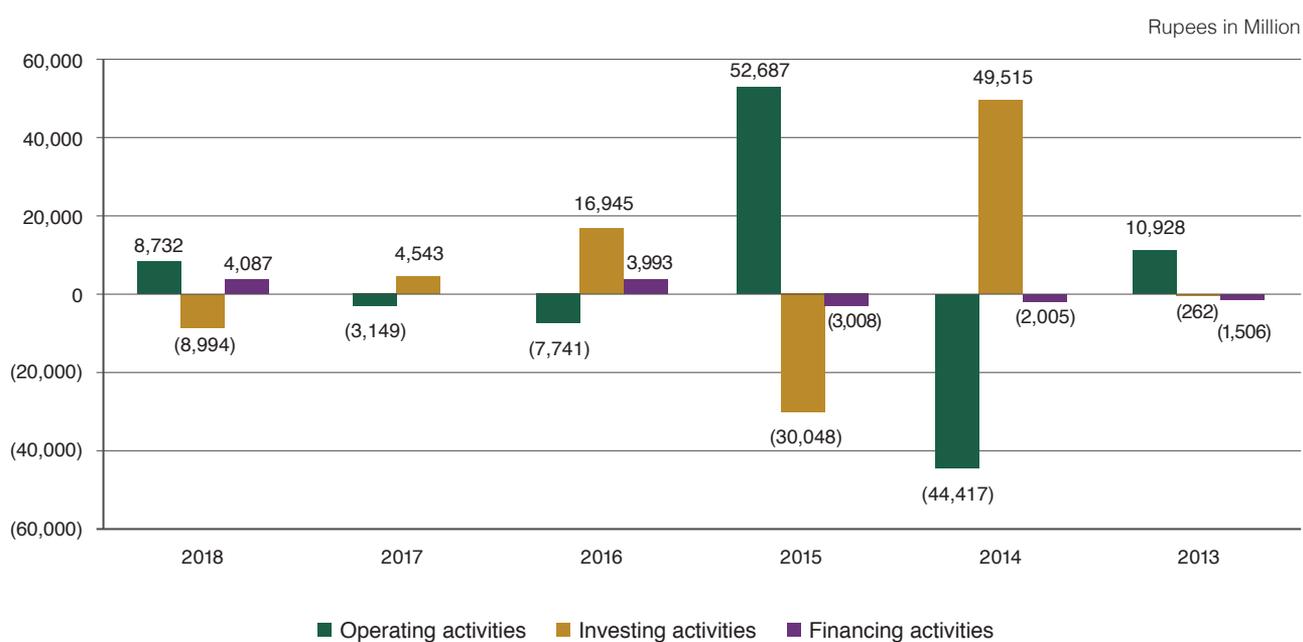
Profit / return and other income received	52,066	39,364
Profit / return paid	(19,380)	(15,425)
Payment to employees, suppliers and others	(16,555)	(14,599)
	16,131	9,340
(Increase) / decrease in operating assets		
Due from financial institutions	(37,585)	(18,114)
Islamic financing and related assets	(93,412)	(109,195)
Other assets	(4,322)	(343)
	(135,319)	(127,652)
Increase / (decrease) in operating liabilities		
Bills payable	6,576	2,037
Due to financial institutions	(405)	4,808
Deposits and other accounts	118,296	109,164
Other liabilities	8,604	2,991
	133,071	119,000
Income tax paid	(5,151)	(3,837)
Net cash flow from / (used in) operating activities	8,732	(3,149)
CASH FLOW FROM INVESTING ACTIVITIES		
Net (investments) / redemption in		
- available for sale securities	(7,113)	7,887
- associated entities	1,060	7
Dividends received	589	1,164
Investments in fixed assets	(3,338)	(4,424)
Investments in intangible assets	(332)	(230)
Proceeds from sale of fixed assets	140	139
Net cash (used in) / flow from investing activities	(8,994)	4,543
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of Right Shares	-	3,008
Issuance of Sub-ordinated Sukuk - Additional Tier I	7,000	-
Dividend paid	(2,913)	(3,008)
Net cash flow from financing activities	4,087	-
Increase in cash and cash equivalents	3,825	1,394
Cash and cash equivalents at the beginning of the year	69,452	68,058
Cash and cash equivalents at the end of the year	73,277	69,452

Cash Flow statement in annual financial statements has been prepared in line with the format prescribed by the State Bank of Pakistan vide its BPRD Circular No. 02 dated January 25, 2018, 'Revised Forms of Annual Financial Statements'.

Summary of Cash Flow

Rupees in Million

	2018	2017	2016	2015	2014	2013
Cash flow from / (used in) operating activities	8,732	(3,149)	(7,741)	52,687	(44,417)	10,928
Cash (used in) / flow from investing activities	(8,994)	4,543	16,945	(30,048)	49,515	(262)
Cash flow from / (used in) financing activities	4,087	-	3,993	(3,008)	(2,005)	(1,506)
Cash and cash equivalents at beginning of year	69,452	68,058	54,861	35,230	32,137	22,977
Cash and cash equivalents at end of year	<u>73,277</u>	<u>69,452</u>	<u>68,058</u>	<u>54,861</u>	<u>35,230</u>	<u>32,137</u>



Calendar of Major Events

Date of Incorporation	January 27, 1997
Date of Commencement of Business	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

2018

1 st Quarter Results Issued on	April 19, 2018
2 nd Quarter Results Issued on	August 29, 2018
3 rd Quarter Results Issued on	October 24, 2018
Annual Results issued on	February 21, 2019
23 rd Annual General Meeting	Scheduled on March 28, 2019

2017

1 st Quarter Results issued on	April 20, 2017
2 nd Quarter Results issued on	July 26, 2017
3 rd Quarter Results issued on	October 25, 2017
Annual Results issued on	February 14, 2018
22 nd Annual General Meeting	March 28, 2018

Details of the Board meetings held outside Pakistan

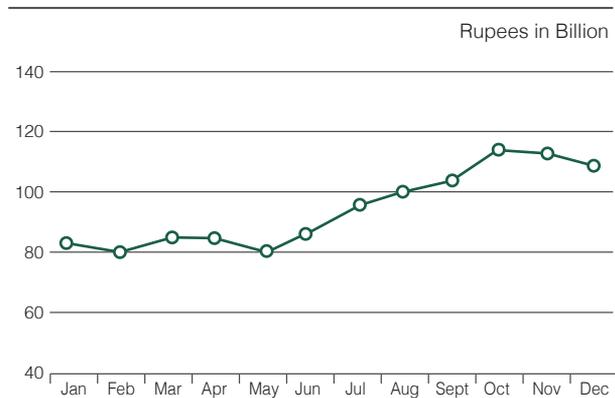
A total of four meetings were held during the year 2018, and all were held in Pakistan.

Issues raised in last AGM

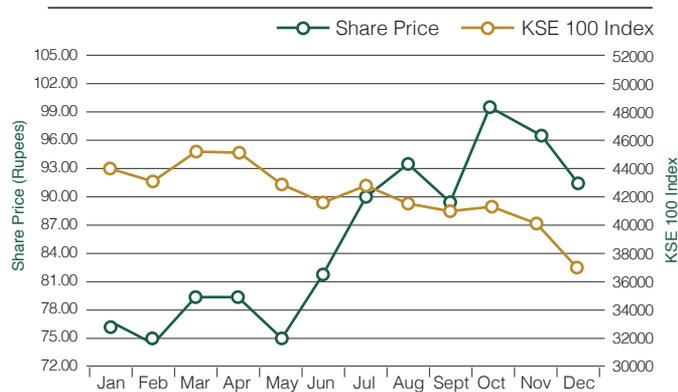
The Annual General Meeting was held on March 28, 2018 at Meezan House, the Bank's Head Office in Karachi. None of the participants raised any issues, and as such, there was no need for any further action in this matter.

Monthly Market Statistics of Meezan Bank's Share during 2018

Market Capitalisation



Share Price Sensitivity



سود سے پاک بینکاری نظام بنائے مستحکم پاکستان

As an Islamic Bank aiming to offer Islamic banking as banking of first choice, Alhumdulillah, we have successfully instilled Shariah-compliance in the financial system of this country.



Meezan Bank
The Premier Islamic Bank





Our Institution

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Corporate Profile

Founded with the Vision to establish 'Islamic banking as banking of first choice...', the Bank commenced operations in 1997 as Al Meezan Investment Bank Limited. It converted to Meezan Bank Limited, a full-fledged Islamic commercial bank in 2002, when the State Bank of Pakistan issued it Pakistan's first Islamic Commercial Banking license. Concurrently, the Bank acquired the Pakistan operations of Societe Generale, and started commercial banking with a small network of four branches, that has now grown to become one of the largest banking networks in the country with 660 branches in over 180 cities.

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 an extensive retail banking network.

Meezan Bank has a strong Shariah compliance setup that comprises of a dedicated Shariah Compliance Department, a Resident Shariah Board 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

	2018	2017
Long Term	AA+	AA
Short Term	A1+	A1+

The JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan, has upgraded the Bank's long-term entity rating to AA+ (Double A Plus) 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 of Pakistan.

Shareholders

Shareholding Structure	Rs. in Million	%
Noor Financial Investment Co. Kuwait	4,464	38.18
Pakistan Kuwait Investment Company (Pvt.) Ltd	3,507	30.00
Islamic Development Bank Jeddah	1,090	9.32
Others	2,630	22.50
Paid up Capital	11,691	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 Investment 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.



Pak Kuwait

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 (ISDB) 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. ISDB has a subscribed capital of USD 70 Billion and enjoys presence in 57 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.

Awards and Recognition

2018

Pakistan Banking Awards

Best Bank - 2018

Islamic Finance News (IFN) – Malaysia

Best Islamic Bank in Pakistan

Best Islamic Bank for Treasury Management

– Global Award

Mastercard 2018 MEA Acquirer Forum

Spearheading Acceptance Location Growth

Asset Triple A – Hong Kong

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Investment Bank in Pakistan

Sukuk Adviser of the Year – Pakistan

Asset Triple A Asia Infrastructure Awards

Renewable Energy Deal of the Year,

Hydropower – Pakistan

Oil and Gas Deal of the Year – Pakistan

Global Finance – New York

Best Islamic Financial Institution in Pakistan

The Innovators – ‘The Innovator 2018’ for

Masterpass QR Payments through FonePay

Islamic Finance Forum of South Asia (IFFSA) Awards

Gold Award for Islamic Finance Education Provider

Gold Award for Islamic Finance Advisory

Services Provider

Gold Award for Islamic Finance Deal of the Year

Gold Award for Islamic Investment Bank of the Year

Silver Award for Bank of the Year

The Banker

Islamic Bank of the Year, Pakistan

Global Islamic Finance Awards

Shariah Authenticity Award

Shariah Auditor of the Year

Asian Banking and Finance Corporate & Investment Banking Awards

Syndicated Loan of the Year, Pakistan

ICAP and ICMAP

3rd Position - Best Corporate Reports Awards –

Banking sector

CFA Society Pakistan

Islamic Bank of the Year

International Finance Award

Most Innovative Islamic Bank, Pakistan

PakWheels.com – People’s Choice Awards

Most Popular Bank in Pakistan’s Islamic Auto

Financing sector

Employers Federation of Pakistan (EFP)

Recognition Award - Best HRM Practices

Recognition Award - Employer of the Year

2017

Pakistan Banking Awards

Best Islamic Bank

Pakistan Stock Exchange Limited

Top 25 Companies of the Year, 2016

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

Best Islamic Retail Bank - Global Award

Pakistan Deal of the Year

CFA Society Pakistan

Islamic Bank of the Year

Corporate Finance House - Fixed Income



Founding President & CEO of Meezan Bank - Mr. Irfan Siddiqui receiving the 'Best Bank for 2018' award from Deputy Governor, State Bank of Pakistan - Mr. Jameel Ahmad at the Pakistan Banking Awards ceremony on November 9, 2018.

Mastercard MENA Acquirer Forum

Most Innovative Solution Deployed for Cash

Displacement

World Islamic Banking Conference

Country Level Award for the Banks Based In

Pakistan

Global Finance – World’s Best Bank Awards

Best Bank in Asia-Pacific Region

Global Finance - World’s Best Islamic Financial Institutions

Best Islamic Financial Institution in Pakistan

Asset Triple A Islamic Finance Awards

Islamic Bank of the Year, Pakistan

Best Islamic Retail Bank, Pakistan

Best Islamic Trade Finance Bank, Pakistan

Best Islamic Investment Bank, Pakistan

Sukuk House of the Year, Pakistan

Best Supply Chain Finance Programme, for

Meezan Bank and Karandaaz Pakistan

Asset Triple A Asia Infrastructure Awards

Transport deal of the year, Pakistan for Swat

Expressway

The Banker - United Kingdom

Islamic Bank of the Year, Pakistan

Global Islamic Finance Awards

Shariah Authenticity Award

Islamic Finance Forum of South Asia (IFFSA) Awards

Gold Awards

Best Islamic Bank Of The Year (Fully Fledged)

Islamic Finance Entity Of The Year

Islamic Finance Education Provider

Islamic Finance Advisory Services Provider

Islamic Finance Capital Markets Service Provider

Islamic Investment Bank Of The Year

Silver Award

Islamic Finance Deal – For Syndicated Project

Finance Facility

Pakistan Society of Human Resource Management

Best Place to Work in Top 10 Best Place to

Work Category

Best Place to Work in Financial Services

Industry Category

Employers Federation of Pakistan (EFP)

1st Position - Best HRM Practices

3rd Position - Employer of the Year 2016

PMI Karachi Pakistan Chapter

PMO of the Year

ICAP and ICMAP

3rd Position - Best Corporate Reports Awards -

Banking sector

South Asian Federation of Accountants (SAFA)

Certificate of Merit in the 'Private Sector Banks'

category of Best Presented Accounts Award

2016

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

Best Islamic Bank for Treasury Management

- Global award

Runner-up 'Most Innovative Islamic Bank'

- Global award

Pakistan Deal of the Year

Global Finance - New York

Best Islamic Bank in Pakistan

The Innovators - 'Innovator in

Islamic Finance 2016'

Asset Triple A – Hong Kong

Best Islamic Bank in Pakistan

Best Bank for Digital Innovation

Best Digital Banking Product Meezan UPaisa

Best Retail Bank

Best Trade Finance Bank

Best Investment Bank

Sukuk House of the Year

Best Deal, Pakistan

Islamic Finance Forum of South Asia (IFFSA)

Gold Award for 'Islamic Bank of the Year

- Pakistan'

Capital Markets Service Provider of the Year

Islamic Microfinance Company/

Project of the Year

Advisory Services Provider of the Year

The Banker - United Kingdom

Islamic Bank of the Year, Pakistan

Pakistan Banking Awards

Best Islamic Bank

CFA Society of Pakistan

Islamic Bank of the Year

South Asian Federation of Accountants (SAFA)

'Certificate of Merit' - Best Presented Annual Report Awards

ICAP & ICMAP

2nd Position - Best Corporate Reports Awards - Banking sector

Employers Federation of Pakistan

1st Prize - Best HRM Practices 2016

PakWheels.com - People's Choice Awards

'Most Popular Bank' in Pakistan's Islamic Auto Financing sector

RTC-3 Potentials of Islamic Banking Forum

Largest Islamic Bank in Pakistan

2015

Global Islamic Finance Awards (GIFA)

Shariah Authenticity Award

Islamic Finance News (IFN) - Malaysia

Best Islamic Retail Bank - Global Award

3rd Best Overall Islamic Bank

- Global Award

Best Islamic Bank in Pakistan

Pakistan Deal of the Year

Asset Triple A - Hong Kong

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 - New York

Best Islamic Financial Institution in Pakistan

AsiaMoney

Best Islamic Bank in Pakistan

The Banker - United Kingdom

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

3rd Position - BCR Awards - Banking sector

Pakistan Observer

Largest Islamic Bank

2014

Islamic Finance News (IFN) - Malaysia

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 Triple A - Hong Kong

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

3rd Position - BCR Awards - Banking sector

South Asian Federation of Accountants (SAFA)

Best Presented Accounts Award

- Private Sector Banks

The Banker - United Kingdom

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) - Malaysia

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 - New York

Best Islamic Financial Institution in Pakistan

Asset Triple A - Hong Kong

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Highly Commended Best Islamic Deal Pakistan

ICAP & ICMAP

3rd Position - BCR Awards - Banking sector

2012

CFA Association Pakistan

Islamic Bank of the Year

Asset Triple A - Hong Kong

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 - New York

Best Islamic Financial Institution in Pakistan

Islamic Finance News (IFN) - Malaysia

Best Deals of the Year

AsiaMoney

Best Islamic Bank in Pakistan

ICAP & ICMAP

4th Position - BCR Awards - Banking sector

2011

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

Best Deal of the Year

Asset Triple A - Hong Kong

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Deal - Pakistan

Global Finance - New York

Best Islamic Financial Institution in Pakistan

2010

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

AsiaMoney

Best Islamic Bank in Pakistan

Global Finance - New York

Best Islamic Financial Institution in Pakistan

2009

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

Best Deal of the Year

Global Finance - New York

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

5th Position - BCR Awards - Banking sector

2008

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

Best Deal of the Year

Global Finance - New York

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

4th Position - BCR Awards - Banking sector

2007

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan



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 InshaAllah 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 Islamic 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

Islamic Finance news Awards

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



Corporate Report Award

Islamic Finance news Awards

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

Islamic Finance news Awards

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 Tjjarah financing allowing customers to raise funds for financing of stocks of finished goods

Dedicated Islamic Banking Training Centers established in 3 cities



Corporate Report Award

Best Islamic Financial Institution in Pakistan

Best Islamic Bank in Pakistan Best Deal of the Year

Islamic Finance news Awards

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

Corporate Report Award

Best Islamic Financial Institution in Pakistan

Best Islamic Bank in Pakistan

Best Islamic Bank in Pakistan Best Deal of the Year

Islamic Finance news Awards

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

Launched Meezan

Implementation of new core banking application T24

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

Launch of Running Musharakah for working capital requirements of corporate customers

2010



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

Best Islamic Financial Institution in Pakistan

Best Islamic Bank in Pakistan

Islamic Finance news Awards

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



9th largest bank in Pakistan in terms of branch network



Meezan House inaugurated

Total assets cross Rs.200billion

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

Launch of Meezan

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

Islamic Finance news Awards

Best Islamic Bank in Pakistan

Best Deal of the Year

Best Islamic Financial Institution in Pakistan

Technical services and support agreement with Amāna Bank 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



Total deposits reach Rs. 289 billion

8th largest bank in Pakistan in terms of branch network

ASIAMONEY

Best Islamic Bank in Pakistan

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

Islamic Finance news Awards

Best Islamic Bank in Pakistan Deals of the Year-Pakistan

Best Islamic Financial Institution in 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

Best Islamic Bank in Pakistan Best Islamic Retail Bank in Pakistan

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

Batch Hiring of over 550 employees

Official Facebook Page crosses 85,000 Fans

2013



Total deposits reach Rs. 299 billion

ASIAMONEY

Best Islamic Bank in Pakistan

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

Islamic Finance news Awards

Best Islamic Bank in Pakistan Deals of the Year-Pakistan

Best Islamic Financial Institution in Pakistan

Best Islamic Bank in Pakistan

Government of Pakistan nominates Mr. Irfan Siddiqui & Dr. Muhammad Imran Ashraf 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 Best Deal, Pakistan

Highly Commended Best Islamic Deal Pakistan

Launch of Meezan Karalah

Corporate Internet banking Launched

Launch of Meezan Biz

Batch Hiring of over 550 employees

Official Facebook Page crosses 130,000 Fans

2014



Total deposits reach Rs. 380 billion

ASIAMONEY

Best Islamic Bank in Pakistan

Islamic Bank of the Year

Islamic Finance news Awards

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Deal, Pakistan

Highly Commended Best Islamic Deal Pakistan

Mobile Banking App Launched

Corporate Internet banking Launched

Launch of Meezan Biz

Batch Hiring of over 550 employees

Official Facebook Page crosses 130,000 Fans

2015

551 Branches
143 Cities

Meezan Bank acquires Pakistan operations of HSBC Oman



Agreement Signing with Karandaaz 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 Haji 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

2016

Over 570 Branches
Over 145 Cities

Best Islamic Bank in Pakistan



Pakistan Banking Awards

The Banker

Islamic Bank of the Year Pakistan



Islamic Bank of the Year
Capital Markets Service Provider of the Year in Pakistan
Islamic Microfinance Company/Project of the Year
Pakistan for Meezan UPaisa
Advisory Services Provider of the Year



Islamic Bank of the Year



Best Islamic Bank for Treasury Management - Global Award
Most Innovative Islamic Bank - Global Award Runner-up
Best Islamic Bank in Pakistan
Pakistan Deal of the Year



Best Islamic Bank in Pakistan
Best Bank for Digital Innovation
Best Digital Banking Product
Best Retail Bank
Best Trade Finance Bank
Best Investment Bank
Sukuk House of the Year
Best Deal Pakistan



Best Islamic Bank in Pakistan
Innovator in Islamic Finance 2016

Meezan Bank and Pak China Investment Company Limited enter into Strategic Cooperation Alliance to Capitalize CPEC Opportunities



Strategic partner of 1st World Islamic Finance Forum organized by IBA CEIF

Launch of New Corporate Website



Official Facebook Page crosses 1 Million Fans

2017

Over 600 Branches
Over 150 Cities

CELEBRATING 15 YEARS OF ISLAMIC BANKING IN PAKISTAN

Islamic Finance Awards

Best Islamic Retail Bank in the world



Best Bank in Asia-Pacific Region

Best Islamic Bank in Pakistan



Pakistan Banking Awards



The Banker



Top 25 Companies of the Year, 2016



Most Innovative Solution Deployed for Cash Displacement



Launch of EMV Chip & NFC enabled Debit Card

PSHRM Pakistan Society of Human Resource Management

Top 10 Excellent Places to Work
Best Place to Work in Financial Services Industry



Best HRM Practices Employer of the Year 2016



PMO of the Year



Launch of secure online shopping with 3D secure

Joint Financial Advisors to the Ministry of Finance for issuance of GoP Ijarah Sukuk

Developed Shariah-compliant trading platform at Pakistan Mercantile Exchange (PMEX)

Launch of e-IPO service for investors with CDC

Completion of Sindh's first-ever Vocational Training CSR initiative

2018

660 Branches
Over 180 Cities

8th Largest Bank in terms of Branch Network



Awarded Best Bank for 2018, by Pakistan Banking Awards

JCR-VIS Credit Rating Company Limited upgrades Credit Ratings to AA+/A1+



Launch of Visa Platinum & Supplementary Debit Cards



Launch of Meezan Express Account



Launch of New Internet Banking



Launch of Fastest Debit Cards Activation over ATM in Pakistan

First bank in Pakistan to introduce e-Rights Shares Subscription Services for Investors

First Islamic bank in Pakistan to facilitate e-Dividend Payments & Tax Certificates for shareholders



Adopted Idara Al-Khair Welfare Society School to provide free education to underprivileged children



Best Islamic Bank for Treasury Management-Global Award

Mastercard 2018 MEA Acquirer Forum Spearheading Acceptance Location Growth



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 also a member of the Human Resources and Remuneration Committee of the Board. Mr. Riyadh has also previously served as the Vice Chairman of Meezan Bank's Board.

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 for Industrial Investments & Development Div. at National Industries Group Holding - (Kuwait), Assistant Lecturer at Kuwait University, Vice Chairman at Gas & Oil Fields Services Co. - (Kuwait), Board member at Kuwait Rock Company - (Kuwait), Vice Chairman at Eastern United Petroleum Services - (Kuwait), Kuwait Ceramic Company - (Kuwait), Director at Sajaa Gas Private Limited Co.(UAE), Board member at K-Electric Pakistan, United Gas Transmissions Company Limited Co. - (UAE).

Directorships and other recent offices held:

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

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 Vice Chairman of the Board, Chairman of the Risk Management Committee and member of the Audit Committee of the Board.

Mr. Faisal A. A. A. Al-Nassar has a Bachelor's 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, National Industries Group Holding Co. – Kuwait
- Chairman and CEO, Al Durra National Real Estate Company – Kuwait
- Chairman, Noor Executive Committee – Kuwait
- Vice Chairman, Salboukh Trading Company – Kuwait
- Chairman & Director, Noor Al Salehia Real Estate – Kuwait
- Director, Noor Financial Investment Company – Kuwait
- Director, Noor Audit Committee – Kuwait
- Chairman, Noortel – Kuwait
- Chairman, Shorfat al Safwa – KSA
- Chairman, Durrat Al Shameya Investment – KSA
- Chairman, Abu Dhabi Marina Real Estate Investment Company – UAE
- Director and Chairman Audit Committee, Abu Dhabi Marina Real Estate Investment Company – UAE
- General Manager, IKARUS Real Estate – UAE
- Executive Committee Member, ARADI Abu Dhabi Investment – UAE
- Board Member, Hotels Global Group - Jordan

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. He is also a member of the Audit Committee of the Board.

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 14 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, Noor Financial Investment Co.
- Director, International Hotels Group
- Reserve Director, Kuwait Finance House
- General Manager Tamouh National & General Trading & Contracting
- Vice Chairman, Al-Durra National Real Estate Co.
- Board member, International Hotel Group (Jordan)
- Chairman, Arab Investment Real Estate and Agriculture (Egypt)
- General Manager, Sidra Middle East for Electrical, Mechanical and Building Contracting Co.
- General Manager, Ikarus Realestate (UAE)
- General Manager, Noor Al-Salhiya Real Estate Company (KSA)
- Board Member, Abu Dhabi Marina Real Estate Investment (UAE)

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 Audit Committee and Human Resource and Remuneration Committee of the Board.

Mr. Alaa A. Al-Sarawi is a Senior Investment Manager at the Kuwait Investment Authority (KIA). After successfully completing KIA training program, he held various senior management positions in the investment space. He completed his Bachelors of Business Administration, Minor in Government from Eastern Washington University in 1995 and received a Diploma in Accounting from Kuwait Business College in 1990. He has served as board member in several companies and has attended many courses, conferences and seminars, both local and overseas.

Saad Fazil Abbasi

Mr. Saad Fazil Abbasi joined the Board of Directors of Meezan Bank in February, 2018. He is also a member of the Risk Management Committee of the Board.

Mr. Saad Fazil Abbasi is a Joint Secretary to the Government of Pakistan and is presently posted in the Ministry of Finance.

Mr. Saad Fazil Abbasi holds an LL.M. degree in International Economics & Business Law from Kyushu University, Japan. He has served as the Joint Secretary to the Government of Pakistan (Privatization Division) / Director General (Privatization Commission). Apart from Government of Pakistan, he has also worked with multilateral agencies such as the Asian Development Bank and the Department for International Development (DFID) as a consultant. His Government experience includes serving in all major Ministries at the Federal level and on the Provincial Government level as an aide to the Chief Minister of KPK. He has also worked with Regulators such as PEMRA and PPRA where he drafted Pakistan's first law on procurement. Presently he is posted as Joint Secretary External Finance Wing of the Ministry of Finance.

Mansur Khan

Mr. Mansur Khan has been a Director of Meezan Bank since August, 2016. He is also the Chairman of the Information Technology Committee and member of the Risk Management Committee of the Board.

He is the Managing Director of Pak Kuwait Investment Co. Ltd. (PKIC) since February, 2014 and has over 30 years of diversified experience, and a proven track record in Development / Commercial / Investment Banking. He has done Masters in Business Administration (with distinction) from Pace University, New York, USA; majoring in Financial Management.

Mr. Mansur Khan has served as President / CEO of Zarai Taraqiati Bank Limited (ZTBL), SME (Small and Medium Enterprises) Bank Limited, Managing Director of Punjab Small Industries Corporation (PSIC) and the Sudanese Microfinance Development Facility (SMDF). He has international experience of working in Asia, Africa, USA, Europe and the Middle East. Prior to joining Pak Kuwait as Managing Director, he was associated with Weidemann Associates Inc., a Crown Agents USA company.

Mr. Mansur Khan was a fighter pilot in the Pakistan Air Force from 1970 to 1978.

He held Directorships in Engro Corporation, Sudanese Microfinance Development Facility, Zarai Taraqiati Bank Ltd., National Commodity Exchange Ltd., Saudi Pak Agricultural & Investment Company Ltd., National Database & Registration Authority, Kissan Support Services Ltd., SME Bank Ltd., SME Leasing Ltd., TMT venture Capital Fund, Small and Medium Enterprise Dev. Auth, Business Competitiveness / Support Funds, Punjab Small Industries Corporation, Pak-Kuwait Takaful Co. Ltd. and Pakistan Steel Mills Corp Ltd.

A Certified Director from Pakistan Institute of Corporate Governance (PICG), Mr. Khan currently serves on the boards of PKIC, The General Tyre and Rubber Co. of Pakistan Ltd., National Clearing Co. Pakistan Ltd. and Meezan Bank Limited.

Mohamed Guermazi

Mr. Mohamed Guermazi joined the Board of Directors of Meezan Bank in 2018. He is currently serving as Senior Awqaf Investment Specialist in the Islamic Development Bank (IDB).

Mr. Guermazi holds a Masters Degree in Engineering from the National School of Bridges and Roads in Paris (Ecole Nationale des Ponts et Chaussées - Ponts PariTech). He is also serving as Member of the Board of Irada for Microfinance Co. Ltd. which is part of Bank of Khartoum Group in Sudan.

Prior to joining the IDB in 2010, and over a period of 15 years, he had been serving as Director of Equities, Asset Management, Treasury and Financial Markets at Banque de Tunisie, one of the most prominent private commercial banks in Tunisia. Besides his operational responsibilities within Banque de Tunisie, he also served as Chairman of the 'Société de Bourse de Tunisie' - a subsidiary of the bank specialized in brokerage in securities; General Manager and Chairman of the Board of 'Placements de Tunisie' - an affiliated investment company; Board Member and Chairman of the Audit Committee of ASTREE Insurance company; Board Member of the Tunis Stock Exchange, as well as Board Member of several companies in which Banque de Tunisie holds a participation of reference.

Previously, Mr. Guermazi had also served as Deputy Managing Director of the Investment Loan Department at Banque de Tunisie, Project Officer at the Tunisian Qatari Bank for Investment and Senior Engineer in charge of the budget and follow-up of the activity of the fertilizer plants at the Tunisian Chemical Group.

Noorur Rahman Abid

Mr. Noorur Rahman Abid has been a Director of Meezan Bank since January, 2014. He is also the Chairman of the Audit Committee and Human Resources and Remuneration Committee as well as a member of the Information Technology 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 large wholesale bank based in 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:

- Kuwait Finance House, Kuwait
- Kuwait Finance House, Bahrain
- Kuwait Finance House, Malaysia
- Arcapita Investment Management, Bahrain
- Member of Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutions
- Dr. Solaiman Fakeeh Hospital, Saudi Arabia

**Ariful Islam
Executive Director & Deputy CEO**

Mr. Ariful Islam is a senior banker with over 33 years of experience with various banks in Bahrain and Pakistan. He qualified as a Chartered Accountant from the Institute of Chartered Accountants in England & Wales. He is also a Fellow Member of the Institute of Chartered Accountants in Pakistan. He has worked with KPMG (formerly Peat Marwick Mitchell & Co.) prior to his banking career.

Mr. Islam joined Meezan Bank in 1999 as its first Chief Operating Officer and is presently the Deputy CEO & Executive Director of the Bank. He is a member of the Risk Management Committee and Information Technology Committee of the Board. Mr. Islam is also the Chairman of the Board of Pakistan's leading Asset Management Company, Al Meezan Investment Management Limited, the largest Shariah-compliant mutual fund in the country.

Directorships and other recent offices held:

- Chairman of the Board, Al Meezan Investment Management Limited
- Member of the HR Committee, Al Meezan Investment Management Limited
- Director, Atlas Battery Limited

**Irfan Siddiqui
President & CEO**

Mr. Irfan Siddiqui is the founding President and Chief Executive Officer of Meezan Bank. Having articulated with Coopers & Lybrand, London from 1975 - 1979, Mr. Irfan Siddiqui qualified as a Chartered Accountant from the Institute of Chartered Accountants in 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, Advisor to the Managing Director at Kuwait Investment Authority, 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 Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Member, IBA CEIF Board of Management, Centre for Excellence in Islamic Finance (CEIF), IBA
- Member of Government of Pakistan Steering Committee for 'Promotion of Islamic Banking in Pakistan' (2013 – 2016)
- Member of Government of Pakistan sub-committee on awareness, training and capacity building for 'Promotion of Islamic Banking in Pakistan'
- Member of the PBA Sub-Committee on Islamic Banking
- President of the Islamic Finance Association of Pakistan

** The Bank has already submitted applications for the Fit and Proper Test of the Directors to the State Bank of Pakistan which is in process of reviewing the same.*

Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani

Chairman – Shariah Supervisory Board

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-in-Chief 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:

- Permanent Member International Islamic Fiqh Academy, Jeddah, sponsored by OIC
- Vice President Jamia Darul Uloom Karachi
- Chairman International Shariah Standard Council set up by the Accounting and Auditing Organization for Islamic Financial Institutions, Bahrain
- Fellow of the Royal Aal al-Bayt Academy, Jordan
- Member Islamic Fiqh Academy of Rabita-al-'Alam-e-Islami, Makkah
- 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 Arif Habib Investments – Pakistan International Islamic Fund, Karachi
- Member Shariah Board Arcapita Investment Management B.S.C., Bahrain
- Member of Unified Shariah Board of Islamic Development Bank Jeddah
- Member Shariah Board Guidance Financial Group, USA

Awards Received

IDB Prize in Islamic Banking and Finance	2014
Lifetime Achievement Award presented by the Islamic Business and Finance Magazine	2011
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

Dr. Muhammad Imran Ashraf Usmani

Board Member – Shariah Supervisory Board

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 Member of Shariah Supervisory Board at Meezan Bank.

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.

In the past, 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, International Centre for Education in Islamic Finance (INCEIF) and other mutual and property funds, Takaful Companies and international Sukuk etc.

At present, Dr. Usmani is serving at different capacities at various organizations which are as under:

- Faculty Member – Jamia Darul Uloom
- Director – Hira Foundation School
- Director – Center for Islamic Economics (CIE)
- Member Shariah Supervisory Board – Meezan Bank
- Research Faculty Member – Department of Economics Karachi University
- President & Founder Trustee – Ihsan Trust
- Academic Committee Chairman / Board Member / Faculty Member – Center for Excellence In Islamic Finance CEIF (IBA)
- Shariah Board Member – Chairman Shariah Board NBP Fullerton Asset Management Company (NAFA)
- Shariah Board Member – Al Meezan Mutual Funds
- Shariah Advisor – PMEX
- Chairman – Islamic Index Pakistan Stock Exchange (PSX)
- Shariah Board Member – AAOIFI Shariah Committee

- Shariah Advisor / Shariah Board Secretary – Guidance Financial Group USA
- Member Central Shariah Supervisory Board – Chartis Takaful Company (Global)
- Shariah Board Member – Sarasin Bank Switzerland
- Shariah Board Member – AAOIFI Dubai
- Shariah Board Member – International Islamic Financial Market Bahrain IIFM
- Board Member – International Islamic Rating Agency Bahrain
- Shariah Board Member – Amanah Islamic Finance (AIFA) Australia
- Chairman Shariah Supervisory Council – Amanah Bank Sri Lanka
- President and CEO – Usmani and Co. PVT Ltd.
- President and CEO – Usmani and Co. Shariah Advisors PVT Ltd.

Sheikh Esam Mohamed Ishaq

Board Member – Shariah Supervisory Board

Born in Bahrain, Sheikh Esam Mohamed 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 Centers 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 Council of the Maldives Monetary Authority (MMA), Maldives
- The Shariah Panel of International Islamic Financial Market (IIFM), Bahrain
- Advisory Panel in Bahrain Institute of Banking and Finance (BIBF), Bahrain

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
- Tamweel Africa Holding, Senegal
- Investment Dar Bank, Bahrain
- Eco Islamic Bank, Kyrgyzstan
- Al Barakah Islamic Bank, Pakistan

Furthermore, Sheikh Esam 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.

Mufti Muhammad Naveed Alam

Resident Shariah Board Member

Mufti Muhammad Naveed Alam holds a Masters in Islamic Banking and Finance from University of Karachi and Shahadat ul Alamiyah and Takhassus (specialization in

Islamic Jurisprudence and Fatwa) from Jamia Darul Uloom, Karachi. He is also a Certified Shariah Advisor & Auditor (CSAA) from Accounting and Auditing Organization for Islamic Financial Institution (AAOIFI).

Mufti Muhammad Naveed Alam joined Meezan Bank in 2013 as a member of the Shariah Compliance Unit of Shariah Compliance Department. His main responsibilities include Islamic banking training, Shariah Compliance review and Shariah Audit of different departments and branches.

He is an active teacher / trainer at Center for Excellence in Islamic Finance (CEIF) of Institute of Business Administration (IBA) Karachi, Center of Islamic Economics (CIE) of Jamia Darul-Uloom Karachi, as well as several other renowned universities.

He is also a member of the Shariah Board of NBP Funds. Prior to joining as RSBM, Mufti Muhammad Naveed Alam has served as Shariah Advisor of Premier Window Takaful Operations and also as Shariah Coordinator at Indus Hospital.

Corporate Information

Board of Directors*

Riyadh S. A. A. Edrees
Faisal A.A.A. Al-Nassar
Bader H.A.M.A. Al-Rabiah

Chairman
Vice Chairman

Mansur Khan

Alaa A. Al-Sarawi

Saad Fazil Abbasi

Mohamed Guerhazi

Ms. Laila M. S.A.S.A.S. Abbas

(Resigned on February 19, 2019)

Noorur Rahman Abid

Ariful Islam

Deputy CEO & Executive Director
President & CEO

Irfan Siddiqui

Muhammad Zarrug Rajab**

Mohammad Abdul Aleem**

Talal S.A. Al-Shehab**

* The Bank has already submitted applications for the Fit and Proper Test of the Directors to the State Bank of Pakistan which is in process of reviewing the same.

** Retired on November 17, 2018

Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani

Chairman

Dr. Muhammad Imran Ashraf Usmani

Sheikh Esam Mohamed Ishaq

Mufti Muhammad Naveed Alam

Resident Shariah Board Member

Auditors

EY Ford Rhodes, Chartered Accountants

Chief Financial Officer

Shabbir Hamza Khandwala

Company Secretary

Muhammad Sohail Khan

Registered Office

Meezan House C-25, Estate Avenue,
SITE, Karachi-75730, Pakistan.

Shares Registrar

THK Associates (Pvt.) Ltd.

1st Floor, 40-C, Block-6,

P.E.C.H.S., Karachi-75400, Pakistan.

Ph: (92-21) 111-000-322,

Fax: (92-21) 34168271

Email: secretariat@thk.com.pk

Website: www.thk.com.pk

Contacts

PABX: (92-21) 38103500, Fax: (92-21) 36406049

24/7 Call Centre: 111-331-331 & 111-331-332

Email: info@meezanbank.com

Website: www.meezanbank.com, www.meezanbank.pk

Social Media:

www.facebook.com/MeezanBank

www.linkedin.com/company/meezan-bank-ltd

www.twitter.com/MeezanBankLtd

Board Committees

Board Human Resources and Remuneration Committee

Mr. Noorur Rahman Abid (Chairman)
Mr. Riyadh S.A.A. Edrees
Mr. Alaa A. Al-Sarawi

Terms of Reference

The Board Human Resources and Remuneration Committee (BHRRC) is responsible for ensuring that the Bank manages its Human Resource in light of the best practices of the industry. The responsibilities of the BHRRC include reviewing and recommending Human Resource Management policies to the Board of Directors in light of local and international best practices which also includes but is not limited to remuneration practices defined by the State Bank of Pakistan, recommending to the Board the selection, evaluation, compensation (including retirement benefits) and succession planning of key personnel. The Committee also makes recommendations to the Board regarding the structure of compensation package of Executive Directors, President & Chief Executive Officer, Key Executives and of any other employee or group of employees along with ensuring implementation of separate remuneration structures for material risk takers and material risk controllers. The Committee also monitors the training activities, utilization of training and development budget and implementation of approved training and development policy of the Bank to ensure that the members of staff are adequately trained for the job they are expected to perform.

Board Risk Management Committee

Mr. Faisal A.A.A. Al-Nassar (Chairman)
Mr. Mansur Khan
Mr. Saad Fazil Abbasi
Mr. Ariful Islam (Deputy CEO)

Terms of Reference

The Board Risk Management Committee (BRMC) 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. The BRMC reviews adequacy of the Bank's capital in accordance with laid down rules and regulations as per Basel Accord. It also reviews the techniques developed and implemented to measure the Bank's risk exposure. Its responsibilities also include to evaluate the risk profile and appetite of the Bank, and ensuring that systems are in place for monitoring overall risk of the Bank. The Committee reviews exception reports highlighting deviations from the approved policies as well as deliberates upon risk-related reports including early warning signals of potential risks emerging from Bank's activities.

Board Audit Committee

Mr. Noorur Rahman Abid (Chairman)
Mr. Alaa A. Al-Sarawi
Mr. Bader Al Rabiah
Mr. Faisal A.A.A. Al-Nassar

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 / shariah audit; consideration of major findings, 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, ensure effectiveness of overall management of compliance risk and consideration of any other issue or matter as may be assigned by the Board of Directors.

Board Information Technology Committee

Mr. Mansur Khan (Chairman)
Mr. Noorur Rahman Abid
Mr. Ariful Islam (Deputy CEO)

Terms of Reference

The Board Information Technology Committee (BoIT) is responsible for advising and reporting to the Board on status of technology activities and digital initiatives for their ease in decision making, reviewing IT and digital strategies as well as relevant policies before submission to Board. BoIT reviews and approves technology-related policies periodically in light of major technological /regulatory developments and ensures risk management strategies are designed and implemented to achieve resilience such as ability to respond to wide scale disruptions, including cyber-attacks and attacks on multiple critical infrastructure sectors. The Committee also receives periodic updates from IT Steering Committee to monitor all technology-related projects and ensures that technology procurements are aligned with the IT strategy approved by the Board. If deemed necessary, the Committee may seek expert opinion from independent sources wherein the quorum will comprise of any two members.

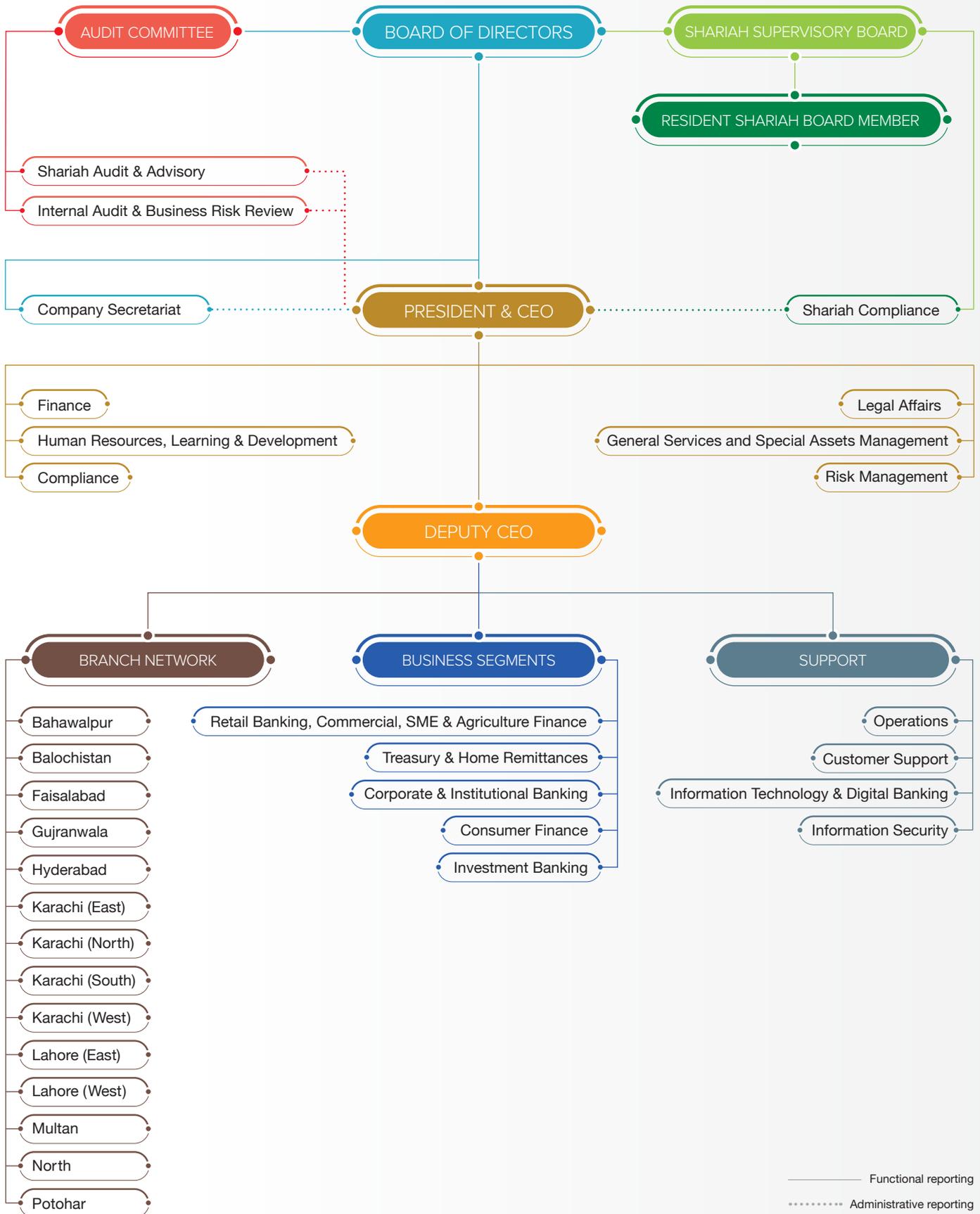
Dates and Attendance of Board Committees during 2018

Name of Director	No. of Meetings Attended	Board Human Resources and Remuneration Committee				Board Risk Management Committee				Board Audit Committee				Board IT Committee			
		14-Feb 2018	19-Apr 2018	28-Aug 2018	23-Oct 2018	13-Feb 2018	18-Apr 2018	28-Aug 2018	23-Oct 2018	13-Feb 2018	18-Apr 2018	28-Aug 2018	23-Oct 2018	12-Feb 2018	12-Apr 2018	27-Aug 2018	22-Oct 2018
Mr. Riyadh S. A. A. Edrees (Chairman)	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Noorur Rahman Abid	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Talal S.A. Al- Shehab	4/4	P	P	P	P	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Faisal A.A.A. Al - Nassar	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Ariful Islam (Deputy CEO)	4/4	-	-	-	-	P	P	P	P	-	-	-	-	-	-	-	-
Mr.Saad Fazil Abbasi*	0/2					-	-	L	L	-	-	-	-	-	-	-	-
Mr. Mohammad Abdul Aleem	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Noorur Rahman Abid	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Alaa A.Al Sarawi	4/4	-	-	-	-	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Muhammad Zarrug Rajab	3/4	-	-	-	-	-	-	-	-	P	P	P	L	-	-	-	-
Mr. Mohammad Abdul Aleem	4/4													P	P	P	P
Mr. Mansur Khan	4/4													P	P	P	P
Mr. Ariful Islam (Deputy CEO)	4/4													P	P	P	P

L = Leave of Absence

* Mr. Saad Fazil Abbasi was appointed as Member of Board Risk Management Committee on 19th April, 2018

Organization Structure



Management Team

Head Office

Irfan Siddiqui	President & CEO
Ariful Islam	Deputy CEO & Executive Director
Arshad Majeed	Consumer Finance
Faiz Ur Rehman	Information Technology & Digital Banking
Ijaz Farooq	Retail Banking, Commercial, SME & Agriculture Finance
Muhammad Abdullah Ahmed	Corporate & Institutional Banking
Shabbir Hamza Khandwala	Finance
Zia Ul Hassan	Operations
Ahmed Ali Siddiqui	Shariah Compliance
Khalid Zaman Khan	Human Resources, Learning & Development
Muhammad Raza	Customer Support
Munawar Rizvi	General Services and Special Assets Management
Syed Tariq Hassan	Risk Management
Muhammad Ismail	Compliance
Muhammad Sohail Khan	Company Secretary
Shahzad Abdullah	Treasury and Home Remittances
Urooj ul Hasan Khan	Investment Banking
Ebrahim Yakooob	Internal Audit & Business Risk Review
Muhammad Farhan Ul Haq Usmani	Shariah Audit & Advisory
Muhammad Umar Khan Fareedy	Legal Affairs

Regions

Muhammad Saleem Khan	General Manager – North & Potohar Regions
Anwar Ul Haq	General Manager – Lahore East Region
Kazi Muhammad Aamir	General Manager – Karachi East Region
Syed Salman Ahmed	General Manager – Lahore West Region
Kamran Zafar	Regional Manager – Karachi West Region
Mateen Mahmood	Regional Manager – Karachi North Region
Aamir Ali Durrani	Regional Manager – Balochistan Region
Abid Hussain Abid	Regional Manager – Gujranwala Region
Ameen Muhammad Khowaja	Regional Manager – Hyderabad Region
Mashkooor A.G. Khan	Regional Manager – Karachi South Region
Moazzam Saeed Khan	Regional Manager – Faisalabad Region
Muhammad Tufail	Regional Manager – Multan Region
Muhammad Ejaz Nadeem	Regional Manager – Bahawalpur Region

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
Group Head Corporate & Institutional Banking
CRO & Group Head Risk Management
Head of Treasury and Home Remittances

Terms of Reference

The Asset Liability Management Committee (ALCO) is responsible for reviewing the Asset and Liability structure of the Bank, transfer pricing, 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. The 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. It is also responsible for ensuring that the Bank's 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
CRO & Group Head Risk Management
Group Head Operations
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head General Services & Special Assets Management
Group Head Information Technology & Digital Banking
Head of Compliance
Manager IT Disaster Recovery
Head Enterprise Risk Management

Terms of Reference

The Business Continuity Steering Committee (BCSC) is responsible for ensuring 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 in resumption of critical business activities. BCSC steers BCP project(s) and their implementation and provides guidance on project direction to ensure that organizational requirements are met. It is also responsible for reviewing the findings of mock drills / actual disasters and facilitating in removal of identified gaps.

Management Committee

Group Head Information Technology & Digital Banking
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Treasury & Home Remittances
Group Head Consumer Finance
Chief Financial Officer & Group Head Finance
Group Head Corporate & Institutional Banking
Group Head Operations
Group Head Human Resources, Learning & Development
Group Head Shariah Compliance
Group Head Customer Support
Group Head Administration & Branch Expansion, Security, RAMD and Fraud Risk Management
CRO & Group Head Risk Management
Company Secretary
Head of Internal Audit & Business Risk Review
Head of Compliance
Head of Shariah Audit & Advisory
Head of Legal Affairs
Head of Investment Banking

Terms of Reference

The Management Committee (MC) is responsible for monitoring and overseeing the administrative, operational and business matters of the Bank to ensure that they are carried out keeping the founding principles, objectives and values in view. It also spearheads the adoption of best practices in all operations of the Bank, makes all processes and procedures efficient and effective and encourages and facilitates improvement at all levels and in all functions of the Bank. The MC achieves this objective by scanning the market for latest developments in banking practices and procedures, with focus on effective delivery of Islamic banking to Meezan Bank's customers. It also makes recommendations to the CEO / DCEO in light of local and international best practices in both business and operations. The MC is also responsible for keeping the CEO / DCEO fully informed of their actions and ensures reporting and obtains approval from the CEO / DCEO before making decisions.

Credit Risk Management Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer & Group Head Finance
CRO & Group Head Risk Management
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Corporate & Institutional Banking
Head of Treasury & Home Remittances
Head of Credit Risk

Terms of Reference

The Credit Risk Management Committee (CRMC) is responsible for overseeing credit risk activities on Bank-wide basis while ensuring compliance with regulatory requirements and internal policies. The CRMC's responsibilities also include providing support and guiding front lines in managing their businesses, performing finance portfolio review, establishing financing standards and benchmarks, maintaining adequate industry diversification and deciding upon provisioning. It is also required for delegating financing approving powers and prudential limits on large financing exposures.

Management Committees

Disciplinary Action Committee

Head of Compliance - Chairman
Group Head General Services & Special Assets Management
CRO & Group Head Risk Management
Group Head Human Resources, Learning & Development
Head of Internal Audit & Business Risk Review

Terms of Reference

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

Disciplinary Action Review Committee

Deputy CEO - Chairman
Company Secretary
Head of Legal Affairs

Terms of Reference

The Disciplinary Action Review Committee (DARC) is responsible for reviewing 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.

Compliance & Operational Risk Management Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer & Group Head Finance
Group Head Information Technology & Digital Banking
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Operations
Group Head Shariah Compliance
CRO & Group Head Risk Management
Group Head Human Resources, Learning & Development
Head of Compliance
Head Enterprise Risk Management

Terms of Reference

The Compliance & Operational Risk Management Committee (CORMC) is responsible for overseeing compliance risk by reviewing the adequacy of controls in place to meet regulatory requirements. The Committee is responsible for promoting compliance culture in the Bank, facilitate in implementation of Compliance Program and oversee Money Laundering and Financing Terrorism risk. In addition, the Committee also oversees Operational Risk Framework by ensuring that policies and procedures are in place in all key risk areas and by reviewing Key Risk Indicators. The Committee also monitors level of compliance of major unresolved and recurring issues pointed out in the Internal Audit, Shariah Audit and SBP Inspection Report.

IT Steering Committee

Deputy CEO - Chairman
Group Head Information Technology & Digital Banking
Group Head Operations
CRO & Group Head Risk Management
Head of Compliance
Group Head Consumer Finance
Group Head Retail, Commercial, SME & Agriculture Finance
Manager Information Security

Terms of Reference

The IT Steering Committee (ITSC) is responsible for identifying, prioritizing, and overseeing IT plans and projects. The ITSC 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. It also assists the Bank's senior management, including 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 of Al Meezan
Investment Management Limited
Chief Investment Officer of Al Meezan
Investment Management Limited

Terms of Reference

The Investment Committee (IC) is responsible for ensuring that the 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 the State Bank of Pakistan and
- (iii) Directives of Shariah Supervisory Board of the Bank

The IC also 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.

Service Board

President & CEO – Chairman
Deputy CEO
Group Head Operations
Group Head Information Technology & Digital Banking
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Consumer Finance
Group Head Customer Support
Group Head Administration & Branch Expansion, Security, RAMD and Fraud Risk Management
Head of Service Quality

Terms of Reference

Service Board is responsible for overseeing service quality of the Bank by reviewing service standards to ensure quality banking experience for customers. Service Board is the main decision-making body for addressing service gaps and improving service quality of the Bank.

Corporate Governance

Governance practices positively impact long-term corporate performance and therefore, the Bank is careful about their implementation. The Bank has a system in place to ensure that it is fully compliant to all the legal requirements for e.g. Company Secretary's Office itself ensures that all the relevant regulatory requirements are complied with within the given deadlines. Furthermore, a dedicated Compliance Department is also functional which remains in contact with the regulators as well as with the internal departments to ensure timely compliance with the legal requirements.

Best Corporate Governance Practices

The Bank's Best Corporate Governance Practices include the following:

■ Build a Strong, Qualified Board of Directors and Evaluate Performance

The Board comprises of Directors who are knowledgeable and have expertise relevant to the business, are qualified and competent, and have strong ethics and integrity, diverse backgrounds and skill sets. Further, as per regulatory requirement, the Board performance is evaluated periodically.

■ Define Roles and Responsibilities

The Board establishes clear lines of roles and responsibilities among the Directors, Chairman and CEO.

■ Emphasize Integrity and Ethical Dealing

The Directors declare conflicts of interest and refrain from voting on matters in which they have an interest. The Bank has adopted a Conflict of Interest Policy, a Code of Business Conduct that sets out the Bank's requirements and a Whistleblowing Policy.

■ Formation of Various Board Committees

The Board of Directors has constituted various sub-committees, namely Board Audit Committee, Board Human Resources and Remuneration Committee, Board Risk Management Committee and Board IT Committee, to manage the relevant areas and to give their recommendations to the Board. The TORs of these Committees are approved by the Board of Directors.

■ Engage in Effective Risk Management

The Board has established its sub committees, who regularly identify and assess the risks including financial, operational, reputational, environmental, industry-related and legal risks.

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 as required by the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan.

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 sub committees are competent and experienced,

representing diversified educational and vocational backgrounds which are invaluable in determining the overall direction of the organization.

As per the guidelines issued by State Bank of Pakistan, the Board decided to opt for in-house approach with quantitative technique; and accordingly evaluated performance of overall Board, Board Committees and individual Board Members as per the following categories:

- Full Board
- Chairman
- Individual Directors
- Independent Directors
- Chief Executive Officer
- Board Committees

Evaluation by External Consultant

The Evaluation of Board of Directors is conducted annually as per the State Bank of Pakistan's requirements. The next evaluation will be carried out by external consultants, which is in process.

Criteria for Performance Evaluation

The Board of Directors, while ensuring regulatory compliance, is also vested with fiduciary responsibility on behalf of the shareholders to protect Bank's interests, provide strategic direction and monitor the achievement of strategic objectives. The Companies Act 2017, Banking Companies Ordinance 1962, SBP's Prudential Regulations and Code of Corporate Governance (the Code) describes the role of Board of Directors along with its responsibilities and functions.

To comply with the requirement of the Code, the Board, in the year 2014, put in place an effective mechanism for Board Evaluation. 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. As per process, the responses / feedback from the Directors on each of the above-mentioned categories is compiled and submitted to the Chairman. The Chairman discusses the results / findings with each individual Board Member. The authorized Independent Directors communicate the feedback in respect of the Chairman for incorporation in the consolidated Performance Report.

Accordingly, the analysis comprises of consolidated evaluation results and Action Plan forwarded by the Chairman to further strengthen comparatively weaker areas and is submitted to the Board of Directors for consideration in its meeting.

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.

Induction and Training of Directors

Formal orientation is arranged for Directors. The Bank also places keen focus on regular trainings regarding updates in law / regulations for the Directors. During 2018, a training on 'Listed Companies (Code of Corporate Governance) Regulations' was arranged. In addition, Shariah training was also arranged for the Directors, as per the State Bank of Pakistan's 'Shariah Governance Framework for Islamic Banking Institutions'.

Members of Meezan Bank's Board are experienced and qualified professionals who bring a diverse range of professional and technical expertise to the organization.

Directors Training Program

The Bank is in compliance with respect to training requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017.

Remuneration of Directors

As per Policy, the Board of Directors shall, from time to time, determine and recommend remuneration of the Non-Executive Directors (Chairman, Vice Chairman and members of the Board) for attending Board Meetings, for approval by the shareholders on a pre or post facto basis in the Annual General Meeting (AGM), as per State Bank of Pakistan Prudential Regulations.

If an employee receives any fee exceeding Rs 25,000/- in a Tax year (July 1st to June 30th) on account of Director's Fee or Attendance Fee from any one board membership, the entire Fee will be passed on to Meezan Bank. This amount will not be counted towards the income of employee but will be credited towards the Bank's income.

All Board Members are nominees of our major Shareholders. Meezan Bank consciously does not have a structure in place to incentivize the Board fee.

Performance Review of the President & CEO

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.

Roles and Responsibilities of the 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 express 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 sub committees perform their designated functions with due diligence.

Roles and Responsibilities of the Board of Directors

The Board of Directors is involved in strategic level decisions to establish and review the strategies and medium to long-term goals of the Bank, overseeing the business and affairs of the Bank in light of emerging risks and opportunities. The Management of the Bank is responsible for managing day-to-day business affairs in an effective and ethical manner in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities which could impact the Bank in the course of carrying out its business. It is also the responsibility of Management, with the oversight of the Board and its sub committees, to produce financial statements that fairly present the financial conditions and results of operations of the Bank in accordance with applicable accounting standards and to make timely disclosures to investors as required under regulatory requirements. Further, Management also stays aware of the business and competitive environment and develops strategies to maintain the Bank's competitive business edge.

Roles and Responsibilities of the 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:

- Provide an enabling environment within the Bank to facilitate promulgation of a culture of Shariah compliance.
- 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 supplement 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.
- Facilitate an organizational culture of development of innovative products and services to meet the growing needs of a diverse range of customers.

Role of Shariah Supervisory Board

The Shariah Supervisory Board (SSB) is entrusted with the duty of directing, reviewing and supervising the activities of the Bank in order to ensure that they are in compliance with the rules and principles of Shariah. All products and services of the Bank are launched with the approval of the Shariah Supervisory Board whose role also entails the following:

- To develop a comprehensive Shariah compliance framework for all areas of operations of the Bank that serves as a guiding principle to the Bank for maintaining its commitment towards adherence to principles of Shariah.
- Ensure Shariah compliance of all aspects of the Bank by virtue of having unhindered access to all books of accounts, records and documents.
- Guide and direct the Bank through rigorous deliberation on issues placed before the Shariah Supervisory Board.
- Monitor the Shariah compliance of the Bank through Shariah Audit and Shariah compliance reviews and prescribe appropriate enforcements whenever needed.

Code of Conduct & Ethical Standards for Directors

The Bank has also developed 'Code of Conduct & Ethical Standards for Directors' as per requirements of Code of Corporate Governance which is signed by every Director of the Bank.

Directors' Profiles and their Involvement / Engagement in other Companies

This information has been incorporated in the Directors' profiles.

Informing the Company Secretary's Office on Sale or Purchase of Meezan Shares

Executives are required to inform the Company Secretary about any change in the shareholding in his/her own name, in the name of his/her spouse and / or dependent/minor children to the Company Secretary through a prior written notice regarding their intention to do so before executing the transaction and subsequently through provision of complete details of the actual transaction within two days of its execution, enabling the Company Secretary to immediately notify the transaction to Pakistan Stock Exchange in terms of the revised listing rules and also to subsequently report the transaction to the Board of Directors.

Foreign Directors

Security clearance of Foreign Directors is initially done by the sponsor Shareholders being their nominee Directors. Subsequently Meezan Bank conducts verification as per FPT requirements. Finally it is carried out by the Regulators as per law / regulatory requirements, as their appointment is subject to clearance by the Regulators.

Minority Shareholders

The Bank ensures that the interest of the minority Shareholders is protected. In order to ensure their participation in general meetings, all notices of the Shareholders' meetings are timely announced on Pakistan Stock Exchange (PSX), published in nationwide newspapers and dispatched at the registered addresses of the Shareholders as per regulatory requirement. The Bank also ensures compliance to all the regulatory requirements and takes all possible steps to encourage attendance of minority shareholders in their meetings.

Executive Director

The Executive Director serves as a Non-Executive Director in two companies.

Non-Executive Directors

At present all the Directors on the Board are non-executive except for President & CEO and the Deputy CEO.

Statement of Compliance with the Code of Corporate Governance

The Statement of Compliance with Code of Corporate Governance is annexed with this annual report.

Accessibility of Annual Report

Annual Report 2018 and other information of the Bank are accessible on Bank's website: www.meezanbank.com

Investors' Relations section on the Corporate Website

This relevant section is available on the Bank's website: www.meezanbank.com

Investor Grievances

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 stakeholders may register their complaints conveniently, a multitude of online forms are 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.

Managing Conflict of Interest

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.

Presence of the Chairman of Audit Committee at the AGM

The Chairman of the Audit Committee attends the Annual General Meeting (AGM) and this is duly recorded in the minutes of AGM.

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	<ul style="list-style-type: none"> ■ Pakistan's largest Islamic bank ■ Largest market share of Pakistan's Islamic banking sector ■ Comprehensive menu of truly Shariah-compliant products and services ■ Strong financial indicators ■ Dedicated Shariah Supervisory Board comprising of world-renowned Shariah scholars ■ Dedicated department for Shariah compliance, research and Shariah Audit
W	WEAKNESSES	<ul style="list-style-type: none"> ■ Limited opportunities for investment of surplus liquidity ■ Limited availability of human resources with Islamic banking knowledge
O	OPPORTUNITIES	<ul style="list-style-type: none"> ■ 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	<ul style="list-style-type: none"> ■ Macro-economic challenges ■ Conventional banks entering Islamic banking market ■ Misconceptions and misunderstandings among the general public about Islamic banking

Strategy and Resource Allocation

The year 2018 marks the completion of 16 years of Islamic Commercial Banking for Meezan Bank in Pakistan. During this period, Meezan Bank has risen from the 36th to the 7th largest bank in the country in terms of deposits amongst all commercial banks in Pakistan. Meezan Bank's robust strategic planning and its execution have been pivotal for its best-in-industry growth and success. Over the years, we have developed attractive market positions and strong capabilities that hold potential for solid future growth. With a Vision to 'Establish Islamic banking as banking of first choice...', we have forged ahead with a long-term goal of creating value for all our stakeholders.

Strategic Objectives

Meezan Bank's strategic objectives are based on the driving forces that are rapidly changing the financial industry. Macroeconomic conditions such as interest rates, changing customer expectations, growing competition from Fintechs and rapid digitalization are some of the factors upon which the Bank has formulated its strategic agenda.

During 2018, the Bank's strategic agenda has been based on the following:

- Digitalization
- Customer Experience
- Innovation

Digitalization

As digitalization continues to transform Pakistan's banking sector, the Bank has formulated strategies for becoming more customer-driven and efficient. During 2018, the Bank took several initiatives to achieve this objective including launch of new internet banking website, back-end automation to reduce the daily extraction processing time by more than 75%, as well as automation of payment systems for better customer experience.

Customer Experience

Meezan Bank works with an ambition to deliver the best customer experience on the basis of a strong value proposition. To this end, the Bank is not only digitalizing its service model but is also implementing ways to deliver higher service levels. With the establishment of a Service Board, and strong focus on training, the Bank is working on ways to build and maintain a strong pipeline for enhanced customer service.

Innovation

During 2018, the Bank continued to invest substantial resources in innovation and responding to new competitive forces. To achieve this objective, the Bank engaged in a series of initiatives to develop its Alternate Distribution Channels and to ensure that it remains in a position to capitalize on technology trends. An example of this is the introduction of the fastest debit card activation via ATMs in Pakistan, reducing the processing time to merely 30 seconds or less.

Resource Allocation Plan

Capitals including financial capital, human capital as well as intellectual capital are key considerations while developing the Bank's strategic objectives as well as its risk appetite. The Bank ensures its capital position is such that it is adequate to support its business activities. Resource allocation and capital management are therefore integrated in the Bank's Risk Management and Governance processes.

Realizing that the real benefit of the strategic planning process lies in its effective implementation, a dedicated Strategy Department has also been set up to assist with the implementation of this plan. To ensure its effective communication and implementation within the Bank, the Balanced Scorecard (BSC) methodology has been used.

For effective resources allocation (especially in wake of Bank's growth trajectory) and to maximize cross-functional congruence towards Bank's objectives in line with its strategic plan, several groups / departmental level BSCs have also been prepared with performance driven measures, timelines, and specified targets.

Moreover, several strategy sessions for different groups, department heads and managers have also been arranged with the President & CEO and Deputy CEO in order to ensure that their KPIs are relevant towards realization of Meezan Bank's corporate strategy, with optimum levels of capital and resources.

Liquidity Management

The Bank's primary liquidity management objective is to meet the expected and unexpected cash flows while supporting its business and customers and also maintaining strict adherence to its Shariah compliance policies. In order to achieve this objective, the Bank ensures liquidity management based on the monitoring of short and long-term liquidity risks. These risks are monitored by various functions across the organization, depending on its type. Deployment of excess liquidity however, remains a challenge for the Bank that requires continuous support from Regulators and Government at par with conventional banks especially in medium to long-term scenario.

Meezan Bank's strategic objectives are therefore aligned with its risk appetite, liquidity requirement and its capital plan.

Risk and Opportunity Report

Opportunity loss is one of the most important concerns for all entities, irrespective of the nature, size and complexity of their business; caused by missing business opportunities that arise when necessary risks are not taken. Pursuing opportunities requires taking risks, which most are reluctant to do so, because of the fear of potential negative consequences. This requires periodic review of risk appetite in line with strategic objectives and business goals. This equally applies to the banking business as well, which by its very nature is risky, coupled with enhanced opportunities in a rapidly changing environment. Highly competitive banking industry and entry of non-traditional financial intermediaries and channels may lead to irreparable recovery because of missed opportunities. This requires futuristic vision, appropriate strategy and its realistic transformation.

Key Sources of Uncertainty

Banks are typically exposed to commercial and financial risks including but not limited to credit, concentration, liquidity, market, operational, profit rate and equity investment risks. However, compliance and cybersecurity risks have also assumed unprecedented challenges in moving towards untapped markets and alternate distribution channels. Importantly, Meezan Bank being the largest Islamic bank in the country is fully cognizant of the importance of these risks including the Shariah compliance risk that is only unique to Islamic banking businesses.

Changing dynamics result in uncertainties for different sectors of the economy. Exchange rate pressure, depleting foreign exchange reserves, widening trade and external deficit, significant increase in policy rate, volatility in international oil prices along with continuous pressure in stock market are major parameters determining the trend of economy of the country. Rising inflation, low GDP growth, recurring circular debt, increasing cost of energy supplies and in the backdrop, prospective conditionalities will have an impact on the overall business environment.

Initiatives of newly elected government with reference to austerity measures, improving fiscal discipline, governance reforms, ease-in-doing business environment, low-cost housing schemes, environmental protection drives and plans to give relief to down trodden segments of the society should be seen in the positive direction with close watch.

Impact of significant increase in policy rate should have positive impact on profitability of banks; however, going forward it may lead to increased level of non-performing financing and this requires cautious approach in booking new assets. The policy rate rise may also adversely impact private financing demand in the country. However, improved security condition, tightening of illegal channels to curb money laundering, and new Government's agenda of broadening tax base and related business friendly reforms will have a positive impact on the overall economy and banking sector too. Implementation of deposit protection mechanism to facilitate small deposits will increase the confidence in the banking industry.

Enhanced focus for financial inclusion in the form of branchless and digital banking, need for efficient and secure alternate distribution deliveries with multiple services, room for enhanced small and medium financing, search for new channels to upscale fee-based income, continuous pressure for improving service quality standards and outreach of fintechs in embracing wide range of activities put pressure on banking sector to think and act out of the box.

The continuous engagement of Pak-China Governments to remove uncertainties about materialization of strategic initiatives under China Pakistan Economic Corridor (CPEC) will be an important determinant in the overall growth of economy. However, CPEC has its own challenges in terms of its regional context in addition to financial & feasibility intricacies of projects involved. Several opportunities can be created under CPEC which include infrastructure project financing and share of Pakistani banks in those projects. The management of foreign currency reserves, exchange rate parity, movement of policy rate, balance of payment position, circular debt management, requirements for private and public sector funding and structural reforms will play a major role in determining the course of economy that will also have direct bearing on the performance of banking sector.

In the context of Islamic banks, deployment of excess liquidity remains a challenge that needs continuous support from regulators and Government at par with conventional banks especially in medium to long term scenario.

Meezan Bank continued its journey of growth by exploring opportunities to achieve its strategic objectives while ensuring effective risk mitigates and controls 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, Product Development, Shariah Compliance, Information Technology and Operations departments, keeping in mind the risk appetite of the Bank. In the emerging scenario and considering new trends in consumerism, the availability of large data, its proper analysis and usage for enhancing reach of customers for banking services provide new opportunities to explore upon. New business opportunities are supported through state-of-the-art data center, strengthening of core banking system, broad spectrum of alternate distribution channels with enhanced security environment, broadened branch network, customer-centric service quality parameters and increased focus on personalized banking.

While searching for new business opportunities, the Bank fully recognizes the importance of credit, market, liquidity, strategic, Shariah non-compliance, regulatory and reputational risks as well as risks arising from people, processes, systems and external events. This requires adequate capital base to ensure financial viability, absorb risk losses and long-term resilience of the Bank.

Significant growth in the Bank along with strategic direction / business objectives set by the Board of Directors coupled with the enhanced capital adequacy requirement by State Bank of Pakistan under Basel Framework necessitated solid capital availability all times. The Bank is well equipped to ensure reasonable cushion in its capital adequacy over and above the regulatory requirement. The Bank successfully issued first ever Shariah-compliant perpetual Sukuk certificates in Pakistan amounting to Rs 7 billion in 2018. The Bank has been continually improving quality of its capital by strengthening its core capital mainly in the form of reserves and unappropriated profit while ensuring dividends for its shareholders. The close monitoring of capital adequacy in view of the business targets help the Bank to have effective capital plan in place ahead of the regulatory capital adequacy road map.

The Board and its Committees are actively involved in further strengthening its policy framework so as to determine the Bank's risk appetite and tolerance levels. All policies on wide range of subjects are deliberated in detail in the Board Committees. During the year 2018, the Board of Directors approved a large number of policies, plans and strategy documents. Duly approved policies provide framework to operate the Bank within the limits set by the Board and to achieve strategic objectives.

The risk appetite is defined by focusing on the level of material risks the Bank is willing and prepared to take while pursuing its business and strategic goals, 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 its strategic plan, business environment and expectations of stakeholders.

Statement of Board of Directors on Risk Assessment

The Board of Directors and its sub-committees comprising of Board members thoroughly assessed all principal risks including but not limited to credit, liquidity, solvency and compliance risks through various reports and early warning indicators so as to ensure that the Bank has in place necessary policies, procedures, systems and controls to mitigate risks that may affect its business objectives, further performance, financial viability and sustainability.

The Bank has been continually improving upon its policy framework, capital base, products and services offerings, internal controls environment and governance framework that is equally appreciated in terms of its improved external rating and the 'Best Bank' award. Risk management in banking has transformed over the period and is being dealt with at enterprise level, largely in response to regulations that emerged from the global financial crisis, capital adequacy standards, anti-money laundering and anti-terrorist financing initiatives, technological innovations, increase in cyber-crime activities and increasing needs of customers.

The Risk Management Framework established by the Board of Directors has been further strengthened by enhancing oversight by the Board and its Committees along with various Management Committees. The Bank implements an entity wide 'Three Lines of Defence' model for risk management. Business lines / front offices serve as first line of defence and are primarily responsible for managing risks on day-to-day basis. Risk management and other control functions being the second line of defence are responsible for assisting business lines for designing and implementing adequate controls to manage risks. The Internal Audit function is responsible for providing independent assurance on adequacy of Bank's risk management environment.

The Bank vigorously improves upon its systems, tools, techniques, trainings & development of its human resources to better equip itself for fulfilling everchanging requirements of its stakeholders. Continuous refinement of processes and their documentation, enhanced coverage of risk indicators, escalation mechanism and continuous developments in management information systems further strengthened the control environment of the Bank. The Bank focused on comprehensive risk analysis, high service quality standards, capacity building of control, support and business functions and enhanced level of post facto monitoring to manage risks associated with strategic plan and performance indicators. The Bank emphasizes on diversification while booking of assets and liabilities. All material exposures are managed and monitored actively. The Bank has enhanced its collaboration with solution providers for strengthening its internal controls and improving upon delivery of its services. Risk management techniques facilitate in identification, assessment, measuring, reporting and management of both conventional risks and risks peculiar to Meezan Bank. Further, these tools are subject to continual development and refinement. Risk Management strategies for various risk types and business continuity and recovery plans, IT disaster recovery arrangements and early warning signals are being actively managed to mitigate actual and potential risks. These improvements help the Bank to achieve its strategic objectives and key performance indicators. This enables the transformation of Bank's risk management practices from being 'crisis fighters' to 'proactive and systematic risk management'.

Materiality Approach

The Bank gives due consideration to materiality concept while managing its risks. Resources are deployed efficiently to medium to high risky areas while minor risks are typically managed through transfer and outsourcing arrangements. The Bank manages all of its core operations on its own. Regulatory and Shariah compliance is at the heart of materiality approach while managing existing operations and taking new initiatives.

Because of integrated efforts, the Bank has significantly expanded its deposit base, financing portfolio and branch network without exposing itself to unwarranted risks. The Bank will continue to explore new business opportunities equally supported by effective risk measures, robust products and technological support to serve wide range of customers Insha'Allah.

Business Continuity Management - 2018

The Business Continuity Management (BCM) is a management process to avoid and manage risks associated with disruption of mission critical operations so as to ensure resilience of Bank's operations. It details plans and procedures to be implemented before, during and after disaster events to maintain continuity of businesses. In Meezan Bank, the business continuity is managed at strategic, tactical and operational level. It involves well defined plans, effective decision-making processes, description of distressed scenarios, coordinated efforts among stakeholders and operational continuity to safeguard the interests of the Bank's key stakeholders, reputation, brand image and value creating activities. The Bank has in place a comprehensive business continuity framework with clear set of governance structure, business continuity and information technology disaster recovery plans, clearly defined roles and responsibilities of individuals and teams for disaster response, recovery, resumption and restoration of activities to a pre-defined level of operation following disruption. The Board of Directors approved Business Continuity and Information Technology Disaster Recovery Plans subsequent to their deliberations in the Board and Management Committees. Board approved plans follow procedural documents on business continuity.

BCM program is in line with the guidelines issued by the regulator and industry standards and is subject to periodic reviews. It sets out the agreed arrangements for bringing disaster events under control and ensures availability of necessary resources for maintaining critical business functions. Having a BCM framework in place helps the Bank to ensure safety of human resources, protection of critical assets and resumption of mission critical activities from alternate processing site(s) in case the primary site(s) are not accessible or available. In Meezan Bank, the first priority is always to ensure the safety of human life in case of any disaster. Detailed business continuity including information disaster recovery plans, has been established with the approval of the Board of Directors. The Bank maintains Alternate Processing Sites at three different locations within Karachi with the overall objective to ensure resumption of Mission Critical Activities (MCAs) in case of disaster. IT disaster recovery is managed from Islamabad. The Bank's BCM team continuously strives to improve upon business continuity preparedness which enables the Bank to continuously deliver its mission critical services and products to its customers. Over the period, the Bank has streamlined the process of active communication and escalation of events that may impact business continuity. Rapid response to such events lead to minimal disruptions. Coordination among various stakeholders has been further strengthened for cohesive planning and response. Moreover, the Bank has continued testing the effectiveness of business continuity arrangements through periodic drills, performance of critical operations from alternate sites, branch evacuation procedures have been updated and emergency response teams have been further streamlined. The Bank conducted evacuation drills for its entire branch network successfully that further strengthens the Bank's preparations to cope with unwarranted eventualities. Findings of drills are reviewed and necessary improvements are an on-going process. This helps in strengthening the confidence of stakeholders regarding the availability of products and services under stress scenarios and embeds business continuity within the organizational culture of the Bank.

Products and Services

Meezan Bank offers a diverse range of Shariah-compliant banking products and services to cater customer requirements. All products of the Bank are approved by the Shariah Supervisory Board and are completely Riba-free.

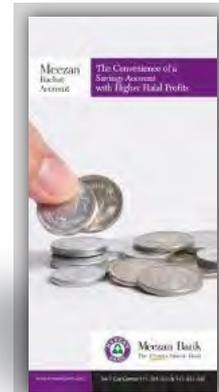
Meezan Rupee Current Account

This is a checking account that works on the basis of 'Qard' and provides the convenience of conducting day-to-day transactions with ease and comfort. There is no restriction on withdrawals or number of transactions and there is no deduction of service charges if the balance maintained is low. The account is ideal for daily transactional needs of individual and business entities.



Meezan Rupee Savings Account

Meezan Bank's Rupee Savings Account is ideal for short-term investments and transactional needs. The 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 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 deposit of Rs 100 and a valid CNIC. Maximum credit balance limit is Rs 500,000. Maximum withdrawal limit per month is Rs 500,000.



Meezan Asaan Savings Account

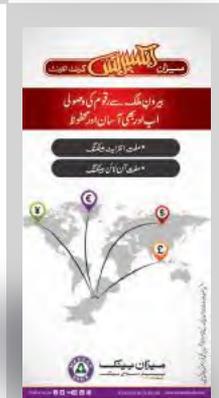
Meezan Asaan Savings Account provides swift and hassle-free account opening process, since there is no requirement of submitting any proof of income document for opening this account. Account works on the basis of 'Mudarabah' and can be opened with a minimum deposit of Rs 100 and a valid CNIC. Maximum credit balance limit is Rs 500,000. Maximum withdrawal limit per month is Rs 500,000.



Meezan Express Current Account

Meezan Express Current Account has been designed to facilitate the beneficiaries of home remittance and encourage them to use formal banking channels. The biggest advantage of Meezan Express Current Account is that it can be opened on the basis of a CNIC only* & there is no withholding tax on cash withdrawals through cheque or ATM. Meezan Express Current account can only be fed through home remittances, no other credits are allowed.

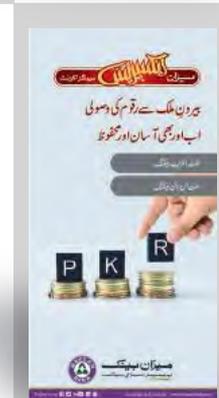
*Terms and conditions apply



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Foreign Currency Current Account

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



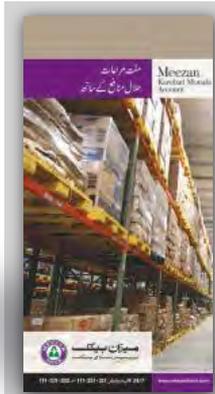
Meezan Bachat Account

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.



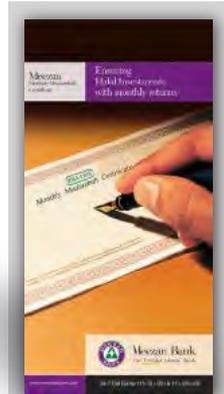
Karobari Munafa Account

Karobari Munafa Account is specifically tailored for large corporates or GoP-controlled entities 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 number of transactions and there is no deduction of service charges if the balance maintained is low.



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 Savings Account

Meezan Foreign Currency Savings Accounts are excellent business tools for individuals and corporate clients both for meeting their business needs and for diversifying their investment in different foreign currencies. These accounts allow customers to not only earn Halal profits every month but also safeguard their investment against currency fluctuations. Meezan Foreign Currency Savings Account can be opened by individuals, sole-proprietorships, partnerships and limited companies in 100 USD / Pound / Euro only.



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. There is no limit on maximum investment. Pre-mature withdrawal can be made as per the approved schedule.



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 with Rs 500 only. 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 Amdan Certificate

Meezan Amdan Certificate is a Term Deposit Certificate that offers a higher expected monthly profit to investors for periods of 5 1/2 & 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. However, for senior citizens, widows and disabled, minimum investment required is Rs 50,000. Pre-mature withdrawal can be made as per the approved schedule.



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. The profit is paid on monthly basis. VISA Debit Card fee is waived for the first year. Exciting gifts await the Teens Club members upon account opening.



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.



Dollar Mudarabah Certificate

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



Smart Remittance Wallet

Smart Remittance Wallet is a unique wallet account with a saving facility that allows customers to receive remittances directly in their account and get free airtime of Rs 2 against each dollar received. Smart Remittance Wallet also gives good profit rates on savings, with the flexibility to use the money at any time. The key product features include no minimum deposit requirement, no withholding tax on withdrawals and instant account activation through the use of biometric technology. Biometric facility will also allow customers to withdraw cash from Meezan Bank branches. The Smart Remittance Wallet holder can maintain balance upto Rs 1.5 million.



Takaful Coverage

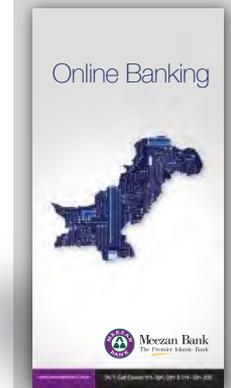
In line with its customer-oriented strategy, Meezan Bank is offering Takaful coverage to all of its account holders in case of Accidental Death or Permanent Disability. Customers maintaining an average monthly balance of Rs 10,000 and above, are entitled to a Takaful cover of up to Rs 1 million. In addition, ATM cash withdrawal Takaful Coverage, on the amount withdrawn from any ATM, is offered to all the account holders, in case money is snatched within the radius of 1.5 kms and 30 minutes.

Conditions apply. Please refer to the Bank's website.



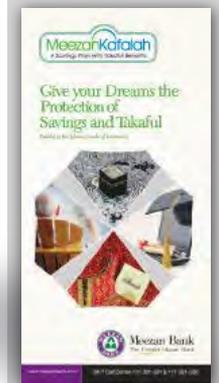
Online Branches

Meezan Bank offers free online banking facility on all Pak Rupee accounts to online banking customers. This enables the Bank's customers to access their accounts and conduct transactions from any of Meezan Bank's 660 branches nationwide, regardless of in which branch or city they have their account. This facility provides great convenience for depositing and withdrawing cash, making pay orders and availing numerous other banking services.



Meezan Kafalah

Meezan Kafalah is a savings plan with Takaful coverage up to Rs 15 million through which customers can save for 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.



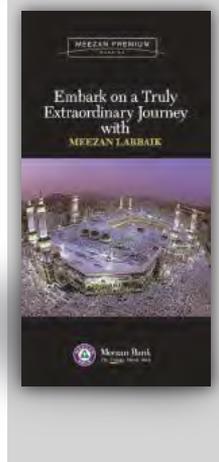
Smart Payroll Solution

Smart Payroll Solution enables companies to manage payments (salary, pension, staff reimbursements and bonus) in a cost effective, secure and efficient manner. It not only allows cash withdrawals through ATMs, but also allows customers to pay bills, top-up mobile credits and transfer funds to any 1Link member bank through Meezan Bank ATMs. Companies can easily issue ATM card to their employees and once employees' salaries are loaded onto their accounts, they can immediately draw cash from any of Meezan Bank's or 1Link member banks' ATMs.



Meezan Labbaik

Meezan Labbaik facilitates customers who wish to perform Hajj & Umrah via renowned agents on Bank's panel. Customers have multiple Travel Asaan 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 Asaan 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 from time to time.



Mobile Banking App

Designed for the customer on the go, the App is available for download from Google Play and Apple App Store. Compatible with all major Android and iOS versions, the App allows customers to check debit card discounts as well as to view account activity, pay bills, top-up mobile phone credits, transfer funds and block / unblock cards in a fast, convenient and secure way.



Secure e-Commerce Payments

Meezan Debit Cards offer secure and seamless online shopping experience via Verified by Visa and Mastercard Secure Code service. This technology ensures online safety by authenticating transactions through a unique code sent to customers' registered mobile number or email address; eliminating the need for Web Pay Session activation.



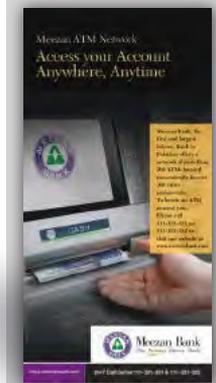
Fonepay

Meezan Bank has partnered with Mastercard and Fonepay to launch the latest award-winning innovation in payments based on QR technology. Meezan Bank customers can now simply scan the QR image displayed at shops to make the payment at over 100,000 merchants in Pakistan.



Meezan ATM Network

Meezan Bank offers a nationwide network of over 625 ATMs located at its branches and at prominent off-site locations across the country. Meezan Bank ATMs offer funds transfer, bill payment, mutual funds investment and redemption, instant debit card activation, debit card PIN generation and PIN change facilities in addition to cash withdrawals.



Internet Banking

Meezan Bank'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 Quick Pay service, funds transfer facility, cheque status inquiry, complaint logging, cheque book requisition, pay order request and stop payment marking. Customers can also invest and redeem funds from Al-Meezan Mutual Funds.



Meezan Premium Banking

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

- Meezan Mastercard Platinum Debit Card - a very prestigious card, offering discounts at selected retail outlets and restaurants across the country, along with higher transactional, withdrawal and fund transfer limits.
- Access to selected Airport lounges at Karachi, Lahore, Islamabad, Multan and Sialkot and at selected airports abroad during international flights.
- Dedicated Premium Banking Centres at Karachi, Lahore, Islamabad, Rawalpindi, Faisalabad and Sialkot.
- Premium Phone Banking is a dedicated Call Centre exclusively for Premium Banking customers.
- Fee waivers on selected basic banking transactions and ADC services.



Meezan VISA Debit Card

Meezan VISA Debit Card provides convenience to customers to access their funds anytime and anywhere, at all outlets and ATMs displaying the VISA symbol. The new NFC based payment capability on Meezan VISA Debit Card allows customers to pay for any transaction on the go by just tapping the card at the merchant counters accepting NFC payments. Moreover, EMV Chip ensures advanced security available to counter skimming frauds.



Meezan Mastercard 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 traveller offering free access to airport lounges across the Middle East, coupled with a wide array of exclusive offers and discounts within Pakistan and worldwide. Moreover, Meezan Mastercard Platinum Debit Card caters to exclusive needs of Premium Banking customers with even more features and benefits.



Supplementary Debit Cards

Meezan Bank Supplementary Debit Cards allow the families of customers to share the convenience and independence of making day to day payments. Supplementary Debit Card offers the same features and benefits as a primary card. A customer can avail a maximum of 5 supplementary cards.



SMS Alerts

Meezan Bank's SMS Alerts service keeps customers informed about activities in their accounts; enabling them to keep track of their financial transactions along with latest account balance. Meezan Bank customers also get email alerts of their transactions which is particularly helpful for customers travelling abroad. Corporate SMS Alert service has also been launched to meet the needs of corporate clients.



Skim Guard

Meezan Bank has introduced an innovative mechanism by the name of 'Skimguard' for the first time in Pakistan to reduce exposure to skimming frauds. When a high value transaction is initiated on Meezan Bank's ATM, a passcode is sent via SMS and after entering the same on ATM, the transaction is completed successfully. Skimguard service is applicable on all ATM transactions including cash withdrawal, IBFT (Meezan to Other Bank Transfers) and 3PFT (Meezan to Meezan Transfers).



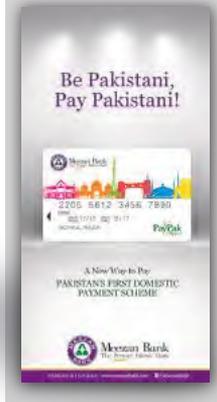
Commercial Vehicles Ijarah

Meezan Commercial Vehicles – Ijarah offers financing facility for all the vehicles that can be used for commercial purposes. This includes financing to logistics, transportation, distribution and oil marketing companies etc. The facility ranges from small truck, vans, coasters, buses to heavy trucks, truck chassis, prime movers etc. This product also provides customized financing plans for specific SME and corporate customers.



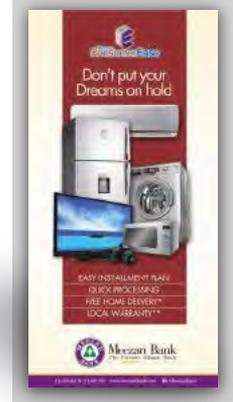
Meezan PayPak Debit Card

PayPak is a domestic payment scheme owned and operated by 1Link Guarantee Ltd duly approved by State Bank of Pakistan. Meezan PayPak Debit Card is a PIN based card that ensures utmost security not only at ATM machines for cash withdrawal but also at POS terminals while shopping at all merchant outlets across Pakistan.



Meezan Consumer Ease Durable Goods

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.



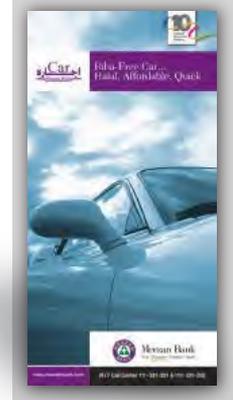
SMS Banking

Meezan SMS Banking is an interactive service that allows customers to access their account on demand anytime, anywhere from their mobile phone.



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 / imported 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 one month delivery of vehicle to the customer. The Bank bears the WHT (Withholding Tax) amount.



Bike Ijarah

Meezan Bike Ijarah is a Shariah-compliant solution which is based on Ijarah principle, under this facility, the 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.



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 Islamic house finance. With flexible financing tailored to support the customer's need, Meezan Easy Home provides one of the best home financing solutions in the country with a hassle-free process and a quick turn-around time.



Financing Products

Meezan Bank offers a wide range of products to its Corporate, Commercial and SME Customers to meet their financial needs. Following is a list of the generic products that are used to offer financing solutions:

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.

Musawamah

Musawamah is a bargain sale in which the Bank does not disclose the cost and profit to the customer.

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.

Commodity Salam

This is a working capital financing solution whereby the Bank and customer enter into a sale contract in which sale price is paid by the Bank in advance and customer

delivers the commodity / goods on deferred basis. Upon delivery, Bank sells the goods 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 fixed assets such as plant, machinery, generators, equipment, vehicles etc.

Running Musharakah

This is a Shirkatul-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. This product is used to meet the working capital requirement of the customer.

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, machinery, equipment, vehicles 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 Merchandize

Meezan Bank also offers finance against imported merchandize 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 basis 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.

Islamic Export Refinance Scheme

Meezan Bank with the collaboration of State Bank of Pakistan offers subsidized rate financing solutions through modes of Murabaha, Istisna, Tijarah and Running Musharkah under Islamic Export Refinance Scheme.

Islamic Long-term Finance Facility

Meezan Bank with the collaboration of State Bank of Pakistan provides subsidized rate long term financing facilities through modes of Ijarah and Diminishing Musharakah under Islamic Long Term Finance Facility.

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 Payments & 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 and Alternate Delivery Channels (ADC)
- Managing payment electronically, such as funds transfer, IBFT, pay-order issuance, RTGS, corporate cheques issuance as well as dividends payments
- Advance level customized reports and e-alerts (email, SMS, SFTP)
- Online real time account statement and MIS which can be downloaded into multiple formats for auto-reconciliation



Live your dreams with Meezan Bank's Easy Financing Solutions

Meezan Easy Home offers a completely Shariah-compliant way to Buy or Build the house of your dreams. Also available for renovation of house or transfer of existing mortgage facility from any other bank to Meezan Bank.

Meezan Car Ijarah, for new, used & imported vehicle, is a Riba-free car financing solution, where you get luxury with economy and have the advantage of eased rentals.

MEEZAN EASY HOME

- Special rates for Chartered Accountants
- Flexible Payment Plan
- Maximum Financing against property value
- Flexibility to make partial pre-payments
- Affordable and competitive installments with regularly reducing monthly rentals
- Minimal Processing Fees

MEEZAN CAR IJARAH

- Affordable Rental
- Minimum 15% advance rent
- Rental paid after delivery of vehicle
- No upfront registration charges
- Easy selection of financing tenure from 1 to 7 years



Meezan Bank
The Premier Islamic Bank



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Chairman's Review

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Alhamdulillah, it gives me immense pleasure to present to you the Annual Report of Meezan Bank for 2018.

Meezan Bank was granted the first Islamic Banking license of Pakistan in 2002. It is gratifying to see that over the last sixteen years, the Bank has established itself as not only the leader in the Islamic Banking industry of Pakistan, but has also earned the recognition of being the best bank in the country – the 'Best Bank for 2018' from Pakistan Banking Awards, under the patronage of the State Bank of Pakistan - undoubtedly the most prestigious recognition in Pakistan's banking sector. I would like to congratulate the entire Meezan Team for this well-deserved recognition. During 2018, Meezan Bank was also the recipient of the global award of 'Best Islamic Bank for Treasury Management' by Islamic Finance News of Redmoney Group, Malaysia and a number of other prestigious awards. I pray that Insha'Allah the Bank continues to achieve new heights of success and recognition.

Another landmark achievement for the Bank during 2018 was to cross the one Trillion Rupee milestone in its Trade Finance (import and export) business – almost 10% of the country's total trade volume.

The Bank also achieved one of the highest growths in profitability in the country's banking sector this year. Fuelled by growth in deposits, a growing and well-diversified asset portfolio comprising Corporate, Commercial & SME and Consumer banking segments, ever improving control on costs and one of the lowest NPLs in the banking industry, the Bank's profitability grew by an impressive 42% in 2018 – a testament to the Bank's efforts in achieving excellence in all its initiatives.

“ We are committed to making Islamic Banking accessible to all citizens of Pakistan, and the best way to achieve this, in addition to growing our branch network in remote areas, is by focusing on Financial Inclusion through Branchless Banking and using technology to enable people to conduct their banking transactions 'on the go'. ”



بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

We are also acutely aware of the importance of investing in technology to improve customer experience and security. Significant investment in technology is therefore being made to tackle the threat of cyber-security, which is an ever-growing menace that all banks around the world now face. At the same time, systems are continuously being up-graded to improve the quality of customer service and turn-around-times.

Going forward, it will be our endeavour to maintain Meezan Bank's leadership position and we remain committed to growing our branch network and increasing our investment in technology. We are committed to making Islamic Banking accessible to all citizens of Pakistan, and the best way to achieve this, in addition to growing our branch network in remote areas, is by focusing on Financial Inclusion through Branchless Banking and using technology to enable people to conduct their banking transactions 'on the go'. Financial Inclusion is an important goal of both the Government of Pakistan and the State Bank of Pakistan, and Meezan Bank is committed to supporting this initiative.

The Board and its Committees have played an effective role in providing a strategic oversight to the Bank and in assisting and identifying pathways for sustainable growth.

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 & Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the country.

I would also like to thank our valuable shareholders, members of the Shariah Supervisory Board and my fellow Board members as well as all members of the Meezan Team whose determination and sincerity towards promoting the cause of Islamic Banking has made Meezan Bank the leading Islamic financial institution of the country and the Best Bank in Pakistan.

Finally, and most importantly, I would like to thank our customers for their support and trust in Islamic Banking, which is the single most important factor in driving the success of Islamic Banking in Pakistan.

الحمد للہ، مجھے میزبان بینک کی سال ۲۰۱۸ کی سالانہ رپورٹ آپ کے سامنے پیش کرتے ہوئے بے انتہا مسرت محسوس ہو رہی ہے۔

میزبان بینک کو ۲۰۰۴ میں پاکستان میں اسلامی بینکاری کا پہلا لائسنس دیا گیا تھا۔ یہ بات انتہائی خوشی کا باعث ہے کہ گزشتہ سولہ سالوں کے دوران بینک نہ صرف پاکستان کی اسلامی بینکاری کی صنعت میں درجہ اول پر سر فراز ہوا بلکہ ملک کے بہترین بینک ہونے کا اعزاز بھی حاصل کیا۔ یہ پاکستان بینکنگ ایوارڈز کا 'Best Bank for 2018' ایوارڈ ہے جو انٹینٹ بینک آف پاکستان کی زیر سرپرستی دیا جاتا ہے اور بلاشبہ پاکستانی بینکاری کی صنعت میں سب سے عمدہ اور معتبر ایوارڈ ہے۔ میں میزبان بینک کی پوری ٹیم کو اس اعزاز کے حصول پر مبارکباد پیش کرتا ہوں جس کے وہ بجا طور پر مستحق ہیں۔ ۲۰۱۸ میں میزبان بینک نے اسلامک فنانس نیوز، ریڈیو منی گروپ، ملائیشیا کی جانب سے 'بہترین اسلامی بینک برائے ٹریڈری ٹیچمنٹ' کا گلوبل ایوارڈ اور مزید کئی معتبر ایوارڈز حاصل کئے۔ میں دعا گو ہوں کہ انشاء اللہ بینک کامیابیوں اور اعزازات کی نئی بلندیوں کے حصول کا سلسلہ جاری رکھے۔

بینک کے لئے ۲۰۱۸ میں ایک اور امتیازی کامیابی یہ رہی کہ بینک کے تجارتی کاروبار (درآمدات و برآمدات) نے ایک کھرب روپے کا سنگ میل عبور کر لیا، جو ملک کے مجموعی کاروباری حجم کا تقریباً 10 فیصد حصہ ہے۔

بینک نے اس سال منافع میں زبردست اضافہ حاصل کیا جو ملک کے بینکاری شعبے میں ہونے والے سب سے زیادہ منافعوں میں سے ایک ہے۔ ڈپازٹ میں اضافہ، کارپوریٹ، کمرشل، SME اور کوزمیور بینکاری کے اثاثوں میں اضافہ، اخراجات پر تقابلاً اور غیر فعال قرضہ جات (NPLs) میں کم ترین شرح کا حصول جیسے عوامل سال ۲۰۱۸ میں بینک کے منافع میں ۳۲ فیصد کے متاثر کن اضافے کا باعث بنے، جو کہ اس بات کا منہ بولتا ثبوت ہیں کہ بینک اپنے تمام کاموں کو اسٹریٹجی سے انجام دینے پر یقین رکھتا ہے۔

ہم اپنے صارفین کو بہتر خدمات کی فراہمی اور تحفظ کے لئے ٹیکنالوجی کی اہمیت کا شدت سے ادراک رکھتے ہیں، لہذا سائبر سیکیورٹی کے خطرہ سے نمٹنے کے لئے ٹیکنالوجی کے شعبے میں سرمایہ کاری میں نمایاں اضافہ کیا جا رہا ہے۔ سائبر سیکیورٹی ایک بڑھتا ہوا خطرہ ہے جو ان دنوں دنیا میں تمام بینکوں کو درپیش ہے۔ اس کے علاوہ صارفین کو خدمات کی فراہمی کے معیار اور ٹرانزیکشنز کو بہتر بنانے کے لئے سسٹمز کو مسلسل بہتر کیا جا رہا ہے۔

مزید برآں، ہماری کوشش ہوگی کہ ہم میزبان بینک کی قائدانہ حیثیت کو برقرار رکھیں۔ ہم اپنے برانچ نیٹ ورک میں توسیع اور ٹیکنالوجی کے شعبے میں سرمایہ کاری بڑھانے کے لئے پرعزم ہیں۔ ہم اسلامی بینکاری کو پاکستان کے تمام شہریوں کے لئے قابل رسائی بنانے کے لئے کوشاں ہیں اور اس مقصد کے حصول کا بہترین طریقہ یہ ہے کہ دور دراز علاقوں میں اپنے برانچ نیٹ ورک میں اضافے کے ساتھ ساتھ برانچ لیس بینکاری کے ذریعے مالیاتی اشتراک یقینی بنایا جائے اور ٹیکنالوجی کے استعمال کے ذریعے لوگوں کے لئے بینکاری لین دین کو آسان اور قابل رسائی بنایا جائے۔ مالیاتی اشتراک حکومت پاکستان اور انٹینٹ بینک آف پاکستان، دونوں کا اہم ترین مقصد ہے اور میزبان بینک ان کے اس اقدام میں معاونت کے لئے پرعزم ہے۔

بورڈ اور اس کی کمیٹیوں نے بینک کو تیز و پرقوتی نگرانی کی فراہمی کے ساتھ ساتھ پائیدار ترقی کے لئے راستے کے تعین اور معاونت میں مؤثر کردار ادا کیا ہے۔

میں اس موقع پر انٹینٹ بینک آف پاکستان کو اسلامک فنانس نیوز-ملائیشیا کی جانب سے 'بہترین مرکزی بینک برائے فروغ اسلامی فنانس' کا اعزاز ملنے پر مبارکباد پیش کرتا ہوں۔ یہ ایوارڈ انٹینٹ بینک 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 انٹینٹ بینک آف پاکستان، وزارت خزانہ اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا بھی شکر گزار ہوں۔

میں میزبان بینک کے قابل قدر حصص یافتگان، شریعہ پر وائزری بورڈ کے اراکین اور اپنے ساتھی بورڈ اراکین کے ساتھ ساتھ میزبان ٹیم کا بھی شکر یہ ادا کرتا ہوں، جن کی محنت اور توجہ کے باعث میزبان بینک ملک کا صنف اول کا اسلامی مالیاتی ادارہ اور پاکستان کا بہترین بینک بن چکا ہے۔

آخر میں، میں ہمارے صارفین کے تعاون اور اسلامی بینکاری پر ان کے اعتماد کا شکر یہ ادا کرنا انتہائی ضروری سمجھتا ہوں، جو پاکستان میں اسلامی بینکاری کو کامیابی سے ہمکنار کروانے میں سب سے اہم عنصر ہے۔



Riyadh S. A. A. Edrees
Chairman
February 21, 2019



ریاض ایس۔ اے۔ اے۔ ادریس
چیئر مین

21 فروری، 2019

Directors' Report to the Members

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

On behalf of the Board of Directors, we are pleased to present the twenty-second Annual Report setting out the detailed financial results of the Bank for the year ended December 31, 2018.



Best Bank in Pakistan – 2018

We are overjoyed and humbled that Alhamdulillah, Meezan Bank has been recognized as the 'Best Bank for 2018' at the Pakistan Banking Awards - the most prestigious and definitive recognition of excellence in Pakistan's banking sector. This award has only been possible due to the efforts and cooperation of all stakeholders particularly our valued customers. It is the trust and confidence of our customers that has motivated us to pursue our Vision of establishing "Islamic Banking as banking of first choice".

The Pakistan Banking Awards are held by Institute of Bankers Pakistan in collaboration with DAWN Media Group and A.F.Ferguson & Co., Chartered Accountants, a member firm of the PwC network, under the patronage of the State Bank of Pakistan. This is indeed a notable achievement as it recognizes the significant contributions of Meezan Bank to national development, particularly in Islamic Finance, and as an institution that manages its resources effectively, including its employees, clients, franchise, community and finances. Meezan Bank had previously won the 'Best Islamic Bank in Pakistan' at the Pakistan Banking Awards in 2016 and 2017. We will strive to live up to the expectations of our valued customers as the Best Bank in Pakistan.

Economic Overview

Pakistan's economy performed modestly in 2018 with a real GDP growth rate of 5.8% for the fiscal year 2017-18 which is the highest in the last five years. This achievement is impressive especially because it has been accomplished in the face of global head winds. Major impetus to growth came from improved performance of services and agriculture sectors. All major macroeconomic indicators showed progress with healthy credit off take to the private sector, slowdown in imports and improvement in exports, increase

in remittances and uninterrupted energy supplies to the industrial sector.

Notwithstanding these positive developments, significant challenges remained on domestic and external fronts, particularly the unfavorable balance of payment position. Pressure on external account and a stronger dollar resulted in a much-needed depreciation of 27% in Pakistani Rupee against the dollar.

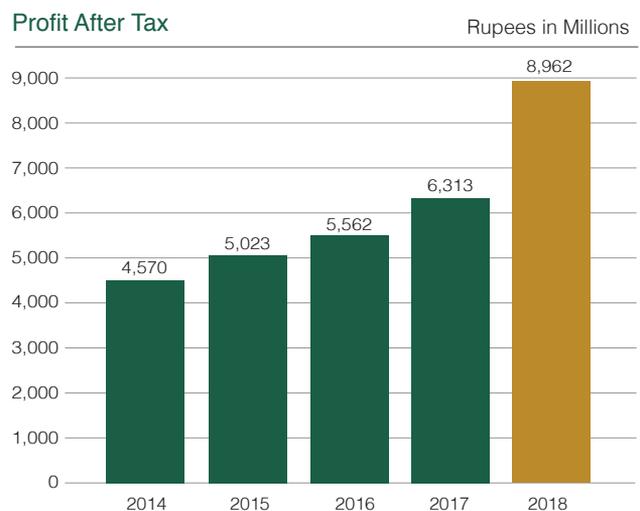
Rising oil prices at the start of the year resulted in core inflation increasing to a four year high. This, along with the pressure on the external account, led the SBP to increase Target Rate by 425 basis points during the year bringing the Target Rate to 10% in December 2018. Subsequently, on January 31, 2019, the SBP, further increased the Target Rate by 25 basis points, bringing it to 10.25%.

Fortunately declining oil prices have been a blessing for the country and has helped ease the pressure on Balance of Payments. At the same time, a number of steps taken by the new Government to discourage imports and promote exports are gradually having an impact and will help manage the present predicament.

The Government's monetary tightening policy such as PKR devaluation, increase in Target Rate and import duties, may slow down the GDP growth rates in the short-term but we believe that these measures will yield positive results in the longer term.

Our Performance

By the Grace of Allah, Meezan Bank recorded excellent all round results for the year ended December 31, 2018. The Bank posted Profit After Tax of Rs 8.96 billion, 42% up from Rs 6.3 billion in 2017 – the highest growth in the last six years. The growth in profitability was primarily driven by an impressive growth in core banking income achieved through strong balance sheet growth and Bank's focus to maintain a portfolio of high yield earning assets. The Earnings per Share – on enhanced share capital increased to Rs 7.67 from Rs 5.56 per share - an increase of 38%. The book value per share increased to Rs 34.5 per share from Rs 30.0 per share last year.



Key Business Results

	2018	2017	Growth
Profit After Tax	Rs 8.96 Billion	Rs 6.31 Billion	42% ↑
Financing	Rs 513 Billion	Rs 420 Billion	22% ↑
Total Assets	Rs 938 Billion	Rs 789 Billion	19% ↑
Deposits	Rs 785 Billion	Rs 667 Billion	18% ↑
Sub-ordinated Sukuk (Additional Tier I and Tier II)	Rs 14 Billion	Rs 7 Billion	100% ↑
Equity	Rs 40.3 Billion	Rs 35.1 Billion	15% ↑
Trade Business (Imports and Exports)	Rs 1,013 Billion	Rs 710 Billion	43% ↑
Branch Network	660 Branches	601 Branches	10% ↑
Presence	181 Cities	159 Cities	14% ↑

Financial Results

Rs in Millions

PROFIT AND LOSS ACCOUNT	2018	2017
Profit / return earned on Islamic financing, investments and placements	48,625	36,427
Return on deposits and other dues expensed	(20,457)	(15,684)
Net spread	28,168	20,743
Fee and commission income	5,257	4,166
Foreign exchange income	1,318	1,211
Dividend income	567	1,177
Gain on securities - net	8	825
Other income	312	246
Total Income	35,630	28,368
Administrative and other expenses	(19,670)	(16,832)
Profit before provisions	15,960	11,536
Provisions and write offs - net	(1,168)	(1,284)
Profit before taxation	14,792	10,252
Taxation	(5,830)	(3,939)
Profit after tax	8,962	6,313

Net Spread

The return on financings, investments and placements increased from Rs 36.4 billion in 2017 to Rs 48.6 billion in 2018, an increase of 33%, mainly due to the Bank's continued focus to increase volume of high yield earning assets portfolio and its re-pricing pursuant to increase in Target Rate. On liability side, return on deposits and other dues expensed increased from Rs 15.7 billion in 2017 to Rs 20.5 billion in 2018 – an increase of 30% contributed by higher deposit volume and increase in depositors' profit rates.

Trade (import & export) Business Volume Crossed a Trillion Rupee Landmark

Another landmark achievement during the year was the increase in Trade volume to Rs 1 trillion – an impressive growth of 43% over the previous year. This achievement was made possible due to the efficient handling of import and export transactions supported by a comprehensive network of over 650 world-class correspondent banking relationships all over the globe.

Growth in Fee and Commission Income

In line with the increase in the Bank's Trade Finance business, the fee and commission income of the Bank increased to Rs 5.3 billion from Rs 4.2 billion in 2017 – an impressive growth of 26%.

The increase in fee and commission income was also duly supported by a strong growth of 39% and 25% respectively in debit card related fee and branch banking income. Home remittance related fee grew by a healthy 52% despite the stiff competition and stringent regulatory requirements.

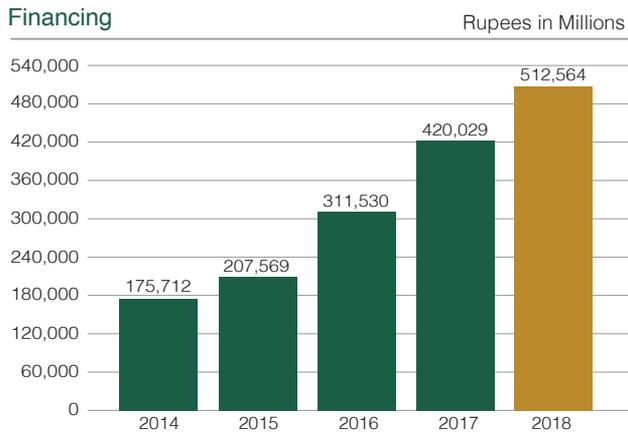
Improvement in Income Efficiency Ratio

Although administrative and other operating expenses increased to Rs 19.7 billion from Rs 16.8 billion primarily due to rising inflation, rupee devaluation and increase in staff expenses, rent and costs associated with new branches, the rise in expenses is sufficiently absorbed by the growth in the Bank's income resulting in improvement in income efficiency ratio to 55% from 59% last year.

Financing Crossed Half a Trillion Rupee Landmark

A significant achievement during the year was the increase in the financing portfolio of the Bank that crossed half a trillion and reached Rs 513 billion from Rs 420 billion in 2017 – an impressive growth of 22%. The Advance to Deposits Ratio (ADR) of the Bank stood at 65%, as compared to 63% in 2017. The focus remains on building a high quality diversified financing portfolio targeting top notch corporate, commercial and consumer clients.

Financing



Corporate Financing

The Bank's corporate financing portfolio serves multinational companies, large local corporate groups and public sector entities. Out of the total increase of Rs 93 billion in the Banks total financing portfolio in 2018, 47% was contributed by the Corporate segment. Superior relationship management and an extensive product range, supported by an active Investment Banking team that focuses on Debt Syndications and Project Finance, has been instrumental in achieving this growth.

SME & Commercial Financing

Meezan Bank recognizes the importance of the Small and Medium Scale Enterprise sector as well as the Middle market segment referred to as the Commercial portfolio (referred to as "SME & Commercial"). The Bank focused on capacity building in this segment with the help of the International Finance Corporation (IFC is a subsidiary of the World Bank). Excellent portfolio growth was achieved with the total SME & Commercial financing portfolio increasing by 44% from Rs 70 billion to Rs 101 billion during the year. This segment also had a significant contribution to the total trade business of the Bank with a share of 41% of the total trade business handled by the Bank.

Consumer Financing

The Bank's Consumer segment offers car leasing (Car Ijarah), home mortgage (Easy Home), consumer durable financing (Consumer Ease) and commercial vehicle financing. The total Consumer Financing portfolio grew by an impressive 41% during the year.

Asset Quality

The Bank increased its financing exposure in all sectors while simultaneously maintaining quality of its portfolio and ensuring all the risk parameters are met. It is pertinent to mention that the Bank's financing portfolio is growing remarkably every year without compromising on the quality of assets. The Bank has one of the lowest non-performing financing ratio in the Banking Industry of 1.3%, down from 1.5% in 2017 and compared to an average of 8% for the Banking Industry as a whole - a testimony to the stringent risk acceptance parameters of the Bank. The Bank maintains a comfortable level of provisions against its non-performing financings with coverage ratio of 139%.

Investments

The investments portfolio of the Bank closed at Rs 124 billion as compared to Rs 119 billion in 2017. Liquidity management remained a key challenge for Islamic Banking Industry of Pakistan as there are limited investment avenues despite sufficient liquidity. There has been no new

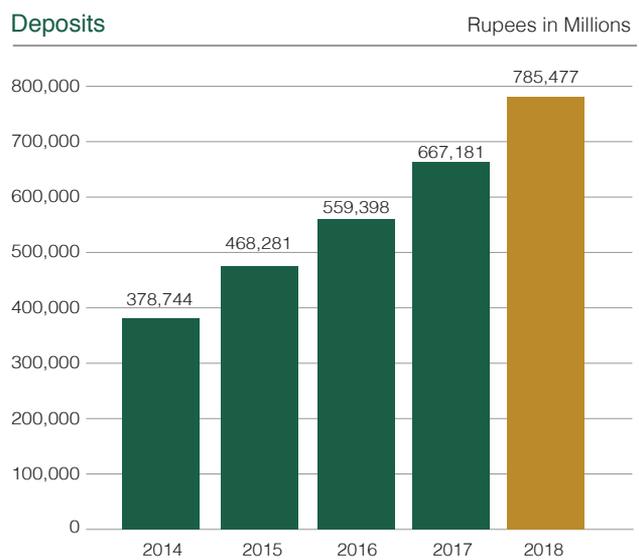
issue of GoP Ijarah Sukuk since June 2017. To keep the existing level of SLR eligible securities intact while accounting for the maturity of GOP Ijarah Sukuk 16, the SBP conducted its Open Market Operation (OMO) using Bai-Muajjal Structure to manage the liquidity of Islamic Banks.

Further, we understand that the Ministry of Power is planning to issue Energy Sukuk guaranteed by the Government of Pakistan which will partially address the liquidity deployment challenge being faced by the Islamic Banking Industry. We are hopeful that with the efforts of State Bank of Pakistan and the Ministry of Finance, there will be new Sovereign Sukuk issues during 2019 Insha'Allah.

Deposits Grew By an Impressive 18% against Banking Industry Average of 8%

On liability side, the Bank's deposit portfolio increased by Rs 118 billion or 18% during the year to close at Rs 785 billion from Rs 667 billion in 2017. The Bank's deposits grew by 18% i.e. more than double the growth in deposits of Banking Industry which grew by 8%. The Bank not only successfully expanded its deposit base but also maintained an optimal cost of funds through strong relationship management and better customer experience.

Deposits



You will be glad to know that the average current account deposits of your Bank grew by 24%. The average current account mix in the total deposits of the Bank improved by 1% year on year. The Bank maintains a strong position in the Banking Industry with a share of deposits of 5.9% as compared to 5.4% in 2017. The Bank remains committed to continuously raise service quality standards and set new benchmarks in customer care to ensure service delivery across all channels.

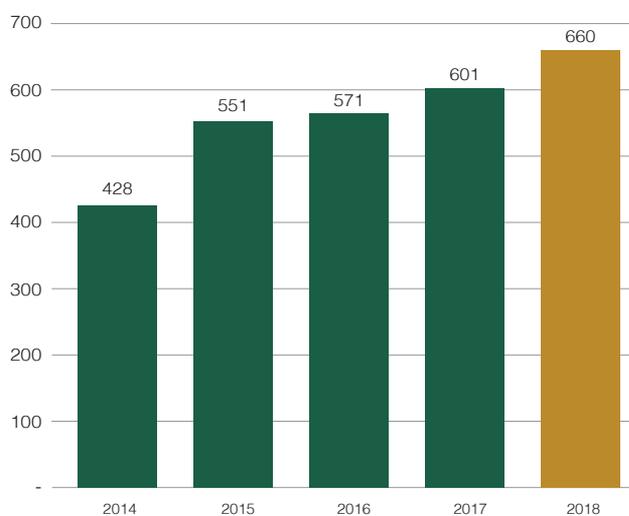
Effective from July 01, 2018, the SBP introduced Deposit Protection Mechanism whereby all scheduled banks are required to pay annual premium calculated at 0.16% of their respective "aggregate eligible deposits". As a result, the Bank has recognised and paid a charge of Rs 434 million for the half year period from July 2018 to December 2018.

Branch Expansion Strategy – An Investment in Future

During the year, the Bank further expanded its foot prints across the country and opened 59 new branches bringing the total number of branches to 660 in 181 cities (2017: 601 Branches in 159 cities). The extensive branch network

of the Bank provides excellent client coverage throughout the country and has contributed to the consistent growth of the Bank. This 'brick & mortar' network is strongly supplemented by the comprehensive array of digital services, including Internet Banking, Mobile App and other Alternate Distribution Channels, thereby ensuring customers enjoy a seamless and efficient banking experience. We believe that Pakistan has a significant growth potential in retail banking and with an extended and well diversified geographical outreach, the Bank is well-positioned to cater the banking needs of the masses.

Branch Network



Issue of Additional Tier I Capital and Capital Adequacy Ratio

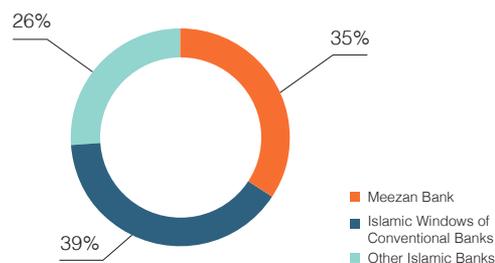
Another important achievement during the year was the successful issuance of Additional Tier I capital of Rs 7 billion, in form of perpetual, unsecured and sub-ordinated Sukuk that further strengthened the Bank's Capital Adequacy Ratio and supported the growth strategy of the Bank. The Bank initially planned the issue size of Rs 5 billion however as the issue received an overwhelming response from the investors, the Bank increased the issue size to Rs 7 billion. The Sukuk has been rated AA- (Double A minus), by JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Agency, Japan.

As a result, the Bank's CAR now stands at 14.55% - well above the minimum mandatory level of 11.90% for the year 2018 and this will support the future growth plans of the Bank. The Bank is a well-capitalized institution and maintains a healthy CAR through strong profitability, Tier I and Tier II capital issues and effective management of its risk weighted assets (RWAs).

Islamic Banking Industry

Islamic Banking has taken strong roots in Pakistan with Meezan Bank as a market leader offering a complete range of Islamic banking products and services. Islamic Banking Industry deposit accounts for almost 15% of the total Banking Industry deposits. The Bank's market share amongst the full-fledged dedicated Islamic Banks operating in Pakistan is approximately 57%. 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



Dividend per share

The Board has recommended the final cash dividend of Rs 2 per share (20%) for the year 2018 bringing the total payout for the year to Rs 3.5 per share (35%) as Rupee 1.5 per share i.e. 15% interim cash dividend was paid alongwith issuance of 10% Bonus Shares during the year. The Bank has maintained its unbroken payout record since the date of listing on the Stock Exchange.

Upgraded Credit Rating

You will be happy to know that the JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan has upgraded your Bank's credit rating as follows:

Rating Type	Previous Credit Rating	Upgraded Credit Rating
Entity Long-term	AA (Double A)	AA+ (Double A Plus)
Entity Short-term	A1+ (A One Plus)	A1+ (A One Plus)
Subordinated Tier II Sukuk	AA- (Double A Minus)	AA (Double A)
Additional Tier I Sukuk	Not Applicable	AA- (Double A Minus)

The JCR-VIS has maintained the Bank's short term rating at A1+ (A One Plus) with stable outlook which is the highest standard in short term rating. The assigned ratings indicate sound performance indicators of the Bank.

Corporate Awards and Recognitions

Meezan Bank has a history of achieving exemplary achievements and receiving awards at national and international level. These accolades recognize the degree of success enjoyed by Pakistan's first and the largest dedicated Islamic Bank and one of the fastest growing institutions in the country. Meezan Bank won the following prestigious awards during the year:

Pakistan Banking Awards

- Best Bank 2018

International Finance Awards

- Most Innovative Islamic Bank, Pakistan

Islamic Finance News (IFN)

- Best Islamic Bank in Pakistan
- Best Islamic Bank for Treasury Management – Global Award

CFA Society of Pakistan

- Islamic Bank of the Year

Global Finance

- Best Islamic Financial Institution in Pakistan
- The Innovators – 'The Innovator 2018' for Masterpass QR Payments through FonePay

ICAP & ICMAP

- Best Corporate Reports Award (Securing Third position) – Banking Sector

Asset Triple A Islamic Finance Awards – Hong Kong

- Best Islamic Bank in Pakistan
- Best Islamic Trade Finance Bank in Pakistan
- Best Islamic Retail Bank in Pakistan
- Best Islamic Investment Bank in Pakistan
- Sukuk Advisor of the Year – Pakistan

Asset Triple A Asia Infrastructure Awards

- Renewable Energy Deal of the Year - Hydropower – Pakistan
- Oil and Gas Deal of the Year – Pakistan

Asian Banking and Finance Corporate & Investment Banking Awards

- Syndicated Loan of the Year, Pakistan

PakWheels.com – People's Choice Awards

- Most Popular Bank in Pakistan's Islamic Auto Financing sector

The Banker

- Islamic Bank of the Year, Pakistan

Global Islamic Finance Awards

- Shariah Authenticity Award
- Shariah Auditor of the Year

Mastercard MENA Acquirer Forum

- Spearheading Acceptance Location Growth

Islamic Finance Forum of South Asia (IFFSA) Awards

- Gold Award For Islamic Finance Education Provider
- Gold Award For Islamic Finance Advisory Services Provider
- Gold Award For Islamic Finance Deal of the Year
- Gold Award For Islamic Investment Bank of the Year
- Silver Award For Bank of the Year

Employers Federation of Pakistan (EFP)

- Recognition Award - Best HRM Practices
- Recognition Award - Employer of the Year

Corporate Social Responsibility & Charity Funds Management

Charity is one of the most important pillars of a healthy society. Keeping this and the Islamic principles of Ihsan in mind, Meezan Bank recognizes its responsibility as a conscientious corporate institution and integrates Corporate Social Responsibility (CSR) as an integral part of its value system. As a socially responsible organization, the Bank recognizes that it is 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. The Bank remains committed to its objective of paying back to the society - both directly and indirectly, and in this regard have contributed through various ways and means.

Since the Bank operates strictly on Shariah approved principles, there are no late payment penalties taken from the

customers; however customers have to contribute towards a charity account in case of late payment to disincentivise misuse of the system. Also, if during a Shariah-audit, a transaction is identified where the process defined to ensure Shariah-compliance is not followed, income of such a transaction is transferred to charity account. This practice differentiates Meezan Bank from conventional banks. During 2018, a total of Rs 38 million was paid from the charity account on behalf of the customers and to purify the non-compliant income to different charitable organization and NGOs, with a major portion given to Ihsan Trust, an independent trust formed on the directives of Meezan Bank's Shariah Board to contribute towards education and healthcare-related initiatives.

In addition to the above, a significant contribution made to the national exchequer this year was a donation of Rs 15 million made jointly by the Bank and its staff to The Supreme Court of Pakistan and the Prime Minister of Pakistan Diaper – Bhasha and Mohmand Dams Fund (Dam Fund) for the construction of the dams, affirming the Bank's commitment to this important national cause. The Bank also continues to collect donations and contributions for the Dam Fund through its extensive nationwide network of 660 branches as well as its ATMs, Internet Banking and Mobile Banking channels, in accordance with the directives of the State Bank of Pakistan. The amount of donation collected for the Dam Fund so far amounts to Rs 464 million.

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 Listed Companies (Code of Corporate Governance) Regulations, 2017 issued by the Securities and Exchange Commission 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 except for the change in accounting policy, duly disclosed in notes to the 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 departure from these has been adequately disclosed, if any.

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. The directors of the Bank are in compliance with respect to training requirements.
8. The appointment of the Chairman and other members of the Board and terms of their appointment along with the remuneration policy adopted are in the best interests of the Company as well as in line with the best practices.
9. Key operating and financial data for the last six years in summarized form, categories and pattern of shareholding are annexed to the report.
10. The value of investments of the Bank's recognized Provident Fund and Gratuity Fund as at December 31, 2018 are as under:
 - Staff Provident Fund Rs 2,661 million
 - Staff Gratuity Fund Rs 1,063 million
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 Listed Companies (Code of Corporate Governance) Regulations, 2017

The requirements of the Code of Corporate Governance set out by the Securities and Exchange Commission of Pakistan in the Listed Companies (Code of Corporate Governance) Regulations, 2017 relevant for the year ended December 31, 2018 have been adopted by the Bank. A statement to this effect is annexed with the report.

Risk Management Framework

Risk Management Framework in Meezan Bank comprises governance and organizational structure, policy and procedural framework, risk assessment techniques, tools, systems, early warning indicators, reporting and escalation mechanism aligned with the Bank's strategic directions and business goals set by the Board of Directors and commensurate with size and scope of the Bank. An entity wide "Three Lines of Defense" model for risk management with clearly defined roles and responsibilities is at the core of Bank's operations. Business lines / front offices serve as first

line of defense and are primarily responsible for managing risks on day-to-day basis. Risk management and other control functions being the second line of defense are responsible for assisting business lines for designing and implementing adequate controls to manage risks within the limits prescribed by regulators and set under risk appetite framework. The internal audit & business review function provides independent assurance on adequacy of Bank's internal controls and risk management environment.

Risk Management activities are performed at strategic, macro and micro levels. The overall responsibility for risk management rests with the Board of Directors and it has constituted Board Risk Management Committee comprising of Board members with well-defined terms of reference. Over the period of time, the scope of Risk Management Group (RMG) has been continuously broadened mainly focusing on establishing & improving upon risk management policies and procedures, limit structuring and strengthening systems and controls. It also includes risk assessment and measuring techniques, reporting of risk profile at appropriate level, generating early warning signals, suggesting remedial measures and enhancing level of awareness about risk management principles and practices all across the Bank. These measures are aligned with applicable Shariah guidelines, regulatory instructions including but not limited to Basel accord, best industry practices and Bank's growth strategy.

Various management level committees comprising of members with relevant experience and expertise perform their functions as per their approved mandate so as to ensure that risk exposures are within risk appetite of the Bank while providing roadmap to achieve strategic and business goals. The management committees include:

- 1. Credit Risk Management Committee (CRMC)**
- 2. Asset Liability Management Committee (ALCO)**
- 3. Compliance & Operational Risk Management Committee (CORMC)**

The CRMC ensures that credit risk activities of the Bank fall within the ambit of approved policies, regulatory requirements, risk appetite thresholds and industry norms. Credit Committee, the 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 mix and maturity profile, sets pricing and takes decisions for sound liquidity management. The Bank has established the Compliance and Operational Risk Management Committee (CORMC) focusing on issues arising from compliance risk along with operational risk and control issues. The Committee facilitates in implementation of compliance program and oversees money laundering and financing terrorism risk.

Credit risk is being managed through comprehensive financing policies and detailed procedures, well-defined credit approval processes, prudently established financing approval delegation authorities, balanced risk-reward trade

off, limit and products structuring, concentration limits, adequate collateral coverage, documentation, legal and hindsight reviews and reporting structure. The Bank's strategy is to ensure financing growth while focusing on comprehensive risk analysis and portfolio diversification to mitigate risks and improved turnaround time to fulfill needs of customers. Market risk is managed through the Board approved market risk policy; regulatory & internally approved market risk limits, counterparty and dealer limits and regular review and monitoring of the investment portfolio by the Bank's ALCO. The Bank uses Value at Risk (VaR) techniques for market risk measurement. Regulatory reserve requirements, liquidity mismatches, deposit mix and concentration, and other tools are used to gauge the liquidity management of the Bank on daily basis. Further, Regulatory Liquidity framework under Basel is in place that also strengthens the liquidity risk framework. Country risk exposures are managed through policy parameters and limits establishment. Operational risk is managed through standing operating procedures, deployment of necessary human resources, training and development, segregation of duties, strengthening maker, and checker and approving mechanism, risk indicators, system-based reports, business continuity and disaster recovery plans.

Under Risk Management Group, capacity building both in terms of hiring of additional fresh and experienced human resources, participation of staff in variety of training and development programs and growing focus of getting certifications in related areas leads to enrichment of the expertise and implementation of best practices. Full-fledged credit risk function caters corporate, investment banking, commercial & SME, agriculture and consumer business segments. The coverage of RMG in credit assessment of individual and group customers has been enhanced through four-eye principle, limits structuring and deployment of risk officers in the field. The Bank has successfully implemented automated financing approval system for corporate and commercial customers that was further streamlined the approval process. The Bank conducts regulatory & internal stress testing for credit, market, liquidity and operational risk by applying various shocks under different scenarios.

Enterprise Risk Management (ERM) setup is in place under RMG catering market, liquidity, financial institutions, operational, business continuity risks, Basel implementation, hindsight reviews of financing cases, their monitoring and risks related policy framework. The role of ERM has been closely integrated into formulating capital strategy of the Bank. The Board has established a comprehensive Recovery Plan dealing with various crisis scenarios along with trigger events and appropriate remedial action plans. In order to further strengthen the scope of risk management, the Bank recognizes the importance of environmental, sustainability, compliance and information security risks as distinct types of risks and continuously improves upon to cater these risks. Periodic review and update of contingency funding plan helps the Bank to assess its liquidity position and prospective under stressed environment. The role of market risk function in monitoring of treasury activities has been strengthened with limits structuring, robust monitoring mechanism, reporting and system improvements. Operational losses reporting, initiatives to mitigate incidents of fraud and forgeries, improvements in managing security risk, risk and

control self-assessment, enhanced coverage of key risk indicators and improvements in processes through risk identification, mitigates and awareness sessions reflects upon continuous improvements in operational risk management framework. The Bank monitors capital adequacy position of the Bank on proactive basis and strategizes accordingly. Coverage of business continuity plans has been further strengthened at branch level by conducting evacuation drills. Wide range of system and customized reports for all types of risk exposures, escalation matrices, effective approval processes, awareness programs and close collaboration among various functions and growing understanding to view risk profile at enterprise level and risk modules will further strengthen the role of risk management and other control functions to manage risks on proactive basis.

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, 2018 is annexed with the report.

Directors

Following the expiry of the three year term of the previous Board of Directors, an election of Directors was held on November 17, 2018 and a new Board was constituted. The Board would like to thank and wishes to place on record its sincere appreciation for the valuable services rendered by the outgoing directors Mr. Mohammad Abdul Aleem, Mr. Muhammad Zarrug Rajab, and Mr. Talal S.A. Al-Shehab. The Board congratulates all the elected directors. The new Board consists of eleven directors, including CEO as a deemed director. The Bank has already submitted applications for the Fit and Proper Test of the Directors to the SBP which is in process of reviewing the same. Composition of the Board is as follows:

S. No	Names
1.	Mr. Riyadh S.A.A. Edrees - Chairman
2.	Mr. Faisal A.A.A. Al-Nassar - Vice Chairman
3.	Mr. Bader H.A.M.A. Al-Rabiah
4.	Mr. Mansur Khan
5.	Mr. Alaa A. Al-Sarawi
6.	Mr. Saad Fazil Abbasi
7.	Mr. Mohamed Guermazi
8.	Ms. Laila M.S.A.S.A.S. Abbas (Resigned on February 19, 2019)
9.	Mr. Noorur Rahman Abid
10.	Mr. Ariful Islam - Deputy CEO
11.	Mr. Irfan Siddiqui - President & CEO

The record of the 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	4	4
Mr. Faisal A.A.A. Al - Nassar - Vice Chairman	4	4
Mr. Bader H.A.M.A. Al-Rabiah	4	4
Mr. Mansur Khan	4	4
Mr. Alaa A. Al - Sarawi	4	4
Mr. Saad Fazil Abbasi*	3	-
Mr. Noorur Rahman Abid	4	4
Mr. Muhammad Zarrug Rajab**	4	3
Mr. Mohammad Abdul Aleem**	4	4
Mr. Talal S.A. Al-Shehab**	4	4
Mr. Ariful Islam - Deputy CEO	4	4
Mr. Irfan Siddiqui - President & CEO	4	4

*Mr. Saad Fazil Abbasi was appointed with effect from February 28, 2018.

**Mr. Mohammad Abdul Aleem, Mr. Muhammad Zarrug Rajab, and Mr. Talal S.A. Al-Shehab retired during the year.

The name of the members and their attendance in meetings of the Committees formed by the Board held during the year is included in the Annual Report.

The remuneration of the Board members is recommended by Board and approved by the shareholders in General meeting. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding his own remuneration. The Bank does not pay remuneration to non-executive directors except fee for attending the meetings. In order to retain the best talent, the Bank's remuneration policies are structured in line with prevailing industry trends and business practices. For information on remuneration of Directors and CEO in 2018, please refer notes to the Financial Statements.

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.

Performance evaluation Mechanism for the Board

The Board of Directors and its sub committees 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. During the self-evaluation exercise, the Board evaluates itself from the following perspectives:

- Evaluation of the overall Board
- Evaluation of the Chairperson
- Evaluation of Individual Directors
- Evaluation of Independent Directors
- Evaluation of Board Committees
- Evaluation of the CEO

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.

Auditors

The present auditors, EY Ford Rhodes, Chartered Accountants retire and being eligible offer themselves for reappointment. As required under Listed Companies (Code of Corporate Governance) Regulations, 2017 the Board and the Audit Committee has recommended the appointment of EY Ford Rhodes, Chartered Accountants as auditors of the Bank for the year ending December 31, 2019.

AI Meezan Investment Management Limited – Subsidiary

We acknowledge the excellent performance of our subsidiary, AI Meezan Investment Management Limited (AI Meezan). AI Meezan is the leading asset management company in Pakistan with a track record of over 23 years of fund management operations and has a distinction of having exclusive mandate of providing Shariah-compliant investments solutions to its investors. The Company offers a comprehensive product suite of 16 mutual funds and multiple investment plans spanning from basic equity and income funds to commodity funds, dedicated equity fund and aggressive asset allocation funds. The company also manages the largest Voluntary Pension Fund in Pakistan. With a healthy investor base of over 91,600 customers AI Meezan is the largest Shariah compliant asset management company of the country with Assets under Management (AUMs) crossing Rs 87.9 Billion mark in December 2018. Its AUMs represent around 15% of the total mutual funds industry and 43% of the Shariah compliant mutual funds industry. The Company is also increasing its presence and has now 23 branches across Pakistan, with 6 of them were opened this year.

Future Outlook and Strategy

The near term challenges to Pakistan's economy continue to persist with the rising inflation, an elevated fiscal deficit

and low foreign exchange reserves. The recent decline in international oil prices would play a positive role in slowing down the current inflationary trajectory and will instill confidence in the foreign exchange market.

Our focus will be on maximizing our franchise value by accelerating the growth momentum and ensuring access to financial services to a wider population through our vast branch network well distributed across urban and rural areas of the country. Active acquisition of new to bank customers will be a key area of focus to further enhance our existing customer base while simultaneously improving our deposit mix. Our financing decisions shall continue to be based on maintaining asset quality and maximizing yields.

The Bank remains committed to contribute to the country's development projects and working with large corporates for their funding requirements. Mainly, we plan to increase our exposure in SME sector which has scope for substantial growth. The Bank has already engaged IFC advisory services to further penetrate in the SME segment.

Despite the challenging external environment, the Bank intends to accelerate its branch expansion strategy and will add more than hundred branches during the next year to further increase its geographical presence across the country. The Bank's priority is to ensure that Islamic banking products and services are made available across the length and breadth of Pakistan through an extensive branch network duly supported by new technologies that is critical for effective market penetration.

We will continue to invest substantially in technology to further improve efficiency and productivity and enhance security of our banking transactions and customer data.

Culture is an important element of value system of the Bank. The Bank believes in building a professionally competent workforce that delivers a world-class banking experience to customers. We continue to invest in our human resources by providing them learning and development opportunities focused on capacity building of our resources and preparing them for future leadership roles.

Islamic banking has a good future in Pakistan and its share in the country's Banking Industry is continuously rising. We believe that a robust and viable Islamic Banking Industry will play a critical role in increasing the savings rate in the country.

Meezan Bank remains committed to its Vision to 'establish Islamic banking as banking of first choice' and will continue to play its pioneering role in Islamic banking to contribute to the growth of Islamic banking in Pakistan. 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.

The Board would like to express its sincere thanks and gratitude to the State Bank of Pakistan, the Ministry of Finance, the Securities and Exchange Commission of Pakistan and our Shariah Supervisory Board for their continuous commitment to establish a viable Islamic financial system in the country. We would also like to congratulate the State Bank of Pakistan for being recognized as the 'Best Central Bank in Promoting Islamic Finance' by Islamic Finance News – Malaysia. We are hopeful that with the continued efforts of the Ministry of Finance, SBP's Islamic Banking Department and Implementation Committee for promotion of Islamic Banking, there will be more Sukuk issues in the future.

We would also like to thank our Board members, shareholders, holders of Additional Tier I Sukuk and subordinated Tier II Sukuk for their continued support and the members of the Shariah Supervisory Board for their unrelenting efforts towards establishing Meezan Bank as the premier Islamic bank. Most importantly, we are thankful to Allah Almighty for his continued blessings on our Bank which has enabled us to achieve this incredible performance in a very short span of time and we pray that He gives us more 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

Karachi:
February 21, 2019

مستقبل کے آثار اور حکمت عملی

ہم اسٹیٹ بینک آف پاکستان (SBP)، وزارت خزانہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور ہمارے شریعہ سپروائزرز بورڈ کو ملکہ میں ایک قابل عمل اسلامی مالیاتی نظام کے قیام کے لئے کی گئی ان کی مسلسل کوششوں اور وابستگی کے لئے خراج تحسین پیش کرتے ہیں۔ ہم اسٹیٹ بینک آف پاکستان (SBP) کو انٹرنیشنل فنانس نیوز (IFN)، ملائیشیا کی جانب سے منعقدہ رائے شماری میں 'بیسٹ سینٹرل بینک فار پروموتنگ اسلامک فنانس' کا اعزاز ملنے پر مبارکباد پیش کرتے ہیں۔ ہم امید کرتے ہیں کہ وزارت تجارت، SBP کے اسلامی بینکاری شعبے اور اسلامی بینکاری کے فروغ کے لئے قائم 'مپلمینٹیشن کمیٹی کی مسلسل کوششوں سے مستقبل میں مزید صلوک جاری کئے جائیں گے۔

ہم اپنے بورڈ ممبران، حصص یافتگان، اضافی Tier I صلوک اور ثانوی صلوک (Tier II) یافتگان کا ان کی معاونت اور شریعہ سپروائزرز بورڈ کا ان کی انتھک کوششوں کے لئے شکریہ ادا کرنا چاہتے ہیں جنہوں نے میزبان بینک کو اولین اسلامی بینک بنانے کے لئے مسلسل محنت کی ہے۔ سب سے بڑھ کر ہم اللہ سبحانہ تعالیٰ کے شکر گزار ہیں کہ اس کی مسلسل رحمت کے باعث ہم اس قابل عرصے میں اتنی شاندار کامیابیوں کے حصول کے قابل ہو سکے ہیں اور ہم دعا گو ہیں کہ اللہ ﷻ ہمیں حوصلہ اور دانائی عطا کرے کہ ہم اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی بلندیوں تک پہنچاسکیں۔ آمین

منجانب بورڈ



عرفان صدیقی

صدر اور سی ای او



ریاض اہس۔ اے۔ اے اور ایس

چیئر مین

کراچی: 21 فروری، 2019

روز افزوں افراط زر، بڑھتے ہوئے مالی خسارے اور زرمبادلہ کے کم ذخائر کے ساتھ قریبی مدت میں پاکستان کی معیشت کو درپیش چیلنجز برقرار رہنے کی توقع ہے۔ بین الاقوامی سطح پر تیل کی قیمتوں میں حالیہ کمی موجودہ افراط زر کے رجحانات میں کمی اور غیر ملکی زرمبادلہ کی مارکیٹ میں اعتماد لانے کا باعث بنے گی۔ ہماری توجہ ترقی کی رفتار میں تیزی اور ملک کے شہری اور دیہی علاقوں پر مشتمل وسیع برانچ نیٹ ورک کے ساتھ زیادہ سے زیادہ آبادی کو مالیاتی سہولیات تک رسائی فراہم کر کے اپنی فرچائز ویلیو میں زیادہ سے زیادہ اضافہ کرنے پر مرکوز ہے۔ نئے صارفین کی شمولیت ہماری توجہ کا اہم اور مرکزی شعبہ ہوگی تاکہ ہمارے موجودہ صارفین میں اضافہ ہو اور اس کے ساتھ ساتھ ہمارے ڈپازٹ کس میں بہتری آئے۔ ہمارے مالیاتی فیصلوں کی بنیاد اثاثوں کے معیار کو برقرار رکھنے اور منافع میں اضافوں پر مرکوز ہوگی۔

بینک ملک کے ترقیاتی منصوبوں میں معاونت اور بڑے کاروباری اداروں کی فنڈنگ کی ضروریات کی تکمیل کے لئے ان کے ساتھ مل کر کام کرنے کے لئے پرعزم ہے۔ ہم نے خصوصی طور پر SME شعبے میں اپنے ایکسپوزر میں اضافے کا منصوبہ بنایا ہے جو ممکنہ ترقی کی استعداد کا حامل ہے۔ بینک نے SME شعبے میں مزید شمولیت کے لئے پہلے ہی IFC ایڈوائزری سروسز کی خدمات حاصل کر رکھی ہیں۔

آزمائش طلب بیرونی حالات کے باوجود بینک نے اپنی شاخوں میں توسیع کی حکمت عملی کو جاری رکھنے کا فیصلہ کیا ہے اور ملک میں اپنی جغرافیائی موجودگی بڑھانے کے لئے اگلے سال ملک بھر میں سو سے زائد نئی شاخیں کھولی جائیں گی۔ بینک کی ترجیح ہے کہ اسلامی بینکاری مصنوعات اور خدمات جدید ٹیکنالوجی کے حامل وسیع برانچ نیٹ ورک کے ذریعے پاکستان کے طول و عرض میں دستیاب ہوں، جو مارکیٹ میں مؤثر نفوذ کے لئے انتہائی ضروری ہے۔

ہم ٹیکنالوجی میں مناسب سرمایہ کاری کا سلسلہ جاری رکھیں گے تاکہ استعداد کار اور پیداواریت میں مزید اضافہ ہو اور ہماری بینکاری لین دین اور صارفین کے ڈیٹا کی سیکورٹی مزید بہتر ہو۔

اسٹاف کی تربیت بینک کے نظام اقدار کا انتہائی اہم جزو ہے۔ بینک پیشہ ورانہ مسابقت کی حامل ایک ایسی ورک فورس کی تشکیل پر یقین رکھتا ہے جو صارفین کو عالمی معیار کے بینکاری تجربات سے روشناس کروا سکے۔ ہم اپنی افرادی قوت کو آموزش اور تربیت کے ایسے بہترین مواقع فراہم کر کے ان پر سرمایہ خرچ کرنے کا سلسلہ جاری رکھیں گے جو ہمارے وسائل کی استعداد کار میں اضافے کا باعث ہوں اور انہیں مستقبل میں قائدانہ کردار ادا کرنے کے لئے تیار کریں گے۔

پاکستان میں اسلامی بینکاری کا مستقبل روشن ہے اور ملک کی بینکاری صنعت میں اس کا حصہ روز بروز بڑھ رہا ہے۔ ہمیں یقین ہے کہ ایک تیز رفتار اور متحرک اسلامی بینکاری صنعت ملک میں سیونگز کی شرح میں اضافے میں اہم کردار ادا کرے گی۔

میزبان بینک اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے اپنے عزم پر قائم ہے اور پاکستان میں اسلامی بینکاری کی ترقی کے لئے قائدانہ کردار ادا کرتا رہے گا۔ بورڈ پُر اعتماد ہے کہ انشاء اللہ بینک پاکستان میں اسلامی بینکاری کی ترقی میں اپنا قائدانہ کردار ادا کرنے کا سلسلہ جاری رکھے گا۔

اظہار تشکر

میزبان بینک کی امتیازی کامیابیاں ہمارے متنوع صارفین کے فعال تعاون کے بغیر ممکن نہیں ہو سکتی تھیں، جس کے لئے ہم ان کے ممنون احسان رہیں گے۔ ہم اپنی ٹیم کے ہر رکن کا ان کی محنت اور وابستگی کے لئے تہ دل سے شکریہ ادا کرتے ہیں۔ اللہ ﷻ ہماری پوری ٹیم اور ان کے اہل خانہ پر اپنی رحمت کا سایہ قائم رکھے۔ آمین

ممکن بنانا بینک کی حکمت عملی ہے تاکہ رسک کو کم کیا جاسکے اور صارفین کی ضروریات کی تکمیل کے لئے بہتر ٹرانزیکشن اور انڈانام حاصل کیا جائے۔

بینک فعال بنیادوں پر اور براؤنچ کی سطح پر کمپیٹل ایڈیکویٹی ریشو (CAR) کی سطح کی نگرانی کرتا ہے اور اس کے مطابق حکمت عملیاں ترتیب دیتا ہے۔ کاروباری تسلسل کے منصوبوں کی کوریج کو براؤنچ کی سطح پر Evacuation Drills کے انعقاد کے ذریعے مزید مستحکم کیا جاتا ہے۔ تمام اقسام کے رسک ایکسپوزرز کے لئے سسٹم اور کسٹمائزڈ رپورٹس کی وسیع رینج، بتدریج اضافے کے اشارے، منظوری کے مؤثر طریقہ ہائے کار، آگاہی پروگرامز اور متعدد افعال کے مابین قریبی ارتباط اور ادارتی سطح پر رسک پروفائل کے جائزے کی بڑھتی ہوئی آگاہی اور رسک ماڈیولز، رسک مینجمنٹ اور دیگر منضبط اعمال کو مزید مستحکم کرنے کا باعث ہوں گے تاکہ فعال بنیادوں پر رسک پر کنٹرول کیا جاسکے۔

اندرونی ضبط کا بیان

بورڈ اندرونی ضبط سے متعلق انتظامیہ کی جانب سے جاری کردہ بیان کی تصدیق میں مسرت محسوس کرتا ہے۔ اندرونی ضبط پر انتظامیہ کا بیان سالانہ رپورٹ میں شامل ہے۔

حصص یافتگی کا خاکہ

31 دسمبر، 2018 تک حصص یافتگی کا خاکہ سالانہ رپورٹ میں شامل ہے۔

ڈائریکٹرز

سابقہ بورڈ آف ڈائریکٹرز کی تقرری کی تین سالہ میعاد ختم ہوجانے کے بعد 17 نومبر، 2018 کو ڈائریکٹرز کے انتخابات کا انعقاد کیا گیا اور ایک نیا بورڈ تشکیل دیا گیا۔ بورڈ مدت مکمل کرنے والے ڈائریکٹرز جناب محمد عبدالعلیم، جناب محمد زورخ رجب اور جناب طلال ایس اے الشہاب کا شکریہ ادا کرتا ہے اور انہیں ان کی گراں قدر خدمات کے لئے خراج تحسین پیش کرتا ہے۔ بورڈ منتخب ہونے والے تمام ڈائریکٹرز کو مبارکباد پیش کرتا ہے۔ نیا بورڈ گیارہ ڈائریکٹرز پر مشتمل ہے جن میں CEO بھی شامل ہیں (جنہیں ڈائریکٹر سمجھا جائے گا)۔ بینک نے اسٹیٹ بینک آف پاکستان کو ڈائریکٹرز کی اہلیت اور کوالیفیکیشن کے لئے درخواست دے رکھی ہے جو اسٹیٹ بینک کے زیر جائزہ ہے۔ بورڈ کی ترکیب درج ذیل کے مطابق ہے۔

نمبر شمار	نام
1	جناب ریاض ایس اے اے اور ایس۔ جمیر مین
2	جناب فیصل اے اے اے انصر
3	جناب بدرالرحمن اے ایم اے الربیعہ
4	جناب منصور خان
5	جناب اعلیٰ السراوی
6	جناب سعد فاضل عباسی
7	جناب محمد گامازی
8	محترمہ لیلیٰ ایم ایس اے ایس عباس (19 فروری، 2019 کو مستعفی ہوئیں)
9	جناب نور الرحمان عابد
10	جناب عارف الاسلام۔ ڈپٹی CEO
11	جناب عرفان صدیقی۔ صدر اور CEO

مارکیٹ رسک بورڈ کی مقرر کردہ مارکیٹ رسک پالیسی کے ذریعہ منظم کیا جاتا ہے جس میں بینک کی ALCO کمیٹی کی جانب سے مارکیٹ رسک لیمٹس کی منظوری، کاؤنٹر پارٹی اور ڈیل لیمٹس اور سرمایہ کاری پورٹ فولیو کا باقاعدہ جائزہ اور نگرانی شامل ہے۔ بینک مارکیٹ رسک کی پیمائش کے لئے رسک تکنیکل پروفیلو کا اطلاق کرتا ہے۔ لکویڈیٹی کا روزمرہ انتظام، زرمبادلہ کے ذخائر کی قانونی ضروریات کی تکمیل، لکویڈیٹی مس مینجمنٹ، ڈپازٹ کس کنسنٹریشن اور دیگر طریقے برقرار رکھ کر کیا جاتا ہے۔ مزید برآں، بینک نے Basel کے تحت لکویڈیٹی ہدایات کا بھی اطلاق کیا ہے جس سے لکویڈیٹی رسک کی بنیادی ساخت بھی مستحکم ہوئی ہے۔ ملکی رسک ایکسپوزر کو پالیسی معیارات اور لیمٹس کی تشکیل کے ذریعے منظم کیا جاتا ہے۔ آپریشنل رسک کو اسٹینڈنگ آپریٹنگ طریقہ کار، ضروری ہیومن ریسورس کی فراہمی، تربیت اور ترقی، ذمہ داریوں کی تقسیم، بنانے، نگرانی کرنے اور منظور کرنے کے طریقہ کار کے استحکام، رسک انڈیکیشنز، سسٹم میڈر پورٹس، کاروباری تسلسل اور حادثات سے بحالی کے منصوبوں کے ذریعے منظم کیا جاتا ہے۔

رسک مینجمنٹ گروپ کے تحت اضافی نئے عملے اور تجربہ کار ہیومن ریسورس کی خدمات کا حصول، عملی مختلف نوعیت کے تربیتی اور ترقیاتی پروگراموں میں شرکت کے ذریعے استعداد میں اضافہ اور متعلقہ شعبوں میں سرٹیفیکیشن کے حصول کا بڑھتا رہتا مہارت و صلاحیت کو بہتر بنانے اور بہترین طریقہ کار کے نفاذ کی راہ ہموار کرے گا۔ مکمل کریڈٹ رسک کا عمل کار پورٹ، انوسٹمنٹ بینکنگ، کمرشل اور SME، زراعت اور کنزیومرز کے شعبوں کے امور کا احاطہ کرتا ہے۔ انفرادی اور اجتماعی صارفین کی کریڈٹ اسسٹمنٹ کے لئے RMG کا دائرہ کار فور آئی (Four-eye) اصول، لیمٹس اسٹرکچرنگ اور فیلڈ میں رسک افران کی تعیناتی کے ذریعے وسیع کیا گیا ہے۔ دوران سال، بینک نے اپنے کارپوریٹ اور کمرشل صارفین کے لئے فنڈنگ کی منظوری کے عمل کو ”فنڈنگ اور ٹینشن سسٹم“ کے نفاذ کے ذریعے خود کار بنایا ہے۔ بینک کریڈٹ، مارکیٹ لکویڈیٹی اور آپریشنل رسک کی اسٹریٹجی مختلف صورت حالات میں متعدد دسکس (Shocks) کے انطباق کے ذریعے کرتا ہے۔

RMG کے تحت قائم کردہ انٹرنل رائزر رسک مینجمنٹ (ERM) مارکیٹ، لکویڈیٹی، مالیاتی اداروں، آپریشنل اور کاروباری تسلسل کے رسک، Basel کے اطلاق، مالیاتی کیسوں کے پس اندیش جائزوں، ان کی نگرانی اور رسکس سے متعلق پالیسی فریم ورک جیسے امور کا احاطہ کرتی ہے۔ بینک کی کمپیٹل اسٹریٹجی ERM کے کردار کو ملحوظ خاطر رکھتے ہوئے بنائی گئی۔ بورڈ نے مختلف بحرانی صورتوں بشمول واقعات کا رد و نما ہونا اور مناسب انسدادی ایکشن پلان جیسے امور کے لئے ایک جامع بحالی منصوبہ مرتب کیا ہے۔ رسک مینجمنٹ کی استعداد کار کو مزید مستحکم بنانے کے ضمن میں بینک اس بات کا ادراک رکھتا ہے کہ ماحولیاتی، پائیدار، مطابقت اور معلومات کے تحفظ کے رسک علیحدہ علیحدہ اقسام کے رسک ہیں اور ان رسکس کا احاطہ کرنے کے لئے بینک مسلسل بہتری کی جانب گامزن ہے۔ غیر یقینی حالات کے فنڈنگ پلان کا میعاد جائزہ اور آپ ڈیٹ بینک کے لئے دباؤ کے ماحول میں اس کے سرمائے کی صورتحال اور پیش منظر کے جائزے میں معاون ہوتا ہے۔ مالیاتی سرگرمیوں کی نگرانی میں مارکیٹ رسک فنکشن کا کردار لیمٹ اسٹرکچرنگ، ان کی نگرانی، رپورٹنگ، اور نظام میں بہتری کے ذریعے مزید مستحکم کیا گیا ہے۔ آپریشن لاسز کی رپورٹنگ، بدعنوانی اور دھوکہ دہی کے واقعات میں کمی کے اقدامات، سیکورٹی رسک کے انتظامات میں بہتری، رسک اور کنٹرول کی خود تشخیص، بنیادی رسک انڈیکیشنز کی اضافی کوریج اور رسک کی تشخیص، تخفیف اور آگاہی کی نشستوں کے ذریعے طریقہ عمل میں بہتری آپریشنل رسک مینجمنٹ کی بنیادی ساخت میں مسلسل بہتری کی عکاسی کرتی ہے۔

4- مالیاتی رپورٹ کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات پر عمل کیا گیا ہے اور اس سے کسی بھی قسم کے انحراف کی مناسب انداز سے نشاندہی کی گئی ہے۔

5- اندرونی ضبط کے نظام کی ساخت مستحکم ہے اور اس کے مؤثر نفاذ اور نگرانی کو یقینی بنایا گیا ہے۔ اندرونی ضبط کے نظام کو کارگر بنانے اور اس کی نگرانی کی ذمہ داری بورڈ پر عائد ہوتی ہے۔ اس مقصد کے حصول کے لئے ایک آڈٹ کمیٹی تشکیل دی گئی ہے جو انتظامیہ اور اس کے ساتھ ساتھ اندرونی اور بیرونی آڈیٹرز سے پورا سال وقتاً فوقتاً آزادانہ طور پر ملاقات کرتی ہے اور اندرونی ضبط کے نظام کی افادیت اور دیگر مالیاتی رپورٹنگ امور پر تبادلہ خیال کرتی ہے۔ مزید برآں، مالیاتی منصوبے اور بجٹ کنٹرول کے طریقہ کار بھی زیر بحث رہتے ہیں جن کا پورا سال جائزہ اور نگرانی کی جاتی ہے تاکہ بجٹ سے مقدار تغیر کی نشاندہی اور تھیش کی جاسکے۔

6- انشاء اللہ بینک کے مکمل طور پر عمل کار ہونے کی صلاحیت پر کسی قسم کے کوئی شکوک و شبہات موجود نہیں ہیں۔

7- بینک کے ڈائریکٹرز تربیت کے تمام تقاضوں پر پورے اترتے ہیں۔

8- چیئرمین اور بورڈ ممبران کی تقرری اور ترقی کی شرائط مع ان کے معاوضے سے متعلق اختیار کردہ پالیسی کمیٹی کے بہترین مفاد میں ہونے کے ساتھ بہترین طریقہ کار کے مطابق ہے۔

9- گزشتہ 6 سال کے عمل کاری اور مالیات کے اہم اعداد و شمار مختصر شکل، درجے اور حصص یا فٹنگی کے خاکے سالانہ رپورٹ کے ساتھ منسلک ہیں۔

10- بینک کے منظور شدہ پروویڈنٹ فنڈ اور گریجویٹ کے سرمائے کی مالیت 31 دسمبر 2018 تک درج ذیل ہے:

- عملہ کار پروویڈنٹ فنڈ	2,661	ملین روپے
- عملہ کار گریجویٹ فنڈ	1,063	ملین روپے

11- ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکریٹری کی جانب سے اس سال حصص کی خرید و فروخت کی تفصیل اور حصص یا فٹنگی کا خاکہ سالانہ رپورٹ میں شامل ہے۔

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کی تعمیل

31 دسمبر، 2018 کو ختم ہونے والے سال کے لئے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے مقرر کردہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کی بینک کی جانب سے تعمیل کی گئی ہے اور اس پر باقاعدگی سے عمل درآمد کیا گیا ہے۔ اس سے متعلق ایک بیان سالانہ رپورٹ میں شامل ہے۔

رسک مینجمنٹ کی بنیادی ساخت

میزان بینک کے رسک مینجمنٹ کی بنیادی ساخت نظم و ضبط اور تنظیمی ترتیب، پالیسی اور لائحہ عمل کی ساخت، رسک اسسمنٹ کی تکنیک، ذرائع، نظام، قبل از وقت انتباہی اشاروں اور رپورٹنگ و مرحلہ وار اضافے کے ضابطہ کار بھی ہے جو بینک کے بورڈ آف ڈائریکٹرز کی جانب سے مقرر کردہ اس کی مجموعی حکمت عملی سے مکمل طور پر ہم آہنگ اور بینک کے حجم اور گنجائش کے مطابق ہے۔ رسک مینجمنٹ کے لئے پورے ادارے پر محیط تھری لائن آف ڈیفنس ماڈل بینک کے طریقہ کار کا مرکز

ہے جس میں فرائض منصبی اور ذمہ داریوں کی واضح تشریح موجود ہے۔ رسک مینجمنٹ اور دیگر منضبط اعمال بطور سیکنڈ لائن آف ڈیفنس رسک مینجمنٹ کے لئے موزوں انتظامی اعمال کی تشکیل اور ان پر عمل درآمد کے لئے بزنس لائسنز کی معاونت کے ذمہ دار ہوتے ہیں تاکہ ریکویزٹرز کی جانب سے مقرر کردہ حدود اور Risk Appetite Framework کے اندر رہتے ہوئے رسک مینجمنٹ کی جاسکے۔ اندرونی آڈٹ اور کاروباری جائزے کا عمل بینک کے اندرونی ضبط اور رسک مینجمنٹ کے عوامل کی موزونیت کو آزادانہ طور پر یقینی بنانے کا ذمہ دار ہے۔

رسک مینجمنٹ کی سرگرمیاں بیک وقت مختلف مدارج جیسے کہ تزییاتی، وسیع اور مختصر سطح پر منعقد کی جاتی ہیں۔ رسک مینجمنٹ کی مجموعی ذمہ داری بورڈ آف ڈائریکٹرز پر عائد ہوتی ہے جس نے واضح دستور العمل کے ساتھ ایک رسک مینجمنٹ کمیٹی تشکیل دی ہے جو بورڈ ممبران پر مشتمل ہے۔ بورڈ کی رہنمائی میں رسک مینجمنٹ گروپ (RMG) کے دائرہ کار کو وقت کے ساتھ ساتھ مؤثر اور خامیوں سے مسلسل پاک بنایا گیا ہے اور بالخصوص رسک مینجمنٹ پالیسیوں، طریقہ کار، لمٹ اسٹرکچر، نظام اور کنٹرول کی تشکیل اور اصلاح پر توجہ مرکوز رکھی گئی ہے۔ اس میں رسک اسسمنٹ اور پیمائش کی تکنیک، رسک پروفائل کی کثیر سطحی رپورٹنگ، قبل از وقت وارننگ سگنلز کی تخلیق اور ادارے میں ہر سطح پر رسک مینجمنٹ کے اصولوں اور انجام دہی کے بارے میں آگاہی کی سطح میں اضافہ کرنا شامل ہے۔ یہ اصلاحات منطبق طریقہ ہدایات، قانونی تقاضوں بشمول Basel معاہدے (لیکن صرف اس تک محدود نہیں)، بینکاری صنعت کے معیارات اور بینک کے کاروباری نوعیت سے مطابقت رکھتی ہیں۔

متعلقہ تجربے اور مہارتوں کے حامل اعلیٰ انتظامی ٹیم ممبران پر مشتمل خصوصی کمیٹیوں مقررہ اغراض و مقاصد کے مطابق کام کرتی ہیں تاکہ اس بات کو یقینی بنایا جائے کہ رسک ایکسپوزر قابل قبول برداشت سطح پر تزییاتی اور کاروباری مقاصد کے مطابق ہوں۔ کمیٹیوں کی تفصیل درج ذیل ہے:

1- کریڈٹ رسک مینجمنٹ کمیٹی (CRMC)

2- ایسٹ لائٹھی مینجمنٹ کمیٹی (ALCO)

3- کمپلائنس اینڈ آپریشنل رسک مینجمنٹ کمیٹی (CORMC)

CRMC اس بات کو یقینی بناتی ہے کہ کریڈٹ رسک سرگرمیاں بورڈ کی منظور کردہ پالیسیوں، قانونی تقاضوں، بینک کے رسک کے رجحان اور بینکاری صنعت کے معیارات سے مطابقت رکھتی ہوں۔ کریڈٹ کمیٹی جو CRMC کی ذیلی کمیٹی ہے، مالیاتی لین دین کی منظوری کی اعلیٰ ترین سطح کی کمیٹی ہے۔ ALCO مارکیٹ، لیکویڈٹی اور ملک کے رسک ایکسپوزر، اثاثوں اور واجبات اور میچورٹی پروفائل کا جائزہ لیتی ہے، قیمتوں کا تعین کرتی ہے اور مستحکم لیکویڈٹی مینجمنٹ کے لئے فیصلہ سازی کرتی ہے۔ بینک نے کمپلائنس اینڈ آپریشنل رسک مینجمنٹ کمیٹی (CORMC) تشکیل دی ہے جو آپریشنل رسک اور کنٹرول کے معاملات کے ساتھ ساتھ کمپلائنس رسک کے معاملات پر بھی توجہ دیتی ہے۔ مزید برآں، کمیٹی کمپلائنس پروگرام کے اطلاق میں معاونت کے ساتھ مٹی لائڈرنگ اور معاشی دہشت گردی کے خطرات کی بھی نگرانی کرتی ہے۔

کریڈٹ رسک کو جامع مالیاتی پالیسیوں اور تفصیلی طریقہ کار، بہترین انداز سے وضع کردہ کریڈٹ اپروول میکانزم، احتیاط سے مقرر کردہ فنڈنگ اپروول اتھارٹیز، متوازن رسک ریوارڈ ٹریڈ آف، حدود اور مصنوعات کی ساخت، کنسنٹریشن لمٹس، موزوں کو لیٹرل کوٹنگ، دستاویزات سازی، قانونی اور پس اندیش جائزوں اور رپورٹنگ ڈھانچے کے ذریعے منظم کیا جاتا ہے۔ فنڈنگ میں اضافے کو جامع رسک اینالسس اور پورٹ فولیو میں تنوع کے ذریعے

کارپوریٹ سماجی ذمہ داری اور عطیات کی رقوم کا انتظام

صدقہ و خیرات صحت مند معاشرے کا انتہائی اہم ستون ہیں۔ اس حقیقت اور اسلام کے سنہری اصول احسان کو پیش نظر رکھتے ہوئے میزان بینک بطور ایک باشعور کاروباری ادارے کے اپنی ذمہ داریوں سے بخوبی واقف ہے اور کارپوریٹ سماجی ذمہ داری (CSR) کو اپنی اقدار کے نظام میں لازمی حصہ کے طور پر شامل کرتا ہے۔ سماجی طور پر ایک ذمہ دار ادارہ ہونے کی حیثیت سے بینک اس بات کا بخوبی ادراک رکھتا ہے کہ بحیثیت مجموعی وہ معاشرے کا ایک حصہ ہے اور مزید یہ کہ معاشرے کی بہتری کے عمل میں شریک ہونے اور ضرورت مندوں کی مدد کرنے کی ضرورت ہمیشہ موجود رہی ہے چاہے وہ مالی بنیاد پر ہو یا غیر مالی انداز میں ہو۔ لہذا بینک معاشرے کے لئے براہ راست یا بالواسطہ، دونوں طریقوں سے کارآمد ثابت ہونے کے اپنے عزم پر قائم ہے اور اس سلسلے میں متعدد طریقہ ہائے کار اور ذرائع سے اپنا کردار ادا کرتا رہا ہے۔

چونکہ بینک شریعہ کے مسلمہ اصولوں کے تحت کام کرتا ہے۔ لہذا صارفین سے تاخیری ادائیگیوں پر کوئی جرمانہ نہیں لیا جاتا، تاہم صارفین کو تاخیری ادائیگی کی صورت میں کچھ رقم چیرہ بی ا کاؤنٹ میں دینی ہوتی ہے تاکہ اس نظام کے غلط استعمال کی حوصلہ شکنی کی جاسکے۔ اسی طرح، اگر شریعہ آڈٹ کے دوران کوئی ایسی لین دین سامنے آتی ہے جس میں شریعہ کمپلائنس کو یقینی بنانے کے لئے متعین کردہ طریقہ کار پر عمل نہ کیا گیا ہو تو اس لین دین کی آمدنی چیرہ بی ا کاؤنٹ میں منتقل کردی جاتی ہے۔ یہ عمل میزان بینک کو روایتی بینکوں سے ممتاز کرتا ہے۔ سال 2018 کے دوران صارفین کی جانب سے چیرہ بی ا کاؤنٹ میں 38 ملین روپے کی رقم جمع کی گئی اور نان شریعہ کمپلائنس رقم مختلف خیراتی اداروں اور غیر حکومتی اداروں (NGOs) کو دی گئی، جس کا بڑا حصہ احسان ٹرسٹ کو دیا گیا۔ احسان ٹرسٹ ایک آزاد ٹرسٹ ہے جو میزان بینک کے شریعہ بورڈ کی ہدایات کے تحت تعلیم اور صحت کے شعبوں میں معاونت کے لئے قائم کیا گیا ہے۔

اوپر بیان کردہ اقدامات کے علاوہ بینک اور اس کے ملازمین نے قومی خزانے میں ایک نمایاں حصہ ڈیپازٹ کی تعمیر کے لئے سپریم کورٹ اور حکومت پاکستان کے قائم کردہ دیا میر بھاشا اور مہند ڈیز فنانڈ (ڈیم فنانڈ) میں 15 ملین روپے کی صورت میں جمع کروایا، جو اس اہم قومی مقصد سے بینک کی وابستگی کا ثبوت ہے۔ بینک نے اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق ملک بھر کی 660 شاخوں کے اپنے وسیع نیٹ ورک اور اس کے ساتھ ساتھ ATMs، انٹرنیٹ بینکاری اور موبائل بینکاری ذرائع کے ذریعے ڈیم فنانڈ کے لئے صدقات اور عطیات جمع کرنے کا سلسلہ جاری رکھا ہوا ہے۔ ڈیم فنانڈ کے لئے بینک میں اب تک 464 ملین روپے کی رقم جمع کی جا چکی ہے۔

کمپنی کے کارپوریٹ سماجی ذمہ داری (عمومی حکم 2009) کے تحت درکار اکنشانی بیان باقاعدہ طور پر سالانہ رپورٹ میں شامل کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کی بنیادی ساخت

بورڈ آف ڈائریکٹرز، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ اور اسٹیٹ بینک آف پاکستان کے اختیار کردہ لٹیکمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2017 کے تحت اپنی ذمہ داری کا مکمل شعور رکھتا ہے۔ درج ذیل نکات کارپوریٹ انتظام کاری کے اعلیٰ معیار اور مسلسل تنظیمی بہتری سے اس کی وابستگی کا مظہر ہیں:

- 1- بینک کی انتظامیہ کی جانب سے تیار کردہ مالیاتی نکات غیر جانبدارانہ طور پر اس کے معاملات، عمل کاری کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلی پیش کرتے ہیں۔
- 2- بینک کے کھاتوں کی باقاعدہ دستاویزات مرتب کی گئی ہیں۔
- 3- مالیاتی نکات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا تسلسل سے اطلاق کیا گیا ہے۔ مالیاتی تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔

■ بیسٹ کارپوریٹ رپورٹس ایوارڈ (تیسری پوزیشن) شعبہ بینکاری ایسٹ ٹرپل A اسلامک فنانس ایوارڈز، ہانگ کانگ

- پاکستان کا بہترین اسلامی بینک
- پاکستان کا بہترین اسلامی ٹریڈ فنانس بینک
- پاکستان کا بہترین اسلامی ریٹیل بینک
- پاکستان کا بہترین اسلامی انویسٹمنٹ بینک
- صلکوک ایڈوائزرف آف دی ایئر..... پاکستان

ایسٹ ٹرپل A ایشیا انفراسٹرکچر ایوارڈ

- ری نیواسیبل انرجی ڈیل آف دی ایئر۔ ہائیڈرو پاور۔ پاکستان
- آئل اینڈ گیس ڈیل آف دی ایئر۔ پاکستان
- ایشین بینکنگ اینڈ فنانس کارپوریٹ اینڈ انویسٹمنٹ بینکنگ ایوارڈز
- سنڈیکیٹ لون آف دی ایئر۔ پاکستان
- پاک ویلڈ ڈاٹ کام۔ پیپلز چوائس ایوارڈز
- موسٹ پاپولر بینک ان پاکستان اسلامک آٹو فنانس سیکٹر

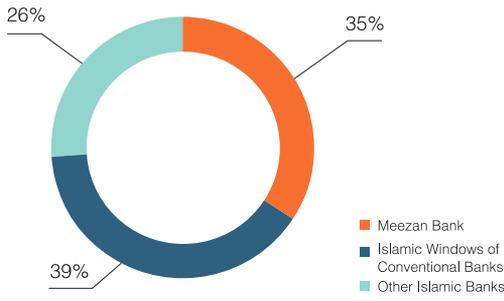
دی بینکر

- اسلامک بینک آف دی ایئر، پاکستان
- گلوبل اسلامک فنانس ایوارڈز
- شریعہ آڈٹیشن ایوارڈ
- شریعہ آڈیٹ آف دی ایئر
- ماسٹر کارڈ IMENA ایکوارڈز فورم
- اسپر ہیڈنگ ایکسپینس لوکیشن گروٹھ

اسلامک فنانس فورم آف ساؤتھ ایشیا (IFFSA) ایوارڈز

- گولڈ ایوارڈ فار اسلامک فنانس ایجوکیشن پرووائیڈر
- گولڈ ایوارڈ فار اسلامک فنانس ایڈوائزری سروسز پرووائیڈر
- گولڈ ایوارڈ فار اسلامک فنانس ڈیل آف دی ایئر
- گولڈ ایوارڈ فار اسلامک انویسٹمنٹ بینک آف دی ایئر
- سلور ایوارڈ فار بینک آف دی ایئر
- ایمپلائز فیڈریشن آف پاکستان (EFP)
- بیسٹ HRM پریکٹس میں Recognition ایوارڈ
- ایمپلائز آف دی ایئر Recognition ایوارڈ

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



کے عبوری نقد منافع کی ادائیگی کے ساتھ اس سال کل ادائیگی 3.5 روپے فی حصص (35 فیصد) ہو جائے گی۔ بینک نے اسٹاک ایکسچینج میں اندراج کے بعد سے اب تک بلا فاصل ادائیگیوں کا ریکارڈ برقرار رکھا ہے۔

کریڈٹ ریٹنگ میں بہتری

آپ کو یہ جان کر مسرت ہوگی کہ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے، جو جاپان کریڈٹ ریٹنگ ایجنسی، جاپان کی ایک ملحقہ کمپنی ہے، آپ کے بینک کی ریٹنگ بڑھا کر درج ذیل کر دی ہے۔

ریٹنگ کی نوعیت	سابقہ کریڈٹ ریٹنگ	اضافہ شدہ کریڈٹ ریٹنگ
ادارے کی طویل المیعاد ریٹنگ	AA (ڈبل اے)	AA+ (ڈبل اے پلس)
ادارے کی قلیل المیعاد ریٹنگ	A1+ (اے ون پلس)	A1+ (اے ون پلس)
ٹائمی 11 صلوک کی ریٹنگ	AA- (ڈبل اے منس)	AA (ڈبل اے)
اضافی، Tier 1 صلوک کی ریٹنگ	قابل اطلاق نہیں	AA- (ڈبل اے منس)

JCR-VIS نے بینک کی قلیل المیعاد ریٹنگ A1+ (اے ون پلس) کی مستحکم آثار کے ساتھ دوبارہ توثیق کی ہے جو قلیل المیعاد ریٹنگ کا سب سے اعلیٰ درجہ ہے۔ مختص کردہ ریٹنگ بینک کی مستحکم کارکردگی کے اشاروں کی توثیق کرتی ہیں۔

کارپوریٹ ایوارڈز اور اعتراف کارکردگی

میزان بینک بے مثال کامیابیوں اور قومی اور بین الاقوامی ایوارڈز کے حصول کی غیر معمولی تاریخ کا حامل ہے۔ یہ اعزازات ملک کے سب سے تیزی سے ترقی کرنے والے اداروں میں سے ایک اور پاکستان کے سب سے بڑے اور مکمل اسلامی بینک ہونے کی کامیابی کا اعتراف ہیں۔ میزبان بینک نے دوران سال درج ذیل معتبر ایوارڈز حاصل کئے:

پاکستان بینکنگ ایوارڈز

■ 2018 کا بہترین بینک

انٹرنیشنل فنانس ایوارڈ

■ موسٹ انوویٹو اسلامک بینک، پاکستان

اسلامک فنانس نیوز (IFN)

■ پاکستان کا بہترین اسلامی بینک

■ بہترین اسلامی بینک برائے ٹریڈری منجمنٹ۔ گلوبل ایوارڈ

CFA سوسائٹی آف پاکستان

■ اسلامی بینک آف دی ایئر

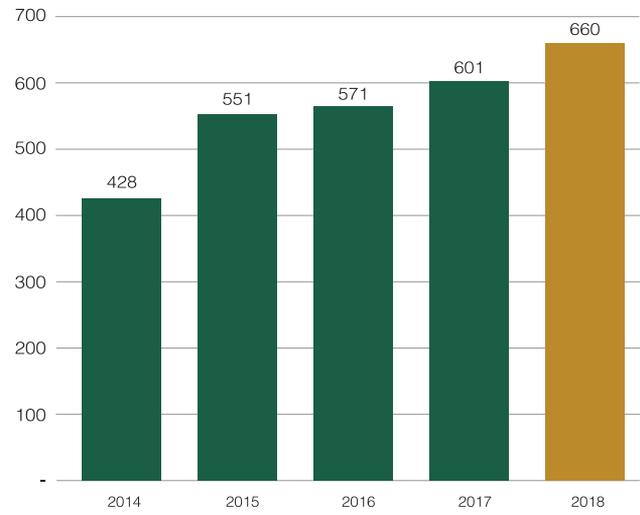
گلوبل فنانس

■ بیسٹ اسلامک فنانس انشٹی ٹیوشن ان پاکستان

■ دی انوویٹرز..... ”دی انوویٹر 2018“ برائے ماسٹر پاس QR ٹیکنالوجی بذر ایفون ہے۔

میں 601 شاخیں تھی)۔ بینک کا شاخوں کا وسیع نیٹ ورک ملک بھر میں صارفین کی ضروریات کی تکمیل کرتا ہے اور بینک کی مسلسل ترقی میں بھی معاون ہے۔ شاخوں کے اس ٹھوس اور وسیع نیٹ ورک کو انٹرنیٹ بینکاری، موبائل ایپ اور دیگر متبادل ترسیلی ذرائع پر مشتمل ڈیجیٹل خدمات کے جامع انتظام سے تقویت ملتی ہے جس کے ذریعے اس بات کو یقینی بنایا جاتا ہے کہ صارفین بلا رکاوٹ اور مستعد بینکاری خدمات سے مستفید ہوں۔ ہمیں یقین ہے کہ پاکستان ریٹیل بینکاری میں زبردست ترقی کے امکانات کا حامل ہے اور ایک وسیع اور متنوع جغرافیائی رسائی کے ساتھ بینک عوام الناس کی بینکاری ضروریات کی تکمیل کے لئے مکمل طور پر تیار ہے۔

Branch Network



اضافی Tier I کپیٹل کا اجراء اور کپیٹل ایڈیکویسی ریٹو

سال کے دوران ایک اور اہم کامیابی، مستقل، بے ضمانت اور ثانوی صلوک کی صورت میں اضافی Tier I کے لئے 7 ارب روپے سرمایہ کار کیا گیا، جس سے بینک کے کپیٹل ایڈیکویسی ریٹو کو مزید استحکام حاصل ہوا اور جو بینک کی ترقی کی حکمت عملی میں معاون ثابت ہوا۔ بینک نے ابتدائی طور پر 5 ارب روپے حجم کے اجراء کا ارادہ کیا تاہم سرمایہ کاروں کی جانب سے زبردست حوصلہ افزاں رجحان سامنے آنے کے بعد بینک نے اجراء کا حجم بڑھا کر 7 ارب روپے کر دیا۔ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ، جو جاپان کریڈٹ ریٹنگ ایجنسی، جاپان کی ایک ملحقہ کمپنی ہے، کی جانب سے صلوک کو AA- (ڈبل اے منس) کا درجہ دیا گیا۔

نتیجے کے طور پر بینک کا کپیٹل ایڈیکویسی ریٹو اب 14.55 فیصد برقرار رہے جو 2018 کی لازمی شرح 11.90 فیصد سے کافی زیادہ ہے اور اس سے بینک کے مستقبل کی ترقی کے منصوبوں میں معاونت ملے گی۔ بینک ایک Well-Capitalized ادارہ ہے اور مستحکم منافع، Tier I اور Tier II سرمایہ کے اجراء اور اپنے رسک ویڈیو ایسیٹس کے موثر انتظام کے ذریعے ایک مضبوط کپیٹل ایڈیکویسی ریٹو (CAR) برقرار رکھے ہوئے ہے۔

اسلامی بینکاری کی صنعت

پاکستان میں اسلامی بینکاری کی بنیادیں مستحکم ہو چکی ہیں اور میزبان بینک اسلامی بینکاری مصنوعات اور خدمات کی مکمل رینج کی پیشکش کے ساتھ مارکیٹ میں درج اول پر ہے۔ اسلامی بینکاری صنعت کی جمع شدہ رقم، کل بینکاری صنعت کی جمع شدہ رقم کا 15 فیصد حصہ ہیں۔ پاکستان میں موجود مکمل اسلامی بینکوں میں میزبان بینک کا مارکیٹ شیئر تقریباً 57 فیصد ہے۔ پاکستان کی مجموعی اسلامی بینکاری صنعت بشمول روایتی بینکوں کی اسلامی بینکاری شاخوں میں میزبان بینک کا مارکیٹ شیئر 35 فیصد ہے۔

ڈیویڈنڈ فی حصص

بورڈ نے سال 2018 کے لئے 2 روپے فی حصص (20 فیصد) حتمی نقد ڈیویڈنڈ کی منظوری دی ہے۔ دوران سال 10 فیصد بونس حصص کے اجراء کے ذریعے 1.5 روپے فی حصص یعنی 15 فیصد

2017 کے بعد سے حکومت پاکستان کی جانب سے نئے اجارہ وصولی کے اجراء نہیں ہوئے۔

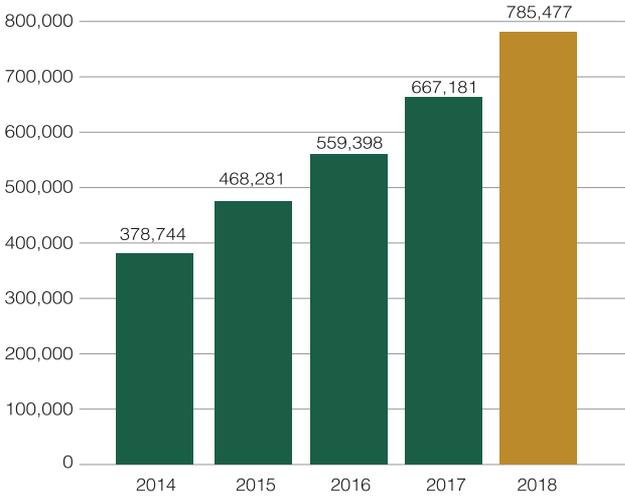
حکومت پاکستان کے جاری کردہ اجارہ وصولی 16 کی واجب الادائیگی کی مدت (Maturity) کی وضاحت میں SLR اہلیت کی موجودہ سطح کو برقرار رکھنے کے لئے اسٹیٹ بینک آف پاکستان نے بیج معقول طریقہ کار کا استعمال کرتے ہوئے ان کا اوپن مارکیٹ آپریشن (OMO) منعقد کیا تاکہ اسلامی بینکوں کی لکویڈٹی کا استعمال ہو سکے۔

مزید برآں، ہم سمجھتے ہیں کہ وزارت توانائی حکومت پاکستان کی ضمانت کے ساتھ ازبجی وصولی کے اجراء کی منصوبہ بندی کر رہی ہے جس سے وقتی طور پر پاکستان کی اسلامی بینکاری صنعت کو درپیش لکویڈٹی کی تقسیم کے چیلنج کو حل کرنے میں مدد ملے گی۔ ہمیں امید ہے کہ اسٹیٹ بینک آف پاکستان اور وزارت مالیات کی کوششوں سے انشاء اللہ 2019 میں کئی وصولی (Sovereign Sukuk) کا نیا اجراء سامنے آئے گا۔

ڈپازٹ میں بینکاری صنعت کی اوسط شرح 8 فیصد کے مقابلے میں 18 فیصد اضافہ ہوا۔

واجب الادا رقم کی سطح پر بینک کے ڈپازٹ پورٹ فولیو میں 118 ارب روپے یا 18 فیصد اضافہ ہوا اور بینک کا ڈپازٹ پورٹ فولیو 2017 کے 667 ارب روپے کے مقابلے میں بڑھ کر 785 ارب روپے ہو گیا۔ بینک کی ڈپازٹ میں 18 فیصد اضافہ ہوا، جو مجموعی بینکاری صنعت میں ہونے والے 8 فیصد اضافے سے تقریباً دو گنا ہے۔ بینک نے نہ صرف اپنے ڈپازٹ میں کامیابی سے توسیع کی بلکہ مستحکم تعلقاتی انتظام کاری اور صارفین کو بہتر خدمات کی فراہمی کے ذریعے فنڈز کی موزوں ترین لاگت بھی برقرار رکھی۔

Deposits Rupees in Millions



آپ کو یہ جان کر مسرت ہوگی کہ بینک کے اوسط کرنٹ اکاؤنٹ ڈپازٹس میں 24 فیصد اضافہ ہوا۔ بینک کے مجموعی ڈپازٹس میں سے اوسط کرنٹ اکاؤنٹ کسٹ میں 1 فیصد سال بہ سال بہتری آئی۔ بینک نے بینکاری صنعت میں 2017 کے 5.4 فیصد کے مقابلے میں جمع شدہ رقم کے 5.9 فیصد حصے کے ساتھ اپنا مضبوط مقام برقرار رکھا ہے۔ بینک اپنی خدمات کے معیار کو بلند کرنے اور صارفین کی خدمت میں معیاری نئی بلندیوں کے حصول کے لئے پرعزم ہے تاکہ تمام تر ذرائع سے معیاری خدمات کی فراہمی کو یقینی بنایا جاسکے۔

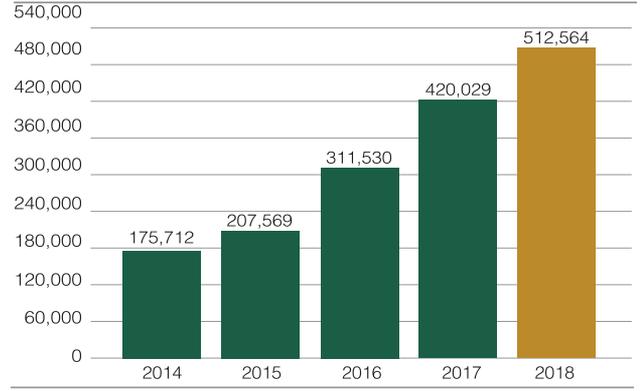
اسٹیٹ بینک آف پاکستان نے جمع شدہ رقم کے تحفظ کا طریقہ کار (Deposit Protection Mechanism) متعارف کروایا ہے جو یکم جولائی، 2018 سے نافذ العمل ہے اور جس کے تحت تمام شیڈولڈ بینکوں کے لئے لازم ہے کہ وہ اپنی متعلقہ مجموعی قانونی جمع شدہ رقم 0.16 فیصد حصہ بطور پریم سالانہ ادا کریں۔ اس کے نتیجے میں بینک نے جولائی، 2018 تا دسمبر، 2018 کے نصف سال کے دوران 434 ملین روپے کی ادائیگی کی۔

شاخوں میں توسیع کی حکمت عملی۔ مستقبل کی سرمایہ کاری

دوران سال بینک نے ملک بھر میں اپنی وسعت میں اضافہ کیا اور 59 نئی شاخیں کھولیں، جس سے ان کی مجموعی تعداد 181 شہروں میں 660 شاخوں تک پہنچ گئی (2017 میں یہ تعداد 159 شہروں

Financing

Rupees in Millions



کاروباری فنائنگ

بینک کا کاروباری فنائنگ پورٹ فولیو کو کثیر الاقوامی کمپنیوں، بڑے مقامی کاروباری گروہوں اور پبلک سیکٹر کے اداروں کو خدمات فراہم کرتا ہے۔ سال 2018 میں بینک کے مجموعی فنائنگ پورٹ فولیو میں 93 ارب روپے کے مجموعی اضافے میں کاروباری شعبے کا حصہ 47 فیصد رہا۔ بہترین تعلق داری انتظام اور وسیع پروڈکٹ رینج نے اس ترقی کے حصول میں کلیدی کردار ادا کیا جس کی معاونت ایک فعال انویسٹمنٹ بینکنگ ٹیم نے کی جس کی توجہ ڈیٹ سینڈیکیشن (Debt Syndications) اور پروڈیکٹ فنائنگ پر مرکوز رہی۔

SME اور کمرشل شعبے کو فنائنگ

میزان بینک چھوٹے اور درمیانے درجے کے کاروباری شعبے کے ساتھ ساتھ درمیانے درجے کے شعبے کی اہمیت کا بھی بخوبی ادراک رکھتا ہے جسے کمرشل پورٹ فولیو (SME اور کمرشل) کہا جاتا ہے۔ بینک انٹرنیشنل فنائنگ کارپوریشن (IFC) کے تعاون سے اس شعبے میں تعمیر استعداد پر توجہ دیتا ہے۔ (IFC ورلڈ بینک کا ایک ذیلی ادارہ ہے)۔ دوران سال SME اور کمرشل فنائنگ کے مجموعی پورٹ فولیو میں زبردست اضافہ ہوا اور یہ پورٹ فولیو 70 ارب روپے کے مقابلے میں 44 فیصد اضافے کے بعد 101 ارب روپے ہو گیا۔ بینک کے مجموعی تجارتی کاروبار میں بھی اس شعبے کا حصہ نمایاں رہا اور بینک کے زیر انتظام مجموعی تجارتی کاروبار میں اس کا حصہ 41 فیصد رہا۔

کنزرویوٹو فنائنگ

بینک کا کنزرویوٹو شعبہ کار لیزنگ (کار اجارہ)، گھر کے لئے فنائنگ (ایزی ہوم)، پائیدار ایشیا کی فنائنگ (کنزرویوٹو) اور کمرشل گاڑیوں کی فنائنگ پیش کرتا ہے۔ سال کے دوران کنزرویوٹو فنائنگ کے مجموعی پورٹ فولیو میں 41 فیصد کا متاثر کن اضافہ دیکھنے میں آیا۔

اثاثوں کا معیار

بینک نے تمام شعبہ جات میں اپنی فنائنگ میں اضافہ کیا جبکہ اس کے ساتھ ساتھ اپنے پورٹ فولیو کا معیار برقرار رکھتے ہوئے تمام رسک بیرونی پورٹ فولیو پر پورا اترنے کو یقینی بنایا۔ یہاں اس بات کا ذکر کرنا نہایت مناسب ہوگا کہ بینک کے فنائنگ پورٹ فولیو میں ہر سال غیر معمولی اضافہ ہو رہا ہے جبکہ اثاثوں کے معیار پر کوئی مجھوت نہیں کیا جاتا۔ بینک کی غیر فعال فنائنگ کی 1.3 فیصد شرح، بینکاری صنعت کی کم ترین شرحوں میں سے ایک ہے، جو 2017 کی 1.5 فیصد شرح کے مقابلے میں مزید کم ہوئی ہے جبکہ مجموعی طور پر بینکاری صنعت میں یہ شرح 8 فیصد ہے جس سے بینک کے سخت رسک ایکنپٹنس بیرونی پورٹ فولیو (Risk Acceptance Parameters) کی تصدیق ہوتی ہے۔ بینک نے اپنی غیر فعال فنائنگ کی مدد میں 139 فیصد کو رج ریشو کے ساتھ پروویڈنز کی تسلی بخش شرح برقرار رکھی۔

سرمایہ کاریاں

بینک کا سرمایہ کاری پورٹ فولیو 2017 میں 119 ارب روپے کے مقابلے میں 124 ارب روپے پر بند ہوا۔ لکویڈٹی کا استعمال پاکستان کی اسلامی بینکاری صنعت کے لئے بدستور ایک چیلنج ہے کیونکہ ضرورت کے لئے کافی لکویڈٹی کی موجودگی کے باوجود سرمایہ کاری کے ذرائع رسائی محدود ہیں۔ جون

اضافہ کی شرح	2017	2018	
↑ 42%	6.31 ارب روپے	8.96 ارب روپے	بعد از ٹیکس منافع
↑ 22%	420 ارب روپے	513 ارب روپے	فنانسنگ
↑ 19%	789 ارب روپے	938 ارب روپے	کل اثاثے
↑ 18%	667 ارب روپے	785 ارب روپے	جمع شدہ رقوم
↑ 100%	7 ارب روپے	14 ارب روپے	ثانوی صکوک (اضامنی Tier I اور Tier II)
↑ 15%	35.1 ارب روپے	40.3 ارب روپے	ایکویٹی
↑ 43%	710 ارب روپے	1,013 ارب روپے	تجارتی کاروبار (درآمدات و برآمدات)
↑ 10%	601 برانچیں	660 برانچیں	برانچ نیٹ ورک
↑ 14%	159 شہر	181 شہر	موجودگی

مالیاتی نتائج

2017	2018	نفع اور نقصان کھاتے
36,427 (15,684)	48,625 (20,457)	فنانسنگ، سرمایہ کاری اور انتظامات سے حاصل شدہ آمدنی جمع شدہ رقوم پر منافع کی ادائیگی اور دیگر واجب الادا مصارف
20,743	28,168	اصل منافع
4,166	5,257	فیس اور کمیشن کی آمدنی
1,211	1,318	غیر ملکی کرنسی میں لین دین کی آمدنی
1,177	567	ڈیویڈنڈ کی آمدنی
825	8	سکیورٹیز پر منافع - اصل
246	312	دیگر آمدنی
28,368 (16,832)	35,630 (19,670)	کل آمدنی انتظامی اور دیگر اخراجات
11,536 (1,284)	15,960 (1,168)	پروویژن سے قبل منافع پروویژن اور قرضوں کی معافی - اصل
10,252 (3,939)	14,792 (5,830)	منافع قبل از ٹیکس ٹیکس
6,313	8,962	منافع بعد از ٹیکس

اصل اضافہ

دیکھنے میں آیا۔ فیس اور کمیشن کی مد میں ہونے والی آمدنی کو ڈیٹ کارڈ سے متعلقہ فیس اور برانچ بینکاری کی آمدنی میں بالترتیب 39 فیصد اور 25 فیصد اضافے سے زبردست مدد ملی۔ زبردست مسابقت کے رجحان اور کڑی قانونی شرائط کے باوجود اندرونی ترسیلات زر سے متعلقہ فیس میں 52 فیصد کا مستحکم اضافہ دیکھنے میں آیا۔

آمدنی کی شرح استعداد (Income Efficiency Ratio) میں بہتری

اگرچہ بڑھتی ہوئی افراط زر کی شرح، روپے کی قدر میں کمی اور عملے، کرائے اور نئی برانچوں پر ہونے والے اخراجات کے باعث انتظامی اور دیگر عمل کاری اخراجات 16.8 ارب روپے سے بڑھ کر 19.7 ارب روپے ہو گئے، تاہم اخراجات میں ہونے والے اس اضافے کو بینک کی آمدنی میں اضافے نے کافی حد تک جذب کر لیا جس کے نتیجے میں بینک کی آمدنی کی شرح استعداد گزشتہ سال کے 59 فیصد کے مقابلے میں بہتر ہو کر 55 فیصد ہو گئی۔

فنانسنگ نے نصف کھرب روپے کا سنگ میل عبور کر لیا

اس سال کی ایک امتیازی کامیابی بینک کے فنانسنگ پورٹ فولیو میں اضافہ تھی جو سال 2017 کے 420 ارب روپے کے مقابلے میں 22 فیصد کی متاثر کن حد تک بڑھ کر 513 ارب روپے ہو گیا۔ بینک کا ایڈوانس ٹو ڈپازٹ ریشو (ADR) سال 2017 کے 63 فیصد کے مقابلے میں 65 فیصد پر برقرار ہے۔ بینک کی توجہ بدستور ایک اعلیٰ معیار کا فنانسنگ پورٹ فولیو قائم کرنے پر مرکوز ہے جس کا ہدف درجہ اول کے کاروباری، تجارتی اور صرف کنندہ خریدار ہوں گے۔

فنانسنگ، سرمایہ کاریوں اور انتظامات پر منافع سال 2017 کے 36.4 ارب روپے کے مقابلے میں 33 فیصد اضافے کے ساتھ سال 2018 میں 48.6 ارب روپے ہو گیا، بینک کا زیادہ منافع بخش اثاثہ جات کے پورٹ فولیو میں اضافے پر توجہ مرکوز رکھنا اور شرح منافع میں اضافے کی وجہ سے ان پورٹ فولیو کی قیمتوں کا از سر نو تعین اس اضافے کی وجہ بنا۔ واجب الادا رقوم کے ضمن میں جمع شدہ رقوم پر منافع کی ادائیگی اور دیگر اخراجات سال 2017 کے 15.7 ارب روپے کے مقابلے میں بڑھ کر سال 2018 میں 20.5 ارب روپے ہو گئے، اس 30 فیصد اضافے کی وجہ جمع شدہ رقوم کا بھاری حجم اور رقوم جمع کروانے والے افراد کو منافعوں کی ادائیگی کی شرح میں اضافہ تھی۔

تجارتی (درآمدی و برآمدی) کاروبار کے حجم نے ایک کھرب روپے کا سنگ میل عبور کر لیا

زیر جائزہ سال کے دوران ایک اور امتیازی کامیابی کا حصول ممکن ہوا جب تجارتی کاروبار کا حجم 1 ٹریلین روپے تک پہنچ گیا، اور اس میں گزشتہ سال کے مقابلے میں 43 فیصد کا متاثر کن اضافہ دیکھنے میں آیا۔ یہ کامیابی درآمدی و برآمدی لین دین کے مؤثر انتظام کے باعث ممکن ہوئی جس میں دنیا بھر میں 650 سے زائد بین الاقوامی معیار کے نمائندہ بینکاری تعلقات کے جامع نیٹ ورک نے زبردست معاونت کی۔

فیس اور کمیشن کی آمدنی میں اضافہ

بینک کے تجارتی مالیاتی کاروبار میں اضافے کے ساتھ ساتھ فیس اور کمیشن کی آمدنی سال 2017 کے 4.2 ارب روپے سے بڑھ کر 5.3 ارب روپے ہو گئی، جس میں 26 فیصد کا متاثر کن اضافہ

ڈائریکٹرز کی رپورٹ برائے ممبران

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر، 2018 کو مکمل ہونے والے سال کے لئے تفصیلی مالیاتی نتائج پر مبنی 22 ویں سالانہ رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔



پاکستان کا بہترین بینک - 2018

الحمد للہ، ہم انتہائی مسرور اور مشکور ہیں کہ پاکستان بینکنگ ایوارڈز کی جانب سے میزبان بینک کو پاکستان کا بہترین بینک برائے سال 2018 کے اعزاز سے نوازا گیا ہے۔ یہ ایوارڈ پاکستان کی بینکاری صنعت میں حصول امتیاز کے اعتراف کا سب سے قابل قدر اور معتبر ایوارڈ ہے۔ ہمارے لئے اس ایوارڈ کا حصول ہمارے تمام شراکت داران بالخصوص ہمارے معزز صارفین کی کاوشوں اور تعاون کے ذریعے ممکن ہوا ہے۔ یہ ہمارے معزز صارفین کا بھروسہ اور اعتماد ہی تھا جس نے اسلامی بینکاری کو بینکاری کا اولین انتخاب بنانے کے ہمارے نصب العین کے حصول میں ہماری حوصلہ افزائی کی۔

پاکستان بینکنگ ایوارڈز کا انعقاد اسٹیٹ بینک آف پاکستان کی سرپرستی میں انشٹیٹیوٹ آف بینکرز پاکستان کی جانب سے DAWN میڈیا گروپ اور اے ایف فرگن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، جو PWC نیٹ ورک کی ایک ممبر فرم ہے، کے اشتراک سے کیا جاتا ہے۔ فی الحقیقت یہ ایک غیر معمولی کامیابی ہے کیونکہ یہ میزبان بینک کی قومی ترقی بالخصوص اسلامی فنانس میں اہم حصہ داری اور ایک ایسا ادارہ ہونے کا اعتراف ہے جس نے اپنے وسائل بشمول اپنے ملازمین، صارفین، فرنیچر، سماج اور مالیات کو موثر انداز سے منظم کیا۔ اس سے قبل میزبان بینک سال 2016 اور 2017 میں پاکستان کے بہترین اسلامی بینک کا اعزاز حاصل کر چکا ہے۔ ہم اپنے معزز صارفین کی بہترین بینک کے طور پر ہم سے وابستہ توقعات پر پورا اترنے کی بھرپور کوشش جاری رکھیں گے۔

معاشی جائزہ

سال 2018 میں پاکستانی معیشت کی کارکردگی معتدل رہی۔ حقیقی مجموعی ترقیاتی پیداوار (GDP) میں اضافے کی شرح مالی سال 2017-18 میں 5.8 فیصد رہی جو گزشتہ پانچ سال کی بلند ترین شرح ہے۔ یہ کامیابی بالخصوص اس لئے زیادہ متاثر کن ہے کیونکہ یہ عالمی سطح پر مخالف حالات کے باوجود حاصل کی گئی ہے۔ خدمات اور زراعت کے شعبوں کی بہتر کارکردگی سے ترقی کی رفتار تیز ہوئی۔ نجی شعبہ جات کی جانب سے قرضوں کے حصول میں بہتری، درآمدات میں کمی اور برآمدات میں اضافہ، ترسیلات زر میں اضافہ اور صنعتی شعبے کو بلا تعلق توانائی کی فراہمی کے ساتھ تمام میکر و

اکنامک اشاروں میں بہتری دیکھنے میں آئی۔

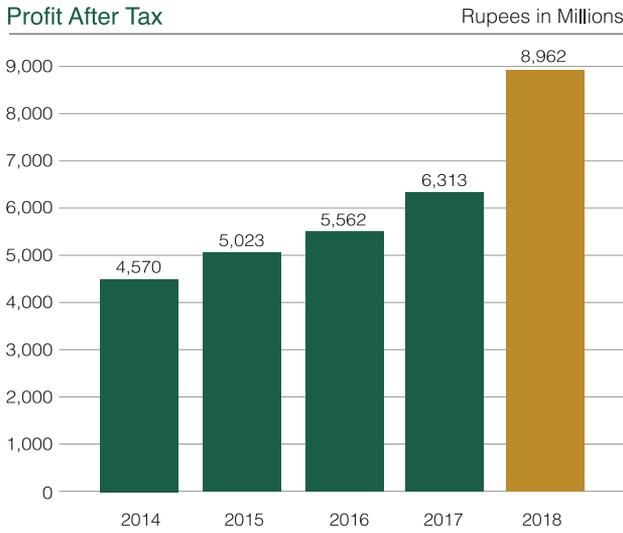
اس تمام مثبت پیش رفت کے باوجود اندرونی اور بیرونی سطح پر کئی اہم چیلنجز بالخصوص ادائیگی کے توازن کی ناسازگار صورتحال برقرار رہی۔ بیرونی اکاؤنٹس پر دباؤ اور ڈالر کے استحکام کا نتیجہ ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں اشد ضروری 27 فیصد کمی کی صورت میں برآمد ہوا۔ سال کے آغاز میں تیل کی بڑھتی ہوئی قیمتوں کے نتیجے میں اندرونی افراط زر چار سال کی بلند ترین شرح پر پہنچ گئی۔ افراط زر کی بلند ترین شرح کے ساتھ بیرونی اکاؤنٹ پر دباؤ کے باعث اسٹیٹ بینک آف پاکستان کو سال کے دوران افراط زر کی شرح 425 پونٹس پوائنٹس بڑھانی پڑی جس سے دسمبر 2018 تک ہدف بڑھ کر 10 فیصد تک آ گیا۔ نتیجتاً 31 جنوری 2019 کو اسٹیٹ بینک آف پاکستان نے ہدف کی شرح میں 25 پونٹس کا اضافہ کر دیا جو اسے 10.25 فیصد پر لے آیا۔

خوش قسمتی سے تیل کی گرتی ہوئی قیمتیں ملک کے لئے ایک نعمت ثابت ہوئی ہیں جن سے ادائیگیوں کے توازن پر دباؤ کم کرنے میں مدد ملی ہے۔ عین اسی وقت پر درآمدات کی حوصلہ شکنی اور برآمدات میں اضافے کے لئے نئی حکمت کی جانب سے اٹھائے جانے والے متعدد اقدامات بتدریج اپنے اثرات مرتب کر رہے ہیں اور موجودہ پریشان کن صورت حال سے نبرد آزما ہونے میں مددگار ہوں گے۔

حکومت کی سخت مالیاتی پالیسی جیسے کہ پاکستانی روپے کی قدر میں کمی، شرح سود، مجموعی ترقیاتی پیداوار (GDP) میں سست رفتاری کا باعث ہوں گے تاہم ہمیں یقین ہے کہ یہ اقدامات طویل المیعاد مثبت نتائج کے حامل ہوں گے۔

ہماری کارکردگی

الحمد للہ، سال 2018 میں میزبان بینک نے ہر لحاظ سے مکمل اور زبردست نتائج پیش کئے۔ بینک نے سال 2017 کے 6.3 ارب روپے کے مقابلے میں سال 2018 میں 42 فیصد اضافے کے ساتھ 8.96 ارب روپے کا منافع ظاہر کیا، جو گزشتہ چھ سال کے دوران ہونے والا سب سے زیادہ منافع ہے۔ منافع میں ہونے والے اس اضافے کی بنیادی وجہ مرکزی بینکاری آمدنی میں ہونے والا متاثر کن اضافہ رہی، جو مستحکم بیننس شیٹ اضافے اور زیادہ منافع بخش اثاثوں کا پورٹ فولیو برقرار رکھنے کے باعث ممکن ہوا۔ بینک کے اضافہ شدہ حصص کے سرمائے پر فی حصص آمدنی 38 فیصد اضافے کے ساتھ 5.56 روپے فی حصص سے بڑھ کر 7.67 روپے فی حصص ہو گئی۔ فی حصص بک ویلٹیو گزشتہ سال کے 30.0 روپے فی حصص کے مقابلے میں بڑھ کر 34.5 روپے فی حصص ہو گئی۔



Annexure to the Directors' Report

For the year ended December 31, 2018

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, 2018	Number of Shares purchased during the year	Number of Shares sold during the year	Bonus Shares allotted during the year	Right Shares Subscribed	Number of Shares as at December. 31, 2018
NAME OF DIRECTORS						
Mr. Mohammad Abdul Aleem*	195,384	-	-	19,538	-	214,922
Mr. Noorur Rahman Abid	3,029,143	-	-	302,914	-	3,332,057
Ms. Laila M.S.A.S.A.S. Abbas**	-	501	-	-	-	501
Mr. Irfan Siddiqui	3,411,150	-	-	341,114	-	3,752,264
Mr. Ariful Islam	1,904,176	-	-	190,417	-	2,094,593
CHIEF FINANCIAL OFFICER						
Mr. Shabbir Hamza Khandwala	587,378	-	-	58,737	-	646,115
HEAD OF INTERNAL AUDIT						
Mr. Ebrahim Yakoob	-	-	-	-	-	-
COMPANY SECRETARY						
Mr. Muhammad Sohail Khan	11,286	-	-	1,128	-	12,414

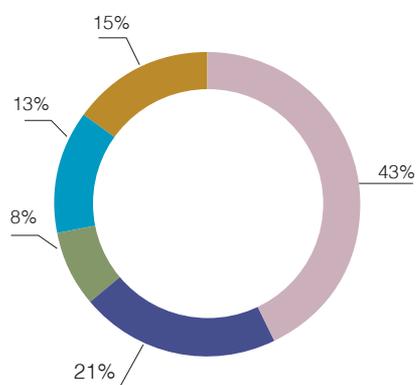
* Mr. Mohammad Abdul Aleem retired on November 17, 2018.

** Ms. Laila M.S.A.S.A.S. Abbas resigned on February 19, 2019.

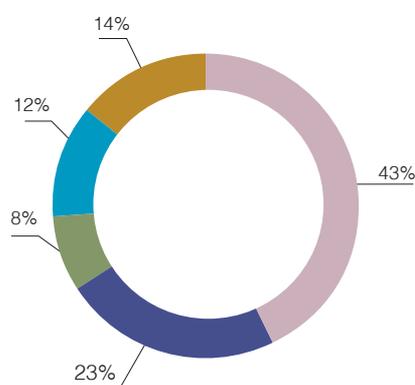
Statement of Value Added and Distributed

Value Added	2018 Rupees in '000	%	2017 Rupees in '000	%
Profit / return on Islamic financings, investments and placements - net of provision	47,456,407	100.0%	35,143,606	97.1%
Fee and commission income	5,257,170	11.1%	4,165,971	11.5%
Dividend income	567,429	1.2%	1,176,517	3.2%
Foreign exchange income	1,318,460	2.8%	1,210,827	3.3%
Gain on securities and other income	319,444	0.7%	1,070,967	3%
	54,918,910		42,767,888	
Operating and other expenses excluding salaries, depreciation, amortisation and workers welfare fund	(7,478,953)	(15.8%)	(6,563,649)	(18.1%)
	<u>47,439,957</u>	<u>100%</u>	<u>36,204,239</u>	<u>100%</u>
Value allocated as follows:				
To Depositors / Financial Institutions Profit on deposits and other dues expensed	20,456,948	43%	15,683,700	43%
To Employees Salaries, allowances & other benefits	10,092,557	21%	8,391,105	23%
To Shareholders Cash Dividend	2,922,981	6%	3,008,213	8%
Bonus Shares	1,062,902	2%	-	-
	3,985,883	8%	3,008,213	8%
To Government Workers Welfare Fund	363,001	1%	241,377	1%
Income tax	5,830,206	12%	3,939,243	11%
	6,193,207	13%	4,180,620	12%
To Expansion Depreciation & amortisation	1,735,045	4%	1,636,047	5%
Retained in business	4,976,317	11%	3,304,554	9%
	6,711,362	15%	4,940,601	14%
	<u>47,439,957</u>	<u>100%</u>	<u>36,204,239</u>	<u>100%</u>

Statement of Value Added & Distributed 2018



Statement of Value Added & Distributed 2017



■ 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, 2018

	2018	2017
	Rupees in '000	
Income from financing activities	29,061,728	20,793,510
Income from investments	6,139,566	5,969,474
Income from placements with financial institutions	11,522,776	8,612,593
Other income attributable to pools	2,717,152	2,209,095
Total Income	49,441,222	37,584,672
Less: Directly attributable charges to pools including takaful (Note)	(1,431,931)	(959,646)
Less: Profit on assets allocated to IERS and other special pools	(8,676,943)	(5,035,426)
Less: Profit share allocated to bank's equity and other pools in Mudarabah pools	(11,717,502)	(9,249,421)
Gross distributable Income	27,614,846	22,340,179
Mudarib (Bank) share of profit before hiba	14,057,355	11,323,001
Less: Hiba from Mudarib (Bank) share	(1,388,628)	(1,491,157)
Net Mudarib (Bank) Share of profit	12,668,727	9,831,844
Rab-ul-Maal share of profit	14,946,119	12,508,335
Rab-ul-Maal share of profit is distributed as follows:		
Remunerative depositor's profit share in Mudarabah pools	14,946,119	12,508,335

The Bank maintain following four remunerative general pools:

	Net Income allocated to General Pool and bank's equity	Profit share allocated to bank's equity and other pools	Mudarib (Bank) share of profit	Hiba from Mudarib (Bank) share	Net Mudarib (Bank) share of profit	Remunerative depositors' share in Mudarabah pool
	2018 Rupees in '000					
Rupee deposit pool	38,060,143	11,430,491	13,314,826	1,388,628	11,926,198	14,703,454
Dollar deposit pool	1,231,221	270,257	720,723	-	720,723	240,241
Pound deposit pool	37,775	15,365	20,169	-	20,169	2,241
Euro deposit pool	3,209	1,389	1,637	-	1,637	183
	<u>39,332,348</u>	<u>11,717,502</u>	<u>14,057,355</u>	<u>1,388,628</u>	<u>12,668,727</u>	<u>14,946,119</u>
	2017 Rupees in '000					
Rupee deposit pool	30,903,519	9,158,057	10,872,732	1,491,157	9,381,575	12,363,887
Dollar deposit pool	644,561	78,055	424,879	-	424,879	141,627
Pound deposit pool	29,535	7,863	19,505	-	19,505	2,167
Euro deposit pool	11,985	5,446	5,885	-	5,885	654
	<u>31,589,600</u>	<u>9,249,421</u>	<u>11,323,001</u>	<u>1,491,157</u>	<u>9,831,844</u>	<u>12,508,335</u>

Note: Administrative and operating expenses (including salaries and marketing costs) are paid by the Bank and not charged to the Depositors' pool as per the guidelines of Mudarabah Pools.

Statement of Inventory

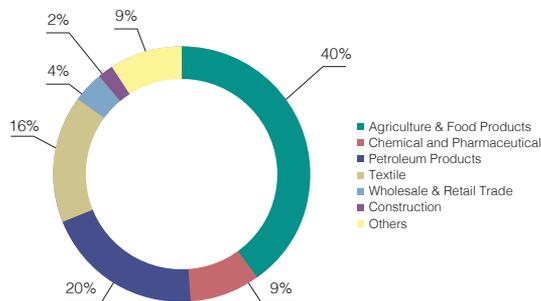
Meezan Bank provides financing through various sale-based modes including Murabaha, Musawamah, Istisna, Tijarah, Salam, etc. Under these modes, the Bank either purchases the goods to be financed or gets them manufactured. It then sells the goods to the customer on spot / deferred basis.

This statement 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, 2018 is as follows:

Sector	Nature of Inventory	2018 Rs. in '000	2017 Rs. in '000
Agriculture & Food Products	Corn, Sugar, Soyabean, Ghee, Canola, Rice (Grain, Paddy), Wheat, Syrups, Oil Cake, Edible Oil	14,588,574	9,889,810
Chemical and Pharmaceutical	Chemicals, Medicines, Paints, Fertilizer, Polymers	3,291,088	2,833,451
Petroleum Products	High Speed Diesel, Low Sulphur Furnace Fuel Oil, High Sulphur Furnace Fuel Oil, Premium Motor Gasoline	7,274,000	155,000
Textile	Cotton (Raw Cotton, Bales, Fabric, Yarn), Bed Sheets, Garments, Home Textile Products (Towels, Pillow Covers, etc)	5,906,976	4,241,682
Wholesale & Retail Trade	Rock Phosphate, Coal, Caps and Corks, Confectionary Items, Medical Machinery	1,617,206	1,330,567
Construction	Iron & Steel, Sanitary Items & Fittings, Pipes, Cement Bags	797,283	2,314,681
Others	Poultry Feed, Float Glass, Copper Wire, Bottle Caps, Ship Scrap, Battery Lead Panels, Electronic Components, Sport Goods, Cars, ATM Machines, Fans, Foam, Auto Spare, Finished Leather, Parts, Paper, Packaging & Material (Chip Boards, Glass Vials, Glass Bottles)	3,113,706	1,017,621
Grand Total		36,588,833	21,782,812

Sector-wise Breakup



Statement of Financing Portfolio Income

Meezan Bank provides financing to its Corporate, Commercial, SME, Agriculture and Consumer banking customers using a variety of Shariah-compliant modes of financing. The below mentioned matrix shows the percentage of income earned on different financing modes, and depicts a well balanced and diversified financing portfolio of the Bank.

The diversification has been achieved by using arrangements based on trade, rent, joint ownership, profit / loss partnership and agency, to suitably meet the needs of customers and provide a halal return.

Rs in Million

Islamic mode of financing	2018		2017	
	Amount	%	Amount	%
Running Musharakah	9,425	31.20%	6,276	29.20%
Diminishing Musharakah	7,403	24.51%	6,629	30.84%
Ijarah	3,173	10.50%	2,036	9.47%
Istisna	3,084	10.21%	1,989	9.25%
Musawamah	1,820	6.03%	907	4.22%
Wakalah	2,888	9.56%	1,753	8.15%
Murabaha	1,196	3.96%	1,072	4.99%
Tijarah	614	2.03%	449	2.09%
Salam	292	0.97%	185	0.86%
Others	311	1.03%	200	0.93%
Total	30,206	100%	21,496	100%

Business and Operations Review

Business Review

Meezan Bank, in its seventeenth year of operations as a full-fledged Islamic Commercial Bank and now as the 'Best Bank' in Pakistan, maintained its growth momentum and recorded excellent results for the year 2018. Profit after tax increased to Rs 8.96 Billion from Rs 6.31 Billion in 2017 – a commendable growth of over 42%. The Bank's growth rate has made it the fastest growing bank in the industry with a branch network of 660 branches in more than 180 cities, a deposit of Rs 785 Billion and an asset base of over Rs 938 Billion. The Bank offers a variety of product and services targeted towards the needs of masses, and mid-tier and premium banking customers.

Some of the key accomplishments, achievements and targets of the Bank during the year are as follows:

- 18% growth in the deposit base, which closed at Rs 785 Billion
- Growth in financings by 22% with the Advances to Deposit Ratio (ADR) improving to 65%
- Trade business volume surpassed Rs 1 Trillion

Meezan Bank's growth in deposits was more than double the banking industry growth in deposits and was even more impressive since it was achieved by increasing the ratio of Current Accounts to Total Deposits from 35% in 2017 to 37% in 2018.

The main reasons for this were the Bank's excellent

brand image, effective relationship management and an extensive network of 660 online branches in more than 180 cities that not only gives the Bank excellent outreach throughout the country but is also a key contributor to its success, enabling it to not only increase its deposit base but also maintain optimal cost of funds.

Financing portfolio of the Bank grew by 22% in 2018. The Bank recorded a growth of 14%, 44% and 41% respectively in Corporate, SME / Commercial and Consumer segments. During the year, Meezan Bank also engaged with International Finance Corporation (IFC) and Karandaaz Pakistan to further penetrate the SME and Commercial sector. The main focus of the Bank remains on building a high-quality financing portfolio, targeting the best corporate, commercial and retail clients. The financing portfolio is well-diversified by segments, with maturities comfortably balanced at 64% in short-term and 36% in long-term. ADR of the Bank increased to 65% as compared to 62% in 2017. The Bank's non-performing financing ratio of 1.34% is one of the lowest in the banking industry, which reflects the excellent asset quality of the Bank.

With the support of a wide branch network, the Trade Business volume handled by the Bank achieved an impressive growth of 43% over the previous year. Contributing to this success was the Bank's customer-centric approach and efficient Treasury Management.

Best Bank in Pakistan

Recognized by
Pakistan Banking Awards 2018



Retail Banking

Meezan Bank has the largest Islamic banking customer base in the country, serving over 2.2 Million customers. Since its inception in 2002, the Bank has witnessed tremendous growth and has attained the position of being the country's 7th largest bank in a short span of 16 years, which has only been possible due to its wide range of deposit products and the continuous support and patronage of its customers.

The Bank is also playing a key role in promoting Financial Inclusion (making financial services available to those sections of the population who do not have access to formal banking channels) by opening branches in remote cities and placing special emphasis on two products - Meezan Asaan account and Branchless Banking - that allow this segment of the population to open bank accounts and conduct financial transactions using their mobile phones. Financial Inclusion is an important goal of both the Government of Pakistan and the State Bank of Pakistan, and Meezan Bank is committed to supporting this initiative.

In order to facilitate customers in their remittances, Meezan Bank launched Meezan Express accounts (both current & savings) and Meezan Smart Wallet, a Mudarabah-based Home Remittance account that is currently facilitating the Bank's customers and increasing its deposit base.



Branch network plays a vital role in deposit mobilization. Meezan Bank opened 59 new branches during the year, bringing the current branch network to 660 branches, operating in 181 cities across Pakistan.

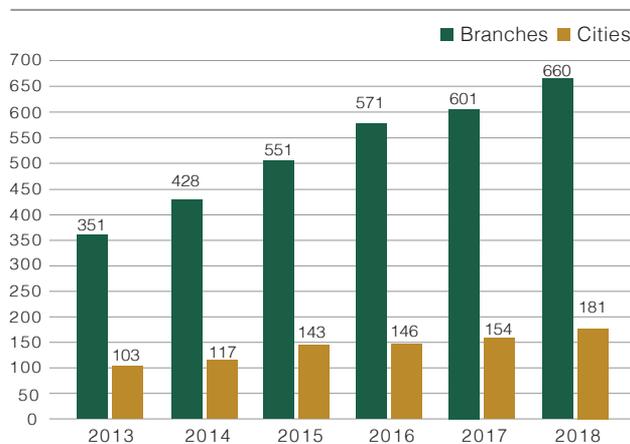
In addition to the tailored service provided in its branches, the Bank provides multiple touchpoints to its customers for conducting their banking transactions. The Bank's diverse portfolio of Alternate Distribution Channels provides diverse touch points supported by cutting-edge secure technology. The Bank's Digital channels range from ATMs, internet banking, mobile and SMS banking. The rich and ever-expanding set of features on Meezan Bank's digital touchpoints means

that customers can transfer funds, pay bills, view discounts and get detailed information on their account activity and financing offerings whenever, wherever and however they want.

Meezan Bank's call center facilitates customers by providing product information, performing certain operations like initiating requests, activating debit cards, and taking customer complaints and suggestions.

The Bank's focus for 2019 will be on further improving and enriching its customers' banking experience.

Branch Network

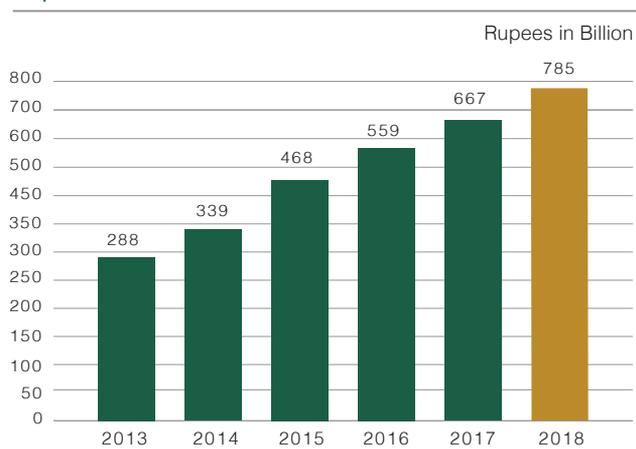


Deposits

Meezan Bank offers an extensive range of deposit products - current, savings and term deposit accounts, and is a market leader in offering innovative Shariah-compliant products and services to cater to the diverse needs of both individuals and companies, ranging from SMEs to large corporates.

The Bank's wide range of deposit products, covering all categories of customers (individual & business) has enabled it to achieve exponential growth through a large, well-diversified and stable customer and deposit base. The Bank's total deposits as of December 31, 2018 stood at Rs 785 billion, increasing 18% over 2018. CASA mix remained stable at 73% as compared to the previous year.

Deposits



Wealth Management

Meezan Bank offers a complete range of deposit and other investment products that provide its customers a complete Wealth Management solution. Dedicated Relationship Managers cater to the various investment needs of customers by identifying investment opportunities for them, providing them relevant advice and educating them about the various products offered by the Bank.

Meezan Kafalah

Meezan Kafalah is a Shariah-compliant alternative to Bancatakaful products. It is a simple and profitable savings plan with natural life Takaful coverage, along with many features that make it an attractive deposit product for customers. Meezan Kafalah has received a very positive response from retail customers as it is designed to meet their long-term savings objective with the added protection of Takaful (Islamic insurance). Meezan Kafalah provides value-added features such as 100% Accidental Death Benefits / Takaful coverage on Permanent Total Disability, and Funeral Expenses. These benefits can be availed by a minimum investment of only Rs 2,000 allowing a maximum coverage up to Rs 15 Million having Lowest Takaful expense rate of 0.130%. The tenure of Meezan Kafalah is 3 to 15 years for every individual up to 55 years of age.

As of December 31, 2018 the Bank provided Takaful coverage of approx. Rs 11.5 Billion to more than 28,000 customers; an increase of over 28% from 2017.



Meezan Premium Banking

Meezan Premium Banking caters to the banking needs of high net worth individual customers and sole proprietors and provides them with exclusive services and value-added benefits - from personalized banking services to exclusive discounts and other privileges.

Premium Banking customers enjoy priority service at all Meezan Bank branches and also have access to state-of-the-art Premium Banking Centers in major cities of the country. During the year, new Premium Banking Centers at K Block Model Town Branch, Lahore and DHA Phase 1 Branch, Rawalpindi were also inaugurated to facilitate high net worth customers of the respective areas.



Major benefits currently offered under Meezan Premium Banking are:

- Meezan Mastercard Platinum Debit Card – the most prestigious Debit Card of the Bank, offering access to local and international lounges, discounts at numerous retail outlets and restaurants across the country, along with higher transactional, withdrawal and fund transfer limits, making it the perfect companion for high net worth individuals.
- Premium Phone Banking – a dedicated Call Center exclusively for Premium Banking customers.
- Access to Airport Lounges in Karachi, Lahore, Islamabad, Multan and Sialkot, and at selected airports abroad through Meezan Mastercard Debit Card on international flights
- Dedicated Premium Banking Centers in Karachi, Lahore, Islamabad, Faisalabad, Rawalpindi and Sialkot, with the facility of private conference rooms for short business meetings.
- Fee Waivers on selected banking and Alternate Distribution Channels services.

Alternate Distribution Channels

In addition to its traditional 'brick and mortar' branch network, Meezan Bank provides banking services through a broad spectrum of channels, including:

- The largest ATM network of any Islamic Bank
- Internet Banking
- Mobile App
- SMS Banking
- Visa and Mastercard debit cards
- 24/7 Call Center

These channels are often collectively referred to as Alternate Distribution Channels (ADCs). In addition to these, the Bank also provides e-Statement and SMS Alert facilities.

A robust state-of-the-art ADC infrastructure is an integral part of the Bank's corporate philosophy, which emphasizes digital innovation. The main focus of the Bank's digital strategy is to provide customers with convenient and secure access to their accounts for all banking requirements, wherever and whenever they require.

Customers can use ADCs for all their basic banking needs - cash withdrawal, shopping and payments, e-commerce i.e. online shopping, funds transfer, bill payments, balance and statement inquiries, product and services information and complaint registrations, among many other services. Meezan Bank has always strived to make banking a convenient and pleasant

experience for its customers and this philosophy is especially visible in the Bank's Alternate Distribution Channels.

ATM Network

Meezan Bank witnessed yet another year of healthy growth in 2018. Countrywide ATM Network grew from 580 ATMs to 625 ATMs while the transaction volume on ATMs grew by 27% during the year. Substantially, all ATMs were upgraded with EMV and Biometric capability which will open up many avenues for new initiatives including Cardless Withdrawals, Remittances and Account Verifications.

Debit Cards

Meezan Bank's Debit Cards offer a wide range of features and benefits such as chip-based security, NFC payments, 3D Secure E-commerce payments, fastest Debit Card activation, and an extensive alliances and discounts program with special focus on e-commerce promotions. Meezan Bank's Blessed Friday discount program with leading e-commerce merchants has already become a hallmark of debit card discounts in the industry.



In order to further augment the product portfolio, Meezan Bank launched an off-the-shelf version of Visa Platinum Card for customers who wish to enjoy the best of debit card features. Moreover, Supplementary Cards were also launched in 2018 so that immediate family members of the Bank's customers can also enjoy benefits similar to those available to the basic customers.



Meezan Bank's Debit Cards portfolio continued its upward trajectory in 2018. POS Transactions grew by 51%, e-commerce transactions grew by 192% and International Transactions grew by 252% during the year. It is due to the long-standing patronage of Meezan Bank's customers that the Bank now enjoys one of the highest usage and card activation ratios in the industry.

Internet Banking

Meezan Bank revamped its Internet Banking in 2018 to make it easier and more user-friendly as well as to give it a modern and more pleasing look. The new Internet Banking offers an adaptive design and can easily be used on all types of devices including mobile and tablet. The new dashboard view on Internet Banking allows customers to access frequently used features upfront; this helps in delivering one of the fastest Internet Banking experiences in Pakistan. The launch of new Internet Banking has resulted in an unprecedented growth in IBFT and Bill Payment transactions through this channel, which grew by over 41% in 2018 as compared to 25% in the previous year.

Mobile App

Meezan Bank's Mobile App has been the most preferred and fastest growing medium of digital transactions among all Alternate Distribution Channels in the recent years. Financial transactions using the Mobile App grew by over 70% during the year and the App is expected to remain the fastest growing channel in the future.

Currently, with over 300,000 downloads, Meezan Bank's Mobile App has been amongst the most trending and best rated apps in its category on both Google's Play Store and Apple Store.

IBFT

IBFT or Interbank Funds Transfer is a peer to peer funds transfer facility among 1Link Member Banks in Pakistan. Meezan Bank offers IBFT facility via its ATMs, Internet Banking and Mobile App, whereby customers can instantly transfer funds to any other bank account in Pakistan. Meezan Bank witnessed a healthy growth in the numbers of IBFT transactions, which grew by 42% in 2018.

QuickPay

Meezan Bank's QuickPay service offers a wide range of bill payment options for Utility Companies' Bill Payments, Mobile Top-ups, Educational Institutions Fees, Mutual Fund Investments, Airlines Tickets and Government Entities Payments, etc. through Meezan Bank's ATMs, Internet Banking and Mobile App. The number of billers during 2018 almost doubled to over 80 billers and the list is still growing. QuickPay transactions grew by over 50% in 2018 whereas QuickPay transactions through Mobile App grew by over 63%.

Call Center

The Bank's in-house Call Center is managed by a professional team of phone banking officers, facilitating customers and the general public nationwide for banking transactions and general banking or product enquiries.

SMS Alerts

Meezan Bank offers one of the most extensive SMS Alerts service to its customers so that they stay informed about all activities and transactions in their accounts. Continuous efforts are being made to provide fastest delivery of SMS and to maintain a high uptime by effectively managing two of the leading SMS gateway providers simultaneously. Meezan Bank is also among one of the few banks that provide e-mail alerts together with SMS alerts as a complimentary service. In 2018, the number of subscribers to SMS Alert Service grew by 30% as compared to 2017.

QR Payments

Meezan Bank is one of the leading players in the industry when it comes to the QR Payments Ecosystem. In 2018, Meezan Bank, in partnership with Fonepay, issued over 100,000 new QRs to a broad base of merchants from across Pakistan and processed over 2 Million QR transactions as Acquirer of QR payments. Acknowledging the unprecedented growth in QR merchant acquisition, Meezan Bank was bestowed with the 'Spearheading Acceptance Location Growth' award by Mastercard for the Middle East and Africa Regions this year.



Continuous Focus on Security

Customer security is one of the topmost priorities for Meezan Bank. Working on this strategic priority, Meezan Bank took a number of new initiatives during 2018 to further strengthen the security of Debit Cards usage.

In order to protect customers from skimming frauds, an innovative Skimguard feature was launched on Meezan Bank's ATMs where a One Time Password (OTP) is triggered on real time basis if a high value transaction is conducted on the ATM. The transaction is processed only upon successful verification of OTP by the cardholder.

For enhanced security on online e-commerce transactions, Meezan Bank introduced 3D Secure services of Mastercard and Visa in 2017 which successfully protected over a Million transactions in 2018.

Meezan Bank also signed up with Mastercard for their most advanced Analytics and Fraud Prevention platform, called Mastercard Decision Intelligence, and with Visa for their Fraud Alert and Prevention platform called Visa Risk Manager. These platforms are not only capable of deploying various risk rules on debit card transactions using multitude of parameters but also provide real time risk scoring of all international and local debit card transactions. Meezan Bank's Transaction Monitoring Team uses these platforms for their 24/7 monitoring in order to attend all security alerts from these systems on real time basis.

Meezan Bank also completed Chip & PIN certification on Visa and Mastercard during the year which will go a long way in securing our new debit card customers from any misuse on POS if the card is lost or skimmed.

All ATM machines of Meezan Bank were also upgraded during the year for EMV acquiring. With this upgrade, all Meezan Bank ATMs can now also read and process EMV chip data when a chip card is inserted for ATM cash withdrawal.

Lastly, to limit the Bank's exposure in case of any cyber-attack scenario, the Bank has successfully tested and deployed aggregate daily limits with Visa and Mastercard in addition to taking various other measures which will effectively protect the Bank against any cyber-attack.



Meezan Bank is committed to providing value added products and services to its customers to make their transactional experience convenient and secure, and is continuously working towards introducing new products, services and payment methods for its customers.

We look forward to an even more exciting and happening year ahead.

Highlights - Year 2018



Payments and Cash Management

The Bank offers two Cash Management products, Meezan eBiz and Meezan eBiz+. More than 1,600+ Corporate, Commercial and SME customers are availing the benefits of this electronic product suite to manage their collections, payments, MIS and reconciliation needs, resulting in increased business productivity.

Meezan eBiz

Meezan eBiz allows customers to execute banking transactions instantly over the internet in a secure and convenient manner. With the help of Meezan eBiz, customers can view and download their account balances, account details, account statements as well as efficiently conduct their day-to-day transactions such as Intra and Inter Bank Fund Transfers, salary payments, utility bill payments, payorder issuance and many more via an automated, secure and versatile electronic processing platform.



Meezan eBiz+

Meezan eBiz+ is a comprehensive customized Cash Management solution which allows Corporate, Commercial and SME customers to not only electronically manage their banking relationship, but



also reduce operational burden by outsourcing the management of country wide collection and payment needs. Each implementation is tailor-made to meet customers' specific MIS and reconciliation requirements. Functionality available, in addition to features of eBiz+, includes:

- Manage collections through branches as well as electronic and Alternate Distribution Channels
- Manage payment like funds transfer, Inter Bank Funds Transfer, Payorder issuance, RTGS, corporate cheques issuance as well as e-Dividend payments
- Real Time Information through online reporting for reconciliation and transactional alert through SFTP, email and SMS
- Host to host integration with customer ERP system for both collection and payments execution
- Dedicated Customer Service / Client Service Team with excellent system integration capabilities. The Bank has not only received a very positive response from local companies but also from multinational companies and acts as a trusted strategic partner for their transactional banking needs. The number of Cash Management mandates being handled by the Bank grew by over 60% during the year.

Home Remittance

The Home Remittance Unit (HRU) of Meezan Bank plays an active role in the nationwide drive of stimulating and formalizing home remittances through banking channels under the Pakistan Remittance Initiative (PRI) and non-PRI arrangements. A focused approach towards this business has contributed in improving the banking experience of customers and has allowed the Bank to progressively grow this business segment.

The Bank increased its outreach; expanding its market share in the UAE, UK and tapping a new market i.e. Kuwait, thereby increasing volumes routed through it by 40%. To facilitate its customers, the Bank runs a dedicated Home Remittance Customer Support service which directly resolves queries of Home Remittance customers in order to provide them better service and prompt resolution of complaints.

In 2018, with a special focus on innovation and the streamlining of processes, Meezan Bank procured and implemented a new Home Remittance solution, which focused on automation and going paperless. To ensure proper Know Your Customer (KYC) and compliance checks, biometric verification of Cash over the Counter (COC) customers has been tested, which will go live in the first quarter of 2019.

Branchless Banking

Almost 62% of Pakistan's population remains unbanked due to reasons such as lack of access to a physical branch network, hesitation to avail interest-based banking facilities and stringent KYC. Providing this section of the population access to Islamic banking would be a major step towards realizing Meezan Bank's Vision of establishing 'Islamic banking as banking of first choice...'

There are over 150 Million mobile phone subscribers in Pakistan while the total number of bank accounts is only around 41 Million. At the same time, the total number of 'smart phones' in the country is now reported to have crossed 40 Million, and availability of 3G and 4G services means that mobile phone subscribers can now easily conduct banking transactions such as payments (P2P, B2P, G2P, etc.), mobile top-ups and account transfers. The Bank is well positioned to serve this market segment as it is one of the twelve banks in the country that have a 'Branchless Banking' license – a prerequisite to this product offering.

Corporate Banking

Meezan Bank provides a comprehensive variety 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 include traditional products required by companies for managing their working capital & trade finance needs and more sophisticated and innovative solutions for large-scale investments. By drawing on the expertise of in-house product specialists and Shariah scholars

working under the guidance of Shariah Supervisory Board, the Bank is capable of providing a wide range of Shariah-compliant financing solutions to meet the working capital finance, import export finance, funding for commodity operations, long-term finance, documentary credit requirements and project financing needs to its customers.

The Bank's Corporate Banking relationship team collaborates across lines of businesses and partner groups (Treasury, Cash Management, Investment Banking, Commercial Banking and Consumer Banking) to develop and deliver suitable, value-added and innovative solutions while continuing to integrate and upgrade delivery platforms, business intelligence and driving operational excellence.

Despite challenging business atmosphere during the year due to uncertain political environment and increasing competition amongst banks, the Bank was able to deliver extraordinary results in all key performance areas by building strong portfolios and business verticals.



Corporate Financing

The Bank's corporate assets portfolio grew by 14% to Rs 373 Billion in 2018. The focused business development strategy adopted by the Bank to vigilantly build a high quality and well diversified portfolio has enabled the Bank to grow its corporate financing book at a CAGR of 24% since 2014, with non-performing financing kept at 1.35%.

The Bank, with excellent service delivery capabilities and well-equipped teams of professionals, has been trusted by both local entities and multinational companies as the strategic banking partner for their 360 degrees banking needs.

A detailed description of corporate banking products offered by the Bank is on page 69.

Investment Banking

Being transfigured from an Investment Bank, Meezan Bank continued its bequest as one of the most active Investment Banking players in the Pakistani market by providing a full range of investment banking services including financial advisory, green and brown field project finance, equity and debt capital market arrangements to meet the ever-demanding financing needs of its clients.

Since inception, the Bank has led advisory and arrangement mandates for a large number of project finance, syndications and capital market transactions; bringing the total volume of Investment Banking transactions arranged by the Bank to the tune of over Rs 1 Trillion. During 2018, with the commitment to maintain its market leadership position, the Bank successfully delivered transactions of over Rs 263 Billion, of which some of the notable transactions are highlighted overleaf.

With a highly qualified team, having diversified experience and depth of local market acumen, the Bank is

well-equipped to provide innovative and tailored solutions to cater to the specialized needs of its diverse clientele. These attributes along with the team's deal structuring, placement and execution capabilities have also been widely acknowledged by numerous local and international bodies.

With its Vision to 'Establish Islamic banking as banking of first choice...', the Bank is committed to continue innovating in the field of Islamic investment and corporate financing, and maintain its position as the leader of Islamic banking industry in the country.



Major Investment Banking Transactions



Power Holding Private Limited
Syndicated Finance Facility
Rs 100,000 Million
Mandated Lead Arranger & Shariah Structuring Agent



Lucky Electric Power Company Limited
Syndicated Project Finance Facility
Rs 70,700 Million
Lead Arranger & Shariah Structuring Advisor



K – Electric Limited
Syndicated Project Finance Facility
Rs 25,000 Million
Mandated Lead Advisor & Arranger
Shariah Structuring Advisor



Pak-Arab Pipeline Company Limited
Syndicated Long Term Finance Facility
Rs 11,800 Million
Mandated Lead Advisor & Arranger,
Investment Agent, Accounts Bank & Shariah Structuring Advisor



Hyundai Nishat Motors (Private) Limited
Syndicated Islamic Finance Facility
Rs 5,660 Million
Financial Advisor & Mandated Lead Arranger

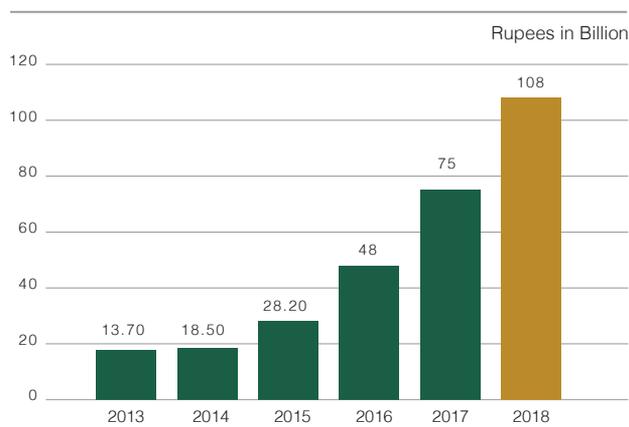


PIONEER CEMENT LTD.
Pioneer Cement Limited
Syndicated Islamic Finance Facility
Rs 2,600 Million
Mandated Lead Advisor & Arranger, Shariah Structuring Agent and Investment Agent

Commercial Banking (Including Small & Medium Enterprises (SME) and Agricultural Finance)

Meezan Bank is cognizant of the fact that in order to achieve its Vision of establishing 'Islamic banking as banking of first choice...' it must increase the outreach of Islamic banking well beyond the blue-chip corporate sector. Accordingly, the Bank has developed a very clear focus on developing the SME and Agriculture sectors, which represent the backbone of Pakistan's economy. The consistent and impressive growth of Commercial Banking reflects the level of trust and confidence the Bank has built with its customers. The overall funded portfolio for this segment has increased from Rs 75 Billion in 2017 to Rs 108 Billion in 2018 - a 44% growth.

Financing Portfolio Commercial, SME & Agriculture



Small & Medium Enterprises

Growth and development of the Small and Medium Enterprises (SME) segment is of vital importance for sustainable socio-economic development of the country. Meezan Bank has a clear focus on growing its SME business, which accounts for more than 90% business entities in Pakistan.

Continuing the strategy to capitalize on SME segment and revamp existing SME financing model into a robust SME Banking model, Meezan Bank engaged the International Finance Corporation (IFC) for providing advisory and technical services. According to IFC, the Bank is well positioned to capitalize on the opportunities available in the industry. In this regard, a two-pronged approach has been adopted; the first is to strengthen & deepen relationship with its existing liability customer base by offering them financing products through program based financing and the second is to attract new to bank financing customers through a lead generation strategy.

The Bank has registered more than 40% growth in SME financing in 2018. Growth in SME Trade Business (Import & Export) has been a critical revenue driver as part of SME Banking philosophy. The Bank accelerated its pace of trade mobilization and recorded robust growth by routing Rs 208 Billion in the SME segment, registering a 51.82% increase over last year.

Supply Chain Financing Program with Karandaaz

In 2015, the Bank partnered with Karandaaz Pakistan to structure financing programs to meet financing needs of vendors and distributors operating in organized supply chains in Pakistan. The financing programs are based on risk sharing mechanism between Karandaaz and the Bank. Karandaaz Pakistan has financial and institutional support from leading international development finance institutions, principally United Kingdom's Department for International Development (DFID) and the 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. Karandaaz promotes access to finance for small businesses through a commercially directed investment platform and financial inclusion for individuals by employing technology enabled digital solutions.

Meezan Bank is the first Pakistani bank to be selected by Karandaaz for their specialized Supply Chain Partnership Program and the two organizations have committed to provide Rs 5 Billion financing to small and mid-sized corporate vendors and distributors.

The financing programs entail partnering with key corporate customers to provide financing to their supply chain business partners. Towards this end, the Bank has signed mandates with top tier corporates operating in Automotive, Fertilizer & FMCG sectors of the economy. This initiative has successfully brought a large number of SME customers in the financing net through structured financing programs.

The Bank also partnered with a leading local corporate for a pilot Agri Value Chain Financing Program. As part of this program, the Bank provides financing to select farmers for their advisory, quality inputs, crop monitoring, farm support & market linkages requirements. The program includes branchless banking services and clean financing facilities for the Kharif season.

The Supply Chain Financing programs exhibited robust growth in 2018, as new key corporates partnered with the Bank to initiate the program for their Supply Chain business partners and this resulted in a strong portfolio growth during the year.

Agriculture Financing

Meezan Bank has been a reliable partner in the growth of the agriculture sector, a strategically important sector of the country and a prime supplier of raw material in the value chain from farm to fork. Increase in agricultural productivity leads to increase in the income of rural population which in turn leads to more demand for industrial products. The progress of agriculture sector therefore provides a sound base for economic development and is considered one of the preconditions for takeoff or self-sustained growth of any developing economy.

Meezan, as the leading Islamic commercial bank of the country, owes a critical responsibility to provide Shariah-compliant solutions to meet the financing needs of the agriculture sector. For this, the Bank has launched Agriculture Finance so that financing requirement of the farming community can be served through Shariah-compliant means. The Bank has been further enhancing its outreach to rural enterprises through branch network expansion while focusing on digital inclusion of the rural enterprises so that it can diversify its portfolio in the days to come.



Portfolio Mix

Meezan Bank has a diversified commodity financing portfolio, well-spread amongst Wheat, Edible Oil & Seed, Cotton Ginning, Fertilizer, Coal, Sugar, Rice, Feed, and Steel sectors. Furthermore, Meezan Bank is continuously exploring new and untapped sectors of the economy in order to enhance its portfolio and to diversify its risk.

Non Performing Finances

Despite the significant growth in assets, the Bank has maintained strong credit screening and Risk Management criteria, since these form the backbone of any financing institution. Testimony to the effectiveness of the Bank's credit approval criteria is the fact that the Bank's NPL ratio for the Commercial Banking segment has improved from 2% to less than 1.5%.

Commercial Vehicles Financing

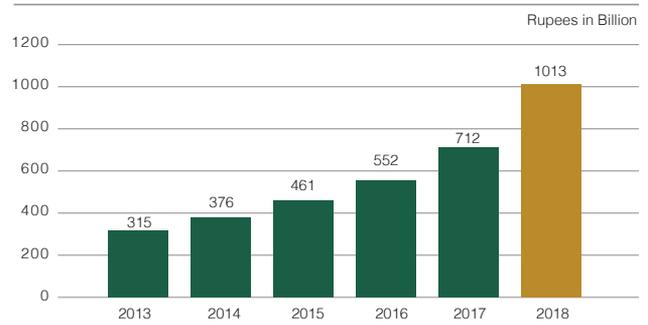
Meezan Bank entered the Commercial Vehicles financing business in January, 2016. The Bank provides financing for commercial vehicles to the SME and Corporate sector such as Oil, Goods, Passenger, Logistics and Transportation Companies. Financing is offered for all types of Commercial Vehicles ranging from Heavy Trucks, Prime Movers and Buses to Light Commercial Vehicles. Meezan Bank has emerged as a leading bank in this segment. Alhamdulillah, in 2018, Meezan Bank has recorded growth of 78% over 2017.



Trade Business

Islamic Banking is well-positioned to cater trade finance needs of customers and the Bank's trade business (Import & Export) performed very well in 2018, with a total volume of more than Rs 1 Trillion. The Bank, with excellent service delivery capabilities and well-equipped teams of professionals, has been trusted both by local customers and multinational companies to be the strategic banking partner for their 360 degrees banking needs.

Trade Business



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. Performance for 2018 is provided below:



Car Ijarah

Pakistan's Auto sector witnessed strong growth in the first two quarters of 2018. However, in the third and fourth quarters, the auto industry sales shifted towards a declining pattern. The automobile industry of Pakistan grew by 21% in 2018 (as compared to 26% in 2017) with car sales standing at 331,880 units as compared to 274,236 units last year.

After 17 years of launching its Auto Finance business and now as the 'Best Bank' in Pakistan, Meezan Bank has a Car Ijarah Portfolio of over 32,000 active contracts that comprise new, used and imported vehicles. The Auto Finance portfolio of the Bank grew by a healthy 41% during the year. The Bank has remained active in implementing a number of changes to improve the infrastructure, product features and management of its Auto Finance business. The Bank follows a strategy of maintaining stringent credit criteria for the Consumer Finance segment.



Easy Home



Islamic banks have emerged as key financiers for the housing sector and Meezan Bank, the largest Islamic bank in Pakistan, stands amongst the leading Housing Finance providers in the country.

The year 2018 proved to be very positive for the Bank's Housing Finance business, as its Housing Finance portfolio grew by Rs 2.16 Billion during the year, with the disbursement figure for 2018 being the highest ever amount in a single year (Rs 4.85 Billion), creating an enabling environment for Shariah-compliant Housing Finance in Pakistan.



Meezan Consumer Ease



Meezan Bank's Consumer Ease Unit offers Shariah-compliant consumer durable goods financing to its customers. This business segment is progressively growing and offers financing for a diverse range of consumer durables.

This is a limit based financing facility. Once the limit of the customer is approved, the customer can utilize the limit for purchase of durable goods offered by the Bank. This facility has been well-received by the Bank's customers since it makes the acquisition of household durables quick and convenient.



Meezan Bike Ijarah



Meezan Bike Ijarah is Pakistan's first Riba-free motorcycle financing facility which is based on the Islamic financing mode of Ijarah (leasing). In a short span of time, Meezan Bank has managed to form alliances with all major motorcycle producers of Pakistan and has financed around 8,000 bikes across all major cities of Pakistan.

Labbaik Hajj & Umrah



Meezan Labbaik, Hajj & Umrah Facility is a completely Halal & Riba-free travel solution for Hajj & Umrah, that was initiated by the Bank as a Corporate Social Responsibility project and has gained immense popularity over the years, especially after its enrolment in Government Hajj Scheme in 2015.

Under Labbaik, Meezan Bank is enrolled in Govt. Hajj Scheme through which customers can file their Hajj applications through its branches and be eligible for Hajj ballot conducted by the Ministry of Religious Affairs and Inter Faith Harmony (MORA & IH).

In its fourth year of enlistment i.e. 2018, the Bank collected over 51,000 Hajj applications and retained its 4th position among the thirteen (13) Banks on MORA's panel.

Labbaik Travel Asaan provides an excellent opportunity to offer Private Hajj & Umrah to customers on convenient terms i.e. Upfront Plan in which the customer pays the complete cost before travelling and the Installment Plan in which the customer makes a down payment before travelling while the balance amount is paid in 12 equal monthly installments without any additional charges.

Labbaik Savings Asaan is alternatively offered to customers who wish to perform Hajj / Umrah later in life (i.e. 6 months to 20 years) under a Mudarabah based deposit account in which the customer gets profit every month on the deposited amount.

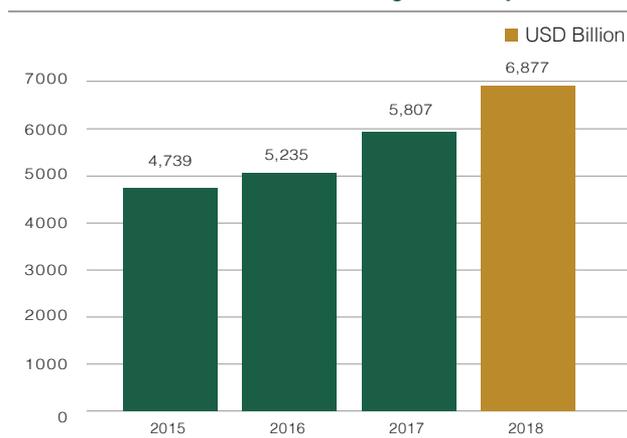


Treasury

Meezan Bank has one of the most well equipped Treasuries in the country, 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 return to depositors.

Being an election year, 2018 was marked by volatile markets, presenting the Bank with opportunities and challenges alike in the Treasury market. The Bank capitalized on these opportunities, achieving both volumetric and earnings growth. The sales desk achieved trade volumes of USD 6.877 Billion approximately, an 18% growth over the previous year. The FX interbank desk not only continued to facilitate the sales desk in managing this surge in volumes, but also managed the exchange rate risk of the Bank profitably, increasing non-funded income by 15.5% over the last year.

Volume of FX Business routed through Treasury



The Bank's ALM desk performed well despite the challenges of effective liquidity deployment which were even greater in 2018, given the fact that there were no Sukuk auctions conducted by the State Bank of Pakistan during the year. Coupled with this, the growing deposit base of the Bank flushed the ALM desk with excess liquidity to the tune of approximately Rs 288 Billion. To manage this, the Bank entered into a three-year Bai Muajjal with the Government of Pakistan, which was the first of its kind, as previous GoP Bai Muajjal transactions had a one-year maturity. Through this Bai Muajjal, the Bank was not only successful in deferring the complete maturity of GoP Ijara 16 of face value approximately Rs 41.2 Billion for three years, but by virtue of being the biggest participant of the auction was also able to set the cutoff rate at 11.47%. In addition to this, the Bank also increased its portfolio of Bai Muajjal on a secured basis to Rs 185 Billion approximately, thereby, incurring minimal capital charge towards interbank exposures reflected on the balance sheet. For broadening liquidity allocation options, the Bank successfully conducted Commodity Murahaba transactions through Pakistan Mercantile Exchange (PMEX) during the pilot testing phase, which is now under consideration by SECP for implementation.

Financial Institutions

In order to provide its services over a wide global network, the Bank has further expanded its financial institutions and correspondent banking network, which now encompasses 83 countries with more than 650 correspondents. This network provides customers with a one-stop solution to their banking needs, including export and import transactions and foreign remittances.

Back to back guarantee business has also expanded with an increased number of international banks, including Danske, DZ Bank, Emirates NBD and KEB Hana approaching Meezan to issue guarantees against their counter guarantees. This reflects on the improved image of Meezan Bank internationally and enhanced level of comfort of correspondent banks working with Meezan. The beneficiaries of these guarantees include government and private entities including SSGC, Pakistan Railways, CMA, Civil Aviation Authority and various others, with applicants belonging to 18 different countries.

Keeping in view the idea of promoting Islamic Financial Solutions, Meezan Bank has enlisted new Takaful Windows of insurance companies so as to provide its customers with full-fledged Shariah-compliant financial services. These Takaful windows are prioritized while assigning insurance limits for the transactions.

Using the Bank's correspondent network to enhance its trade finance business, LCs were opened for new corporate customers for the import of commodities and heavy machinery & equipment, etc. from Europe, Asia and the Middle East. With an aim to provide better services to the customers for their international remittances involving trade and personal remittances, new nostro accounts have been opened with Danske Bank, Bank of Montreal and Standard Chartered for Danish Krone, Canadian Dollar and Australian Dollar respectively. The Bank now currently holds 26 active nostro accounts in 18 different currencies which enable its customers to carry out their banking transactions without facing heavy currency conversion charges.

DID YOU KNOW?

**ISLAMIC BANKS
MAINTAINING DEPOSITS
WITH THE STATE BANK**

It is mandatory for every commercial bank to keep a specified percentage of deposits raised from Current and Saving account holders as reserves with State Bank of Pakistan (SBP). The Cash Reserve Requirement (CRR) of Islamic banks is placed with SBP in a current account on which no return is paid to the bank. Besides CRR, Islamic Banks have to invest 14% of their deposits in Islamic financial securities such as GoP Ijarah Sukuk to fulfill Statutory Liquidity Requirement (SLR). The income earned from these securities is free from any Riba and is therefore fully Shariah-compliant. Furthermore, Islamic banking institutions are not allowed to invest in T-Bills or PIB's to maintain their SLR's.



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 investments solutions to its investors. Apart from asset management, AI Meezan is also licensed to render Investment Advisory Services and manage Voluntary Pension Schemes.

AI Meezan, with a track record of over 23 years of Fund Management operations, reflects strong Islamic asset-management franchise and healthy Assets Under Management (AUM) profile with sizeable retail AUMs, adequate governance & control framework, stable & professional management team and well defined investment process. The Company has also always strived to serve its esteemed clientele with distinction and service excellence, this is evident, in the fact that over these two decades, AI Meezan has managed to amass a healthy investor base of over 91,600 customers, who have entrusted the company with providing them unique investment options and competitive returns.

The company has grown considerably, since inception, and has recorded to its credit multiple achievements. The Company offers a comprehensive product suite of 16 mutual funds and multiple investment plans spanning from basic equity and income funds to commodity funds, dedicated equity fund and aggressive asset allocation funds. The company also manages the largest Voluntary Pension Fund in Pakistan. With Assets Under Management (AUMs) crossing Rs 87.9 Billion mark in December 2018, AI Meezan is the largest Shariah-compliant asset management company of the country. The Company is also increasing its presence and has now 23 branches across Pakistan, with 6 of them introduced this year.

Its AUMs represent around 15% of the total mutual funds industry and 43% of the Shariah-compliant mutual funds industry.

AI Meezan was also granted multiple accolades during the year 2018 as given below:

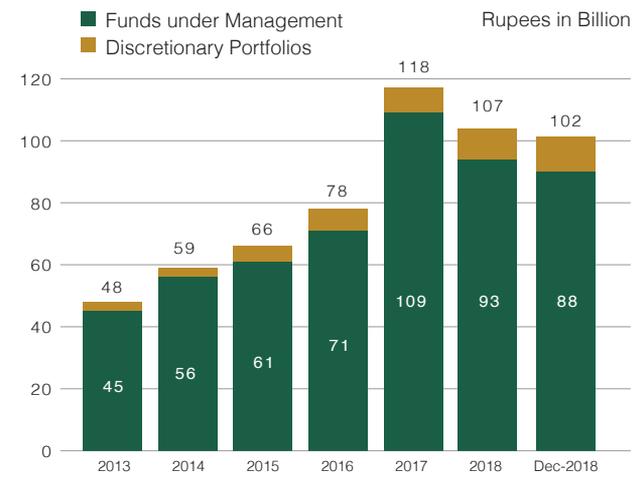
- Best in Shariah Compliant Investment Solutions Corporate Livewire
- The Islamic Asset Manager of the Year, Pakistan The Asset Triple A
- CIO 100 Honoree (2017) CIO 100 Symposium
- Best Investment Management Company-2018- Pakistan World Finance
- Islamic Fund Manager of the Year - Pakistan & Sustained Excellence in Shari'ah Compliant Investments AI Global Media

- Most Outstanding Asset Management Company- Pakistan Corporate Insider
- Best Asset Management Company International Finance Awards

During the year under review, the JCR-VIS Credit Rating Company has maintained Management Quality Rating of AI Meezan AM1, which denotes that the Asset Manager exhibits excellent management characteristics. This is the highest management quality rating assigned to management companies.

The AUMs of AI Meezan have recorded an average annual growth of over 14% during the last five years, as shown below:

Funds Under Management of AI Meezan



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

During the year, AI Meezan successfully launched Meezan Rozana Amdani Fund (MRAF) & Meezan Strategic Allocation Fund II (MSAF-II). Moreover, five additional plans, namely Meezan Capital Preservation Plan – IV to VIII were introduced during the same period which generated considerable investor interest and enthusiasm.



Best Asset Management Company in Pakistan by International Finance Awards

Operations Review

Meezan Bank aims to deliver superior quality products and services that not only meet the expectations of its customers but also exceed them. For this purpose, it is imperative that the Bank has 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 Shariah Advisor and the Shariah Supervisory Board (SSB) as well as with the Bank's Policies and Procedures. Some of the key support units are:

Service Quality

The Bank believes in nurturing a service culture that ensures consistent delivery of its products and services to customers across all banking channels within stringent service standards monitored regularly by a dedicated team.

A Service Board, chaired by the Bank's CEO, comprised of senior level representation from various business and support units, meets regularly to review service quality performance of the Bank and takes measures to ensure that the Bank delivers a superior banking experience for customers.

A dedicated team regularly monitors the performance of branches on service standards defined by the Service Board and evaluates Branch Service Quality. The Bank also uses service evaluation techniques such as Mystery Shopping and conducts Customer Satisfaction Surveys for obtaining feedback from customers for improving its products and services.

The Bank has a dedicated Complaint Management team that handles customer complaints under the Customer Grievances Handling Policy approved by the Board. The Bank's robust complaint handling mechanism allows its customers to log complaints through a number of channels, including a 24/7 Call Centre, website, a dedicated email address for complaints and 'Hearing and Caring' drop boxes placed at branches nationwide.



The poster features the Meezan Bank logo and the tagline 'The Premier Islamic Bank'. It includes the hashtag #Consumer Protection. The main heading is 'Meezan Bank Cares!' followed by the text 'For any complaints, feedback and suggestions you may reach us through the following channels:'. Below this, there are two call-to-action boxes: one for a 24/7 helpline at +92 (21) 111-331-331 & +92 (21) 111-331-332, and another for email at complaints@meezanbank.com. A hand is shown pointing at the email address box.

Information Technology

Meezan Bank synergizes digital, ADC and Data Analytics to drive innovation and automation through state-of-the-art technological solutions. Technology enables reliable, anytime, anywhere and customer-centric banking services while continuously evolving delivery channels and touch points to intermediate a diverse and sophisticated customer base.

Technology is business, integrating with front office and operations alike, contributing to growth, brand image and customer satisfaction. Meezan Bank provides security, efficiency and convenience, at times opposing goals, while providing superior banking experience to customers as they access the Bank's products and services digitally and conventionally.

Major technology-related initiatives of the Bank in 2018 were:

Business Process Automation via T24 and External Applications Integration

Keeping true to the path of digitization, Meezan Bank is focused on delivering improved transaction turnarounds through automation and modular enhancement of processes.

The Bank upgraded its T24 Core Banking System to R16, permeating the ability and ease of process enhancements throughout the Bank. This initiative will provide digitized processes to customers and automate solutions.

The Bank's external applications connectivity platform has also been extended, enabling fintech solutions to be on-boarded quickly and conveniently.

Launch of New Internet Banking

The Bank has launched its new Internet Banking facility, providing a seamless digital experience of frequent activities on a single screen, adding user-friendliness, convenience and security; and increasing the range of online services for account holders.



DR Switching

The Bank has acquired a new solution to automate DR Network Switching, providing seamless switching without any manual intervention, reducing manual errors while increasing uptime and service availability.

State-of-the-Art Network Security

The Bank has upgraded its firewall to more effectively filter Internet-based application traffic, providing malicious bot protection, application-layer encryption, and behavior

analytics to help defend against advanced level application attacks.

This initiative has reduced application attacks and network threats, and also complies with international security standards as well as provides increased network controls.

Data Analytics

A major Bank initiative for 2019 is to utilize Data Analytics (DA) in supporting, facilitating and growing business units. This will play a vital role as an incremental business profitability contributor and yield a faster turnaround in achieving corporate goals.

DA will facilitate segments by taking advantage of data to determine the products and services that will provide the quickest time to market with the highest plausibility of success.

The core objectives of Big Data Analytics enterprise integration platform is to achieve cost efficiencies, optimize revenues, enhance cost and return ratios, and digitally enable the Bank, providing the best class customer service, in addition to day-to-day BI, Reports and Dashboards to Business and Operations.

The key focus of all these initiatives is to provide a world-class banking experience to our customers.

Product Development

The Bank has a dedicated Product Development Unit that works as an autonomous unit under the Customer Support Group. The Bank does extensive research on new and upcoming products having prime focus on Retail, Consumer and Branchless Banking products and services.

Major functions of the Product Development Unit comprise:

- Coordination and collaboration with business support functions including IT, Operations & Compliance to competently manage product improvement and execution.
- Coordination with SBP IBD for Retail Banking products.
- Overall management of the Bank's deposit pools.
- Research on new Product Development, Consumer, Retail and Branchless Banking products.
- Staff training related to Retail, Consumer and Branchless Banking products.

Shariah Compliance

Shariah compliance is a way of life at Meezan Bank and the Bank has a zero-tolerance policy in this regard. Various checks and balances ensure that all the products, services, processes, policies and procedures of the Bank are fully Shariah-compliant. To continually meet this objective, a dedicated department was established in 2005 to provide a centralized hub for research and product development activities, finding practical and Shariah-compliant solutions for different financial needs, conducting Islamic banking trainings and Shariah compliance exercises.

The Bank works under the guidance and direct supervision of its Shariah Supervisory Board (SSB) for the following functions:

- 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 programs of Islamic banking, both in-house and at external avenues including educational institutes and training companies.

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 accepted as benchmarks of the Islamic banking industry, both locally and internationally.

Shariah Structuring and Review

The Bank has a dedicated Shariah structuring team that works with Product Development Unit, clients, Shariah scholars, lawyers, law firms and accountants to advise client-specific structures to enable clients to obtain Shariah-compliant financing facilities. More than 4,500 such cases were processed during 2018. The Bank's staff also visited over 150 clients to gain hands-on understanding of their business processes to structure Shariah-compliant financing solutions that suit their needs.

The Bank has successfully issued the first ever Shariah-compliant Tier-1 Sukuk in Pakistan. The structure has now become the standard for issuance of such type of Sukuk in Pakistan, which is followed by other banks who have issued Tier-1 Sukuk in the country.

During the year, SBP launched Islamic Long-term Financing Facility scheme (ILTFF) to enable exporters of the country to avail Shariah-compliant discounted financing. In line with SBP's guidelines, the Bank developed financing schemes for customers under ILTFF and also provided guidelines for pool management mechanism of the product.

The Bank has been financing commercial vehicles through Ijarah mode for long. The Bank has now developed a Diminishing Musharakah-based vehicle financing product for those customers who could not avail Ijarah-based facility because of their specific balance sheet requirements.

The Bank developed a Shariah-compliant structure for financing of purchase of shares of a listed company for a corporate customer. The deal was developed on Shares Murabaha structure under guidance of the Bank's Shariah Supervisory Board.

The Bank also introduced Farmers Financing through Salam mode. Under this program, farmers were provided financing for procuring agricultural input and other services related to crops under the Salam mode.

During the year, the Bank structured and approved a Shariah-compliant solution for one of the largest Micro Finance Institutions (MFI) of the country for funding small borrowers on a Shariah-compliant basis. The Bank reviewed and suggested improvements in the processes, systems, accounting and documents of the MFI. The Bank also designed a Musharakah product under which the Bank will give financing to the MFI, after which the MFI will further give micro financing to the small borrowers.



In this digital age where e-commerce is revolutionizing the world of commerce, the Bank's Shariah Supervisory Board has provided guidelines for extending financing for durable goods to its customers through a digital platform. Keeping in view the significant demand of personal financing products, the Bank's Shariah Supervisory Board has also provided guidelines for meeting certain personal financing needs of individuals through a Shariah-compliant structure.

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 Rs 158.86 Billion, which is 30% of the Bank's total financing portfolio.

The Bank worked on eight syndicated / structured transactions involving hybrids of various structures such as Ijarah, Diminishing Musharakah, etc. Some of the major transactions are as follows:

- The Bank has structured and developed a customized Diminishing Musharakah-based syndicated financing solution for setting up of a coal-based power plant by Lucky Electric Power Company Limited. The deal was first of its kind and value of its Islamic element was Rs 12.5 Billion.
- In order to support CPEC projects, the Bank provided short-term working capital syndicated Running Musharakah-based solution to China Power Hub Generation Company Pvt Limited of up to Rs 4.8 Billion.
- Diminishing Musharakah-based financial solution of Rs 10.5 Billion was offered through a syndicate to K-Electric for financing both running & upcoming projects and to bridge the working capital requirements of the company.
- The Bank structured a Rs 3 Billion Sukuk transaction for Javedan Corporation Limited as a part of its initiative to develop the housing and infrastructure sector.

- The Bank structured a Rs 5.66 Billion financing facility for Hyundai Nishat Motor Private Limited, a new auto-manufacturer which is in the process of establishing an assembling plant in the country.
- Rs 5 Billion Diminishing Musharakah-based Sukuk was structured for Agha Steel Industries Limited.
- Diminishing Musharakah-based financial solution of Rs 1.3 Billion was structured for Martin Dow Marker Limited.

Contributions towards the Islamic Banking Industry of Pakistan

- The Bank partnered with IBA – Centre for Excellence in Islamic Finance and Centre of Islamic Economics (CIE) in conducting awareness programs for religious scholars, parliamentarians, bureaucrats and government officials. More than 300 such participants attended the program in February, 2018 in Islamabad. The direct result of this program was the Senate Resolution, unanimously passed in the Senate, resolving that at least 30% of the Government debt should be replaced with Shariah-compliant modes.
- The Bank has led a consortium of Islamic Banks for the structuring of Rs 200 Billion Energy Sukuk for Ministry of Energy/ Power Holding Private Limited for settling part of the energy sector circular debt.
- The Bank was also involved in devising a Shariah-compliant solution for the Deposit Protection Scheme (DPC) launched by the State Bank of Pakistan.
- The Bank has been actively supporting the State Bank of Pakistan for various matters related to the Islamic banking industry, such as improvement of Shariah Governance Framework, solutions for Energy Finance Scheme, issuance of new Sukuk, etc.

Internal Training

- Meezan Bank has put into place a rigorous training regime for its staff, in order to enhance their knowledge and skills about Islamic finance. 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, 105 training sessions comprising 840 man hours were organized for the staff members across the country, catering to more than 5,000 employees of the Bank. This number includes orientation sessions for new joiners, refresher programs like Asset Refresher, Deposit Refresher, Trade Finance & Treasury Operations and certification programs in Islamic Financial Products.



- The Bank also invited a number of professionals and academicians to share their knowledge on various practical and academic issues with the Bank's middle and senior level staff.

External Training (Customer & Public Awareness Initiatives)

- Meezan Bank's efforts towards realizing its Vision have led to numerous projects and partnerships focused on creating awareness about Islamic banking among different segments of the society. The Bank arranged 65 seminars on Islamic Banking in 38 cities of Pakistan which were attended by more than 6,500 participants.



- The Bank acted as the Strategic Partner of IBA – Centre of Excellence in Islamic Finance (IBA-CEIF) in organizing the 2nd World Islamic Finance Forum (2018). The forum was attended by around 500 local and international delegates.
- The Bank's staff members conducted various training programs at IBA-CEIF, National Institute of Banking & Finance (NIBAF) and Institute of Bankers Pakistan (IBP). Meezan Bank's staff teach Islamic banking courses and conduct seminars at a number of reputable universities across the country.
- In the scholastic field, Meezan Bank also provided support to Journal of Islamic Banking and Finance through contribution of academic and scholarly articles/ research papers.

The Bank continued to play a key role in supporting IBA-CEIF towards the common aim of capacity building for the industry and spreading awareness about Islamic Banking. In this regard, various sessions for banking practitioners, Shariah scholars, judges and academicians were conducted at IBA-CEIF with the support of Meezan Bank.

During the year, students from IBA-Karachi and Bahria University visited Meezan Bank's Head Office. They were given presentation on practical issues in Islamic Banking along with a tour of the Head Office.

Two international scholars visited Meezan Bank's Head Office to give their views on different aspects of Islamic Banking.

Meezan Bank is also a strategic partner for Lahore University of Management Sciences (LUMS) and Institute of Management Sciences, Peshawar through supporting Islamic Banking related activities and sessions organized by these institutes.

Shariah Audit & Islamic Financial Advisory

Shariah Audit

Meezan Bank has a dedicated and independent Shariah Audit function in place to ensure that all its operations are carried out according to the Shariah rules and principles as prescribed by the Shariah Supervisory Board, Resident Shariah Board Member (RSBM) and State Bank of Pakistan, as well as to ensure that a robust Shariah control system is in place and working effectively to mitigate Shariah non-compliance risks associated with the Bank's operations. The department is equipped with a large team of Shariah Auditors and Advisers certified by AAOIFI. The Bank has been recognized as 'Shariah Auditor of the Year' & received 'Shariah Authenticity Award' by Global Islamic Finance Awards (GIFA) in 2018.



To test the efficiency of Shariah controls, the Shariah Audit function mainly focuses on the following areas:

- Evaluation and assessment of Shariah control systems that are in place.
- Eradication of non-Shariah-compliant income, if any, and evaluation of Shariah-compliant returns.
- Support Bank's staff in learning, developing and refining Shariah skills as a tool to mitigate Shariah non-compliance risk.
- Conducting on-site sessions with staff members to enhance their Islamic banking knowledge; training sessions on 'How to improve Shariah Audit Rating' are also conducted as a hand-holding activity at every Region of the Bank.
- Evaluation of Treasury operations on an ongoing basis to assist Treasury in ensuring Shariah compliance in their day-to-day operations
- Conduct quarterly audits of pool management, profit calculation and distribution process in order to ensure Shariah-compliance in the profit calculation & distribution process.
- Continuous improvement through necessary changes in manual, risk based evaluation methodologies, audit programs and checklists to cope with dynamic and vibrant Islamic banking environment, products and structures.
- Placement of an effective Quality Assurance and review function for enhancing due diligence in the audit processes and procedures.

Islamic Financial Advisory

Meezan Bank regularly facilitates banking as well as 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.

The Bank has successfully facilitated the country's first electronic Commodity Murabaha transaction through Pakistan Mercantile Exchange (PMEX), Meezan Bank served as the only Shariah Technical Services Provider for the development of this Shariah-compliant trading platform at PMEX.

The Bank also continues to extend its services to Bahrain Institute of Banking and Finance (BIBF) through sharing its expertise, knowledge and experience by preparing content for their upcoming AAOIFI courses. For this purpose, the Bank prepared presentations simplifying the clauses, short case study / practical examples and self-assessment exercises for all AAOIFI Shariah and Accounting Standards.

The Bank also conducted sessions on Islamic finance at various prestigious institutions in Turkey including Borsa Istanbul, Central Bank of Turkey and Istanbul Sabahattin Zaim University in an effort to demystify Islamic banking and finance and to explore the way forward for the benefit of Islamic Financial Industry.

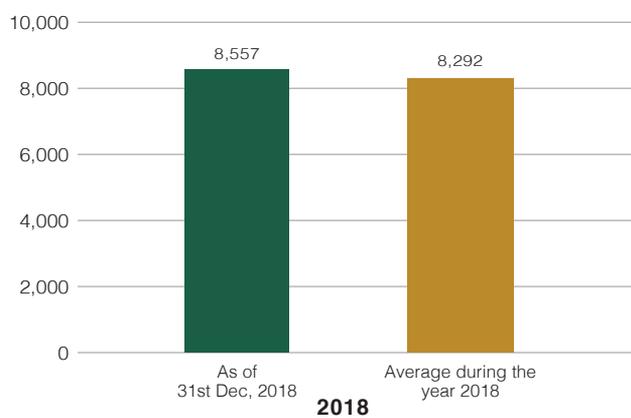
In the area of Capital Markets, the Bank facilitated its clients in launching several investment funds and plans across the year, bringing total funds and plans under advisory to more than 60 with a total size of over Rs. 120 Billion. The Bank continues to provide regular support to Pakistan Stock Exchange (PSX) in maintenance and re-composition of the two Islamic indices.

The Bank continues to offers distance learning programs on Islamic Finance to over 300 professionals and students through an internally established unit 'International Institute of Islamic Bankers' (IIIB), which is Pakistan's first distance learning institute accredited by Finance Accreditation Agency (FAA), Malaysia.

Human Resources

Meezan Bank believes in building a dynamic and professionally competent workforce that is fully capable of providing a world-class banking experience to its customers. The Bank's branch network of 660 branches in more than 180 cities is supported by a workforce of over 8,557 full-time employees and 1,474 outsourced staff.

Employees in 2018



The Bank gives special attention to the well-being of its most important asset - its employees, and considers them the key to its success.

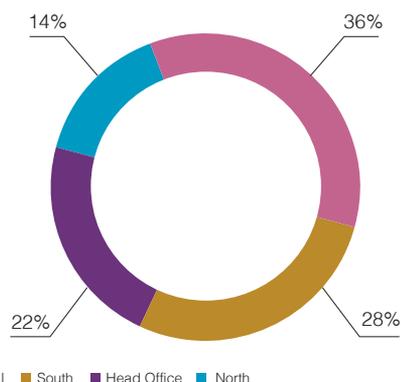
The Bank has worked towards becoming the 'Employer of Choice' by attracting, developing, retaining and caring for best quality resources and continually striving to build a dynamic and professionally competent workforce.

In 2018, the Bank inducted 1,817 staff members, out of which 223 were inducted through batch hiring. Out of total three batches that the Bank inducted in 2018, one was of Personal Banking Officers and the other two were of Branch Services Officers. Extensive training was offered to the newly hired officers. The batch hiring initiative enables the Bank to develop a regular talent pipeline for its ever expanding branch network. It also enables the Bank to contribute to the society by providing employment opportunity to the qualified, competent but otherwise professionally inexperienced youth and developing them into professional bankers.

The active recruitment exercises helped in growing the Bank's Headcount by 5.6% in 2018.

Staff Headcount		
	2017	2018
Central	2,833	3,078
North	1,195	1,196
South	2,295	2,392
Head Office	1,783	1,891

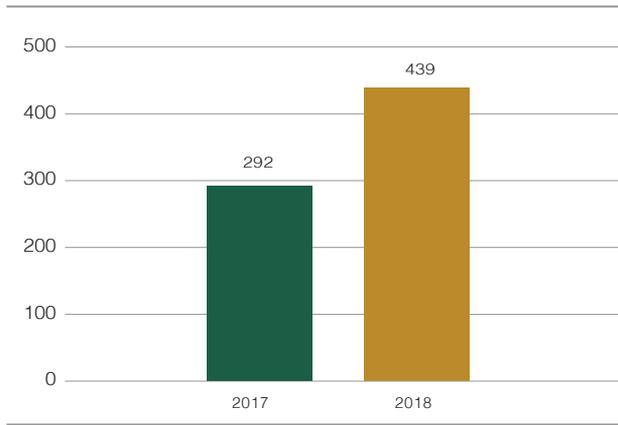
Staff Headcount



The Bank believes in providing career development and diversification opportunities to its staff members such that they may find growth and progress within the organization. One manifestation of this belief is that the Bank gives its staff members a fair and equal opportunity to apply for vacancies created within the organization, through Internal Job Post (IJP).

During 2018, 75 jobs were filled through internally sourced talent, while 439 elevations were made across the Bank at different levels (as compared to 292 elevations in 2017). This approach creates a culture of merit-based career growth within the Bank and is also a strong enabler in talent retention.

Elevations



Meezan Bank has always been cognizant of the importance of caring for its employees and their families. The Bank established an Employee Benevolent Fund Trust (EBFT) in 2012 for providing financial assistance to employees for welfare, education and marriage needs. Establishment of EBFT shows Meezan Bank's keenness in achieving excellence in all its affairs. Such an initiative is rarely seen in the banking industry and highlights the Bank's sincerity towards being an employee-friendly organization.

A testimony to the Bank's commitment to following best practices in its HR affairs are the HR awards which the Bank has won. The Bank was rewarded with 'Recognition Award in Employment Practices' in the category of Large National Organizations by The Employers Federation of Pakistan – Pakistan's largest forum for employers.

Learning and Development

Meezan Bank's Learning and Development philosophy consists of providing a variety of learning opportunities to its staff through in-house, external and international training programs. The Bank has three dedicated learning centers located in Karachi, Lahore and Islamabad and additional training facilities in Faisalabad, Gujranwala, Multan and Peshawar, where learning programs are conducted throughout the year under an organized learning calendar. In addition to class-room-style training, the Bank provides a multitude of learning opportunities to its staff members through different channels, comprising of Video conferencing, Learning Management System, Town Halls, Knowledge Sharing Sessions and Mock Branches.

The Bank conducted a total of 368 in-house learning programs attended by 10,102 (5,433 unique) participants, encompassing 656 learning days. In-house trainings comprise of Induction, On-boarding, Islamic Banking, Technical, Role-specific, Leadership and Soft Skills programs.

Induction training is mandatory for all new joiners. There are two types of Induction training programs: Orientation Program and Batch Training. The primary purpose of these programs is to get the new joiners familiarized with the Bank's Vision, Mission, Culture, Values, History, and Key Policies / Procedures, etc. Islamic Banking trainings are a major element of the Bank's learning regime. A total of 42 different Islamic Banking training programs were held across the Bank. These programs included five days advanced Islamic Finance course, Islamic Banker's Certification, Improving

Shariah Audit Rating, Asset Refresher programs, Deposit and Consumer Refresher and five days Islamic Banking Orientation.

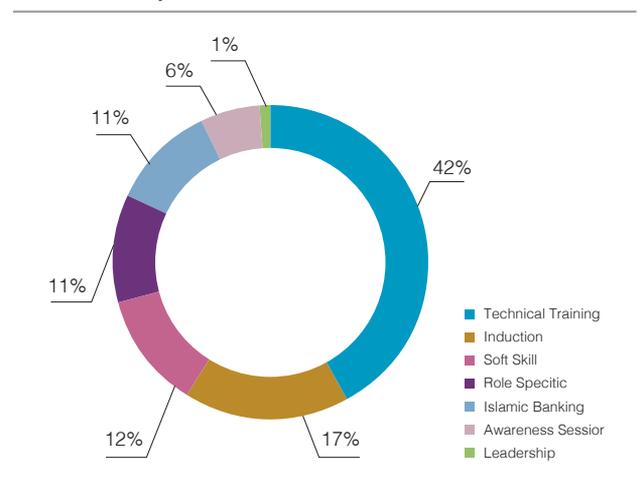
A number of programs were conducted during the year to strengthen the skillset of staff in customer-facing roles. These mainly included Customer Service Skills, AML / CFT, Sales and Product Certification, Wealth Management, Premium Banking, Account Opening, Branch Operations Refresher and also Islamic Banking.



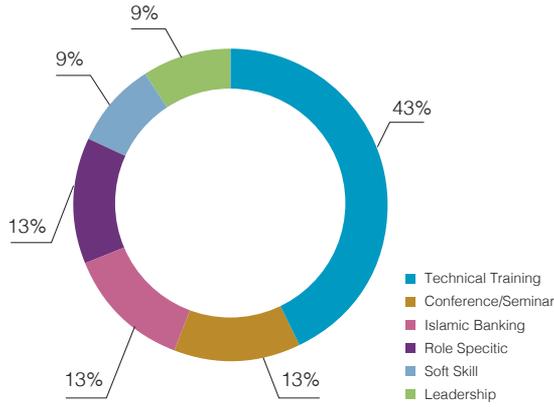
In addition to the above, the Bank also offered external learning opportunities to its staff. During the year, 123 external trainings and certifications were provided, benefitting 480 (374 unique) members of staff. Some of the key external trainings and certifications included Building High Performance Teams, Risk Adjusted Balance Scorecard, Developing Future Leaders, Master Class in Private Equity, Advanced Certificate in AAOIFI Shariah Standards (ACSS), Management Development Program and OMEGA CSA.

Leveraging on technology, this year the Bank launched seven E-Learning modules on its Learning Management System (LMS). These included programs on AML / CFT, Fair Treatment of Customers, Shariah Knowledge Booklet, Prevention of Fraud and Forgery, Meezan Labbaik and Video Training on Information Security.

In-House Subject-wise Staff Trained



External Subject-wise Staff Trained



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 Meezan Bank's internal policies, procedures and standard operating procedures (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.

The Bank has focused on continuous improvement of policies, procedures and turnaround time (TAT), thus enhancing operational efficiency and improving effective utilization of resources. The emphasis has been on leveraging latest technologies to improve operating efficiency and staff productivity. The Bank is committed to making substantial investments to achieve this objective.

تیز رفتار اور محفوظ ترین،
ہوم ریجیمینٹس کے لئے بہترین

میزان
موبائل والٹ



یہ سہولت بہت جلد دستیاب ہوگی

“

My colleagues in the
Shariah Supervisory Board and
I are extremely pleased that
Alhamdulillah Meezan Bank
has been recognized with the
‘Best Bank’ award-the best not
only among Islamic banks
but all over Pakistan.

Alhamdulillah, this is a big achievement
for Meezan Bank and we are very
happy to know about this.

Justice (Retd.) Mufti Muhammad Taqi Usmani



الحمد للہ یہ جو اللہ تعالیٰ نے ایک بہت بڑا مقام عطا فرمایا ہے میزان بینک کو،
یہ صرف میزان بینک ہی کے لیے نہیں، میزان بینک کی ٹیم ہی کے لیے نہیں،
بلکہ پورے پاکستان کے لیے ایک فخر ہے بلکہ اگر میں یہ کہوں تو شاید بے جا نہیں ہوگا کہ
یہ پورے عالم اسلام کے لیے ایک فخر ہے کہ کسی اسلامی بینک کو
اس ملک کے سب سے بہترین ایوارڈ کا مستحق قرار دیا گیا ہو۔

جسٹس (ریٹائرڈ) مفتی محمد تقی عثمانی



”

Marketing & Corporate Communication

During 2018, the Bank launched several initiatives aimed at re-enforcing its Vision of establishing 'Islamic banking as banking of first choice...', enhancing brand image and increasing visibility to existing and potential customers.

Major Initiatives to Support & Promote Islamic Banking

The marketing campaigns listed below utilized Press, Radio and Social & Digital Media. This year, Meezan Bank increased its emphasis on Digital & Social Media marketing to reach customers using digital videos, posts and messages to reinforce its message.

The major activities conducted during the year included:

- Best Bank in Pakistan campaign
- Independence Day campaign to highlight the importance of getting rid of interest in Pakistan's banking system
- Mobile Wallet campaign
- Government Hajj Application collection campaign
- Vouch365 discount campaign
- To support the Islamic pages of major newspapers, Meezan Bank placed a weekly masthead ad on these pages. A number of corporate and product related ads for Debit Cards, Current Account, Consumer Financing, etc. were also placed.



Events & Sponsorships

The Bank sponsored and participated in more than 30 public events nationwide that provided excellent marketing mileage and increased brand visibility among the general public. Apart from this, the Bank organized more than 30 Area-wise Islamic banking seminars nationwide to increase awareness and answer questions about Islamic banking.



Ramadan Cards

The Bank continued to distribute Ramadan cards to highlight the importance of this holy month.



The Bank also conducted the following activities exclusively on Digital & Social Media:

- Ramadan campaign based on balance of life
- Blessed Friday Shopping campaign
- Over 20 product-focused campaigns on social media for Home Remittance, Kafalah, Consumer Ease, Meezan Express Account, Bike Ijarah, Car Ijarah, Easy Home etc.
- International Day of Disabled Persons campaign
- Educational video on the difference between Islamic and Conventional Banking
- Educational video on the difference between Islamic and conventional car financing
- Live coverage of World Islamic Finance Forum (WIFF)
- Consumer Financial Protection Framework campaign

MEEZAN BANK'S SOCIAL MEDIA FOOTPRINT

LinkedIn

FOLLOWERS
More than
74,800

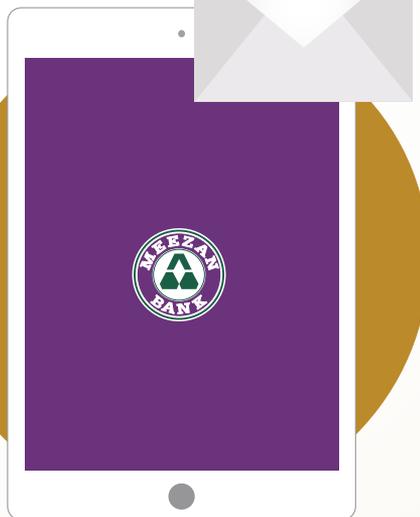
GROWTH
90%
since 2017
The highest number of followers amongst all banks in Pakistan

facebook

LIKES
Over
1.86m

Largest fan base in Pakistan's banking industry

18th
in World's Top 100 Banks on Facebook by The Financial Brand



twitter

FOLLOWERS
More than
4,900

GROWTH
40%
since 2017

YouTube

SUBSCRIBERS
More than
6,500

GROWTH
194%
since 2017
First dedicated Islamic Banking Channel in the country



Instagram

FOLLOWERS
More than
18,900

GROWTH
78%
since 2017
The highest number of followers amongst all banks in Pakistan

Corporate Social Responsibility

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 part of the community at large and that there is a strong need to contribute to the society. Throughout 2018, the Bank partnered with various organizations to design and implement initiatives, primarily in the healthcare and education sectors, to benefit the society.

Some of our most recent and most ambitious projects are mentioned below:

Education

Employee Volunteering for TCF Rahbar – Youth Mentoring Programme



The Citizens Foundation (TCF) is one of Pakistan's leading non-profit organizations in the field of education for the less privileged. The Rahbar Programme forms part of the many volunteering initiatives of the organization, and is designed specifically for eighth and ninth grade students of TCF with an aim to mentor the youth to become responsible and productive members of the society.



Meezan Bank supported this mentoring program, which is driven by 'Thought to Destiny' theme, whereby Bank employees voluntarily mentored TCF students by dedicating six Saturdays for Rahbar in 2018.

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

Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA) and IM Sciences (Peshawar) are among Pakistan's leading private sector educational 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 by supporting their newly established Centres for Excellence in Islamic Finance. With an altruistic motivation to support the cause of Shariah-compliant banking services and increasing the awareness of Islamic finance, Meezan Bank worked closely with these institutes to facilitate development and launch of training programs on Islamic banking and finance and co-author case studies and research papers. Meezan Bank's employees also participated as guest speakers in several executive programs at these educational institutions. This contribution plays an instrumental role in the promotion of ethical practices across the country, as the Bank aims to equip students and executives with adequate Islamic knowledge as well as professional skills. These partnerships have proven to be a great success and during 2018, around 900 students were trained at IBA Centre for Excellence in Islamic Finance. The institute also held a number of Islamic banking awareness sessions for

scholars, government officials and parliamentarians in collaboration with Centre for Islamic Economics (CIE), Meezan Bank and Takaful Pakistan.



Idara Al-Khair Welfare Society

Idara Al-Khair Welfare Society is a non-profit private organization which has been working for the cause of education for the last 30 years. During 2018, Meezan Bank signed an agreement with Idara Al-Khair to support the school - Campus VI Yaroo Goth, Karachi, that is currently providing free education to 400 children. The Bank has provided financial assistance to the Campus, playing a key role in spreading education in hard-to-reach and under-privileged areas that are currently not fully covered by the country's education system. The initiative forms part of the Bank's Corporate Social Responsibility efforts aimed at supporting education equality for all.



Healthcare

The Indus Hospital



Since its inception in 2005, The Indus Hospital (TIH) has been running an unparalleled and unique healthcare business model, whereby it provides premium healthcare at no cost at all to low income populations. The Bank, in addition to hosting collection boxes at all branches has taken the following initiatives as part of its CSR activities:

Blood Donation Drive

Since 2014, the Bank is supporting TIH through successful voluntary Blood Donation Drives at its Head Office located in Karachi. This year, the Bank held a blood donation drive with the objective of encouraging people to donate blood. Staff members from Head Office and branches participated in this activity with great enthusiasm. In addition to proper screening for blood donation, the staff members were also screened for various diseases including Hepatitis and other infectious diseases for free.

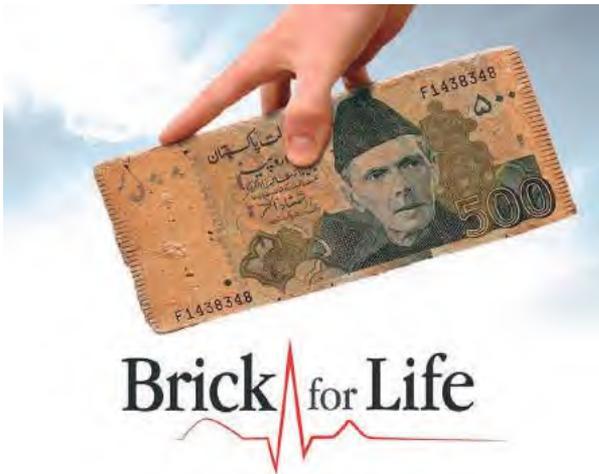
TIH Golf Fundraiser

Meezan Bank, with its aim to support quality healthcare for all segments of the society, supported The Indus Hospital in its Golf Fundraiser, held at Karachi Golf Club. The event engaged more than 100 golfers and top CEOs of several organizations. TIH Karachi is expanding from

150 beds to 1,800 beds to help continue providing free quality healthcare to all. This fundraiser not only helped create awareness about the philanthropic activities of TIH, Karachi, but also helped collect voluntary financial support to expand the number of beds in the hospital.

TIH Brick for Life

The steady increase in patient numbers at The Indus Hospital in Karachi has highlighted the urgent need to expand the facility to be able to serve more people with free of charge and quality healthcare. With an aim to support this expansion, Meezan Bank and its employees contributed to the TIH 'Brick for Life' initiative by donating bricks worth Rs 500 each. The event was held at the Bank's Head Office, Karachi, inviting participation from the entire Meezan Family.



Layton Rahmatulla Benevolent Trust (LRBT) Golf Tournament 2018



Layton Rahmatullah Benevolent Trust (LRBT) is Pakistan's largest non-governmental organisation working to fight blindness in the country. Established in 1984, it is based in Karachi with hospitals and primary eye care centres throughout the country. Meezan Bank participated in the LRBT Golf Tournament 2018, held at the Karachi Golf Club. This was the second charity golf tournament held by the organisation to raise funds for the treatment of Cataract, Glaucoma, retinal and corneal diseases among underprivileged children and adults who cannot afford the treatment.

Shaukat Khanum Memorial Cancer Hospital (SKMCH)



Shaukat Khanum Memorial Cancer Hospital (SKMCH) and Research Centre has established itself as a centre of excellence providing comprehensive care, free of cost, to thousands of cancer patients in Pakistan.

Meezan Bank first joined hands with the SKMCH in 2010, when an MOU was signed, as per which the Bank has placed collection boxes in all Meezan Bank branches in Sindh and Balochistan. Under this agreement, the collected amount is directly deposited to the hospital's main collection account through Meezan Bank's free online banking service. This 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.

Sindh Institute of Urology Transplant (SIUT)



Sindh Institute of Urology Transplant (SIUT) is 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 poor urban strata with virtually no access to medical facilities. SIUT's extensive facilities, which house state-of-the-art equipment, enable it to provide free treatment to Pakistanis.

Meezan Bank contributed to SIUT by raising awareness amongst its customer population through information leaflets and banners strategically placed within its branches.

Behbud Association Karachi



Behbud Association Karachi is a registered non-profit organization, working for over 50 years, focusing on poverty alleviation and empowerment of underprivileged and marginalized communities through interventions in education, health, vocational training, income generation and disaster relief. Meezan Bank sponsored Behbud Association Karachi in holding the Behbud Spring Fiesta, Karachi. The event aimed to raise funds for Behbud's development projects and charitable activities, encompassing education, health and vocational training for the empowerment of women.

AKU Charity Golf Tournament for Paediatric Congenital Heart Programme



One in every 100 infants born in Pakistan each year has a cardiovascular disease, resulting in the death of many babies without any diagnosis. In an effort to raise awareness regarding this issue and its adequate diagnostic and treatment, Meezan Bank participated in the AKU Charity Golf Tournament for Paediatric Congenital Heart Programme – an event organized at Karachi Golf Club to fund additional 100 life-saving paediatric cardiac procedures.

Tree Plantation Drive

During 2018, Meezan Bank formally launched its green initiative, a tree plantation campaign in an attempt to counter the twin threats of climate change and pollution facing the country. The tree plantation campaign forms part of the Bank's Corporate Social Responsibility programme under which over 5,000 trees were planted across the country.



Donation for Diamer-Bhasha and Mohmand Dams

Meezan Bank continues to collect donations and contributions for the Diamer-Bhasha and Mohmand Dams through its nationwide network of 660 branches as well as ATMs, internet banking and mobile banking channels, in accordance with the directives of State Bank of Pakistan. In addition to a one-day voluntarily salary contribution from its employees, the Bank also made an equivalent donation to the Diamer-Bhasha and Mohmand Dams Fund, reaffirming its commitment to Corporate Social Responsibility and pitching in for this national cause.



Charity Funds Management through Ihsan Trust

Meezan Bank has a social purpose culture that focuses on applying its principles and values in areas where they create a positive impact on people and communities. The Bank has adopted stringent Shariah Compliance and Shariah Audit standards that allow it to screen all income and in case of any non-compliance, to transfer the same to a charity account. During 2018, the Bank supported a number of NGOs and philanthropic organizations including Omair Sana Welfare Foundation, The Indus Hospital, Alamgir Welfare Trust, Afzaal Memorial Thalassemia Foundation, Bait-Us-Salam Welfare Trust, The Citizens Foundation, Patients Behbud Society, AKUH as well as Diya Pakistan.

As an extension of the same initiative, Ihsan Trust was launched as the operator of Ihsan Trust Fund which is a 'Waqf' made through a separate Waqf deed. Meezan Bank is the biggest supporter of Ihsan Trust, supporting the organization through its human resource and other utility-related expenses. Ihsan Trust is the largest interest-free loan provider for higher education in Pakistan that reaches out to the under-privileged sector of the society to help such individuals escape the cycle of poverty that they are stuck in. The Trust provides Qarz-e-Hasna (Interest-free loan) facility to students who want to pursue higher education. More than 2,200 students from 125 universities, educational institutions and professional bodies across Pakistan have benefited from this facility since its inception, including Institute of Business Administration (IBA), Ghulam Ishaq Khan Institute of Engineering Sciences and Technology (GIKI), COMSATS University Islamabad, FAST National University, National University of Sciences and Technology (NUST), DOW University of Health Sciences (DUHS) etc.

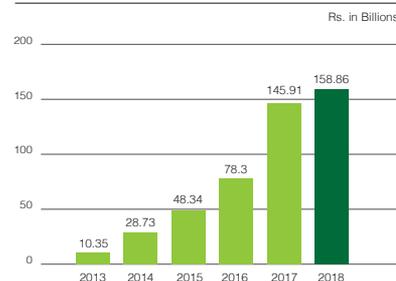
DID YOU KNOW!

MEEZAN BANK IS THE FIRST ISLAMIC BANK IN PAKISTAN TO INTRODUCE SHIRKAT-UL-AQD BASED FINANCING PRODUCT: RUNNING MUSHARAKAH

Meezan Bank is the first Islamic bank in Pakistan to introduce a Shirkat-ul-Aqd based financing product named Running Musharakah. This is a 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. During the year 2018, the Bank partnered with more than 170 companies ranging from manufacturing to the service sector, on the basis of profit and loss sharing.

Running Musharakah was launched at Meezan Bank in 2011 with a portfolio of Rs 0.75 Billion, and with the continued efforts of the Bank, it now stands at Rs 158.86 Billion. The Bank ranks among the top banks globally in terms of percentage of financing through Shirkat-ul-Aqd based mode.

Running Musharakah Portfolio Over Time



REGULATION OF ISLAMIC BANKING INDUSTRY BY THE STATE BANK OF PAKISTAN

State Bank of Pakistan regulates the Islamic Banking industry through a separate Islamic Banking Department, which regulates the industry through its own policies, regulations and guidelines in order to ensure Shariah-compliance in Islamic Banks.

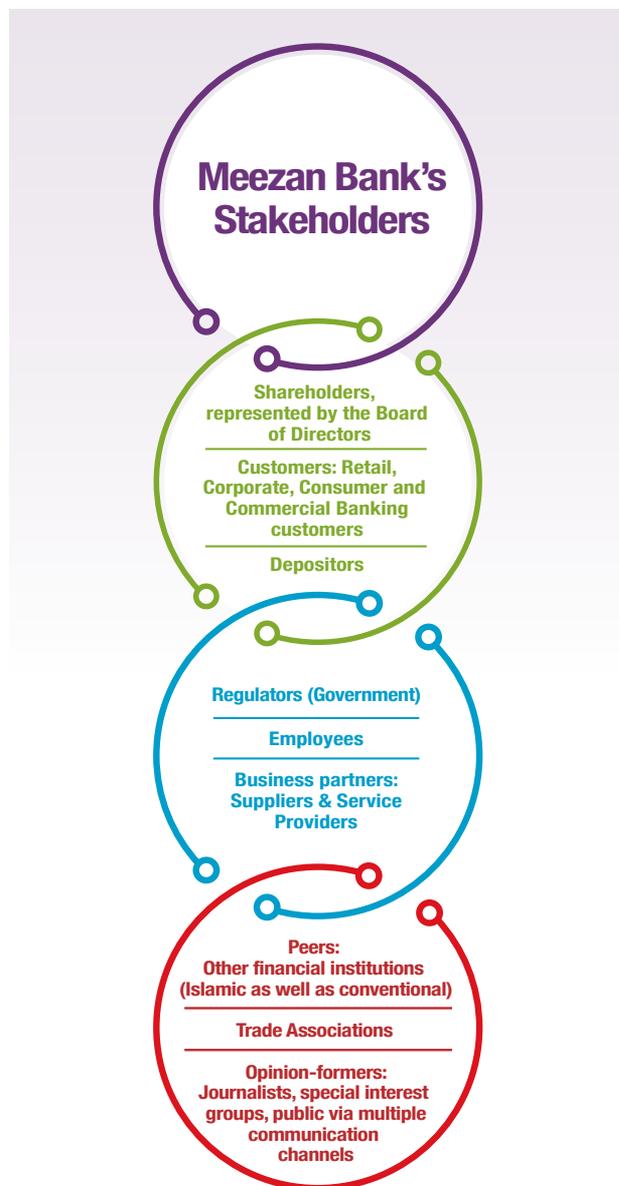
Islamic Banking Department of the State Bank of Pakistan works under its Shariah Advisory Committee comprising of renowned and reputed Shariah Scholars including Mufti Irshad Ahmad Aijaz, Dr. Noor Ahmed Shahtaz and Ayatullah Shabbir Hasan Lakhani (Maisami). Some of the key regulations under which Islamic Banking industry operates are:

- Shariah Governance Framework for Islamic Banking Institutions – 2018
- Instructions for Profit & Loss Distribution and Pool Management for Islamic Banking Institutions – 2012
- Guidelines on Islamic Financing for Agriculture – 2008
- Risk Management Guidelines for Islamic Banking Institutions – 2008
- Guidelines for Islamic Microfinance Business by Financial Institutions – 2007
- Six AAOIFI standards adopted by State Bank of Pakistan. AAOIFI is the premier standard setting organization for Islamic Financial Institutions globally

Sustainability Report

As Pakistan's leading Islamic Bank, Meezan Bank believes in playing a prominent role in contributing to the United Nations Sustainable Development Goals (SDGs). With a key focus on responsible growth as well as its environmental, social and governance impact, the Bank aims to develop and implement sustainable business practices that fully meet the expectations that the society has from responsible corporate citizens. 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. The Bank's commitment to its stakeholders is central to its sustainability strategy and reflects the values that allow it to create shared success with its clients, communities and other stakeholders.

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 Directors 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 a series of free Islamic banking education initiatives that are conducted across the country on a regular basis in order to enhance awareness and dispel common confusions about Islamic banking. Developed in partnership with the Bank's leading Shariah finance experts who break-down Islamic finance topics into approachable and tailored content; the seminars help individuals understand the concepts of Islamic finance 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 seminars also give the Bank an opportunity to interact, understand and get feedback from customers for further improvement of products and services. In 2018, around 65 Islamic banking seminars and workshops were conducted nationwide across 38 cities that were attended by more than 6,500 participants.



- **Branch Opening Events** offer another opportunity where all staff members 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 develop a better understanding 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 and also give Meezan Bank's staff the opportunity to connect with customers and their families, hence strengthening their relationship. This year, in addition to branch-wide celebrations, the Bank hosted a Family Get-Together for its staff stationed at the Head Office.



Employees

Critical to fostering sustainable growth and development is the Bank's focus on investing in its employees and providing them with an environment where they can thrive. Considered as Meezan Bank's most valuable asset; the Bank provides its employees with an inclusive environment that provides them with multiple growth opportunities, recognizes and rewards their performance and supports them in ensuring their financial, physical and emotional wellness.

Meezan Bank uses various means to ensure that its employees stay motivated and committed to the cause of Islamic banking and are groomed into better professionals as well as productive members of the society. Some of the initiatives undertaken by the Bank for its staff are:

- **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 create a positive work environment. The Bank recognizes its employees and teams via internal email circulations and publication in 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 five and ten years of service.

- **Staff Get-togethers**

The Bank supports a culture of valuing and appreciating its staff and makes efforts to ensure that the 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 employees needs and organisational benefits, the senior management team held multiple on-site and off-site Strategy Sessions. The meetings, in addition to providing a venue for exchange of creative ideas, also proved to be an effective team-building initiative.

To acknowledge the efforts of the team members, a Service Conference was organized in Murree, which was the third iteration of this initiative. During this conference, key achievements were acknowledged and new benchmarks of service quality excellence were set for the future.

This year, the Bank also held a Retail Banking Conference followed by a recreational picnic to Churna Island, Karachi, in recognition of the hard work and dedication employees bring to the Bank every day.



- **Board's Policy on Diversity**

As an equal opportunity employer, Meezan Bank emphasizes the need for diversity in the work place. The Board of Human Resources & Remuneration Committee (BHR&RC) has encouraged the Bank to implement gender initiatives which encourage and support female employment. In line with the same approach, the Bank increased its total number of female employees from 633 in 2017 to 716 in 2018.

- **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. The Bank develops sustainable policies for retaining and managing human capital at the Bank. Given the rapid expansion of the Bank, the Board of Human Resources & Remuneration Committee (BHR&RC) made recommendations to the Management for the implementation of an effective Succession Plan.

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, Twitter & 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 2018, 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 Bank held 19 induction sessions through participation in Job Fairs held at different cities across Pakistan including Karachi, Lahore, Multan, Quetta, Mirpur and Islamabad to benefit from the entourage of competent and capable young individuals.



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

■ Employment of Special Persons

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

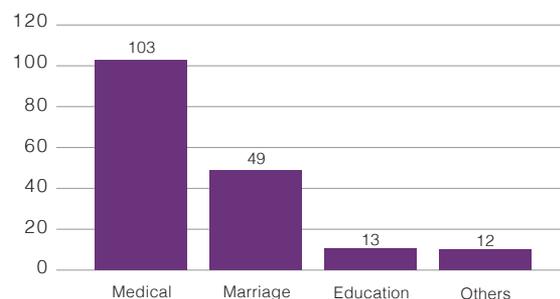
■ Employee Benevolent Fund Trust (EBFT)

Meezan Bank has always been on the forefront of providing its employees with the best opportunities to realize their potential. This forms part of the Bank's commitment to make it a great place to work. As an extension of this philosophy, the Bank realizes its responsibility towards its employees and their families, encouraging a culture of respect and care. The Bank's Human Resource policies are dedicated to supporting employees during major life events. In addition to providing an extensive healthcare coverage to help meet the expenses of employees; the Bank also has a joint employee and

company-funded Employee Benevolent Fund Trust (EBFT) that allows eligible employees to seek financial support for themselves and for their families during difficult times.

Nature of Approved EBFT Cases

The Bank processed a total of 208 cases during the year 2018, out of which 177 cases were approved.



■ Provision of Accelerated / Advance Bonus

Under the accelerated bonus concept, the Bank facilitates its employees through provision of advance bonus opportunity that allows them greater financial freedom. In addition, the Bank's pay-for-performance philosophy extends to Saturday Allowances for branches, paying eligible employees with additional wages for any additional hours they put in.

Internal & External Communication Channels

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



Green IT: Introducing Energy Efficiency at work

In line with United Nations Sustainable Development Goals, Meezan Bank is working to reduce its energy footprints through better usage of its information technology and communication infrastructure. Some of the key initiatives are as follows:

Use of Technology to Reduce Business Travel

Meezan Bank has invested in the installation of high-quality video conferencing facilities at all major offices across the country, an initiative that has efficient usage in trainings, meetings, interviews and conferences. As a result, video conferencing has become a sensible alternative to business trips and has reduced the Bank's volume of business flights considerably. Over the last few years, the Bank has managed to not only reduce its overall travel costs but also reduce its contribution to aviation emissions.

Encouraging Paper-free Environment

The Bank is striving to improve its work efficiency, control operating expenses as well as make its contribution towards reducing deforestation by reducing the use of paper for photocopying and printing. The following steps have been taken towards this end:

- Implementation of electronic process flows for certain HR-related processes
- Implementation of an electronic IT help-desk and document repository system
- Introduction of an eco-printing campaign at work by introducing dual-sided printing across the organization
- Implementation of a tracking system for photocopied documents made at the Head Office. This system enables the Bank to manage and control the wastage resulting from photocopies.

Increasing Energy Efficiency through a Next-Generation Data Center

Meezan Bank's implementation of state-of-the-art Data Center has helped the Bank to deploy more efficient remote working technologies, while also double the utilization of its existing hardware. The Bank is also currently working on increasing the energy efficiency in its Data Center to promote a more sustainable and eco-friendly infrastructure.

Conducting Online Employee Satisfaction Survey

This survey is an on-going practice and is conducted regularly on an organization-wide basis to gauge employees' level of job satisfaction. Recently, the Bank undertook the initiative of conducting the Survey online, in an effort to reduce the eco-impact of paper. The initiative not only serves as an opportunity to engage the employees but also encourages their inclusion through an 'online' methodology that increases participation. The switch to online technology has also enabled the Bank to provide error-free direct input and data analysis.

Implementation of the Bank's Intranet Portal

Meezan Bank became 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 and 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.

Implementation of State-of-the-art T24 software

The Bank has a state-of-the-art T24 software to shift from paper-cheque payments to electronic payments. The software serves as a gateway for multiple banking services including treasury, electronic payments and foreign exchange transactions, apart from managing multiple payment channels including ATMs, Internet banking, mobile banking and others.

Implementation of Centralized Account Opening Workflow

Due to 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. It includes digital archiving of account opening form and documentation and introduction of paperless environment through electronic account opening form. This has resulted in savings of both cost and time and has increased overall efficiency.

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 mock branches in Karachi, Lahore and Islamabad which enable the staff to get trained in a simulated branch environment and equip them with the practical elements of their day-to-day core banking systems related to work. The mock branch in Karachi is also equipped with an ATM for hands-on ATM-related trainings.
- Keeping up with the Bank's aim of encouraging workforce development through a multitude of learning opportunities, Guest Speaker Sessions have been initiated for employees as well as Senior Management so they may get key insights from some of the most renowned industry experts and accomplished professionals and businessmen. The initiative has received a very favourable response from the audience and has helped broaden the intellectual horizon of the audience.

Enhancing Employee Capacity

Meezan Bank is also keen to inculcate a learning culture by encouraging staff to obtain additional qualifications for their development. IBP Superior Qualification (ISQ) Exams is one such certification that is regarded as an esteemed qualification for bankers. Meezan Bank motivates its employees to acquire ISQ-Junior Associate Program of Institute of Bankers Pakistan (JAIBP) through a highly attractive incentive structure based on cash rewards, salary increment as well as reimbursement of registration and course fees.

Women on Key Positions of the Bank

Meezan Bank is an equal opportunity employer and there are females on many key positions of the Bank

including Branch Banking, Product Development, Finance and Support functions such as Training and Communication.

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 efforts evidence the Bank's commitment to adopting healthy habits and in making this organization an excellent workplace.

Medical Benefits & Health Facilities

The medical assistance benefits give peace of mind to employees 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 true to its stated compensation philosophy of offering a balanced and competitive remuneration package for attracting and retaining talent, the Bank has instituted outpatient, hospitalization and maternity benefit plans for its employees by providing coverage for these eventualities.

Gym & Swimming Pool

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.

Cafeteria at Subsidized Cost

The Bank also provides hygienically cooked meals at a subsidized cost to its staff at the Head Office; which is prepared in an on-location kitchen. The staff is also provided with multiple tea and coffee areas for refreshments throughout the day.



Day Care Facility for Working Parents

In order to facilitate working parents at Meezan Bank, a Day Care facility is available at its Head Office located in Karachi. Equipped with all the key requirements, this facility caters to children aged two months to three years. The child-friendly environment gives an

opportunity to many ambitious women who want to contribute to the cause of Islamic banking while maintaining a balance with their responsibilities at home. Launched in 2015, this facility has been warmly welcomed by employees and till date, twelve children have been enrolled successfully.



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 the 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, that are conducted to help employees become aware of the safety 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
- 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 660 branches in more than 180 cities. The branches work under defined operational procedures which are constantly reviewed and monitored by concerned departments including the Service Quality Department (SQD). A dedicated team of SQD is in place to review branch services and to support branch staff in ensuring delivery of quality banking experience to its customers. Furthermore, branches are encouraged to improve their Service Quality ratings through continuous coaching as a result of which their efforts are recognized through Service Champion Awards.

Complaint Management System

The Bank has a dedicated team which handles and addresses customer complaints as per the Customer Grievance Handling Policy approved by the Board. All complaints of the customers that are received through

various channels are logged in a Complaint Management System to keep track of their resolution. The Bank has a complaint escalation mechanism whereby all complaints are escalated to the senior management if not resolved within the stipulated time. During 2018, the Bank upgraded its Complaint Management System by implementing a system of acknowledging complaints through automated SMS which resulted in process automation of complaint management. In addition, the Bank enhanced its complaint monitoring mechanism by introducing Complaint Management Dashboard which is regularly reviewed by the senior management to ensure timely resolution of customer complaints. During the year, the Bank received 65,303 complaints and the average complaint resolution time was 5.6 working days.

Environmental Sustainability

Reducing Environmental Impact of Business Activities

In an effort to reduce the overall impact of its business activities on the environment and to minimize greenhouse gas emissions, Meezan Bank actively employs initiatives to reduce emissions from its operations, daily activities as well as employee travel. Some of our most noteworthy initiatives, including reduction in direct and indirect energy consumption are mentioned below:

Energy Conservation through Re-Designed Branch Signage

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 redesigned its branch signages using new LED lights. After the redesigning, the overall energy consumption has reduced by approximately 60% compared to the previous design which used incandescent tubelights. Keeping in mind that the Bank has 660 branches across Pakistan; this contributes significantly in reducing the overall energy consumption by the Bank.

Energy Conservation through Energy-Efficient Office Building Structure

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.



Minimizing Carbon Footprint through Shuttle Bus Service

At Meezan Bank, we embrace the idea of minimizing our environmental impact through continuous development of our internal processes. In pursuit of the same aim, the Bank provides its Head Office staff with a secure pick-and-drop facility that is currently being availed by almost 50% of the Head Office staff. The initiative has helped the Bank to minimize use of personal transport, effectively curtailing fuel consumption as well as increasing staff convenience and motivation.

Maintaining Sustainable Banking Operations

The Bank has an extensive network in more than 180 cities across the country and strives to construct, manage and upgrade its facilities with sustainability and improved efficiency as its guiding principles. From various energy conservation efforts to the implementation of smart business practices, the Bank is now working towards increased awareness among its stakeholders to address and to minimize the social and environmental impacts of its operations. Some of these include:

- Installation of LED lights at the entire Head Office building to reduce electricity consumption
- Deployment of energy efficient ATMs as part of the Bank's focus on providing technologically advanced facilities to its customers along with reducing the usage of diesel and electricity
- Installation of multi-function printer / photocopier machines that allow decommissioning two devices, a laser copier and a scanner, resulting in elimination of separate machines and reduction of overall paper consumption
- Implementation of dual-side printing initiative across the organization that will reduce paper usage to a significant extent
- Minimizing Carbon emission through a large plantation section at the Head Office that utilizes recycled ablution water from the in-house mosque

Green Banking

Meezan Bank is committed to driving growth for green banking initiatives and is therefore continuously exploring opportunities to support and finance environment friendly projects as its contribution towards making our planet more sustainable. A comprehensive 'Green Banking Policy' in line with the instructions and guidelines of the State Bank of Pakistan has been duly approved in the Board Meeting of the Bank that outlines the compliance measures to be put in place to ensure smooth and transparent operations of the Bank. The Board of Directors has also implemented a Policy Framework that delineates broader guidelines to the management for ensuring that adequate controls are maintained and risk is managed within acceptable limits.

E-statements

The Bank also provides E-statement facility through which customers can receive periodical account statements directly via email. This facility is offered at no additional cost; all that is required is a personal e-mail address on which the e-statements are sent.

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 checking 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 to their family members.
- The Bank's Auto, Bike and Commercial Vehicle Finance operates under the Ijarah model, in which the Bank takes responsibility for comprehensive Takaful coverage of the vehicle over the complete financing period. The Bank also offers an additional facility of tracker with free monitoring and Accidental Death Coverage to the customers of Consumer Car Ijarah.

Business Ethics & Anti-Corruption Measures

Meezan Bank has a comprehensive Code of Conduct and Standard of Ethics that forms 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 which 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.

Rural Development Program

Considering the importance of agriculture for the country and inherent market potential for agriculture finance, Meezan Bank has established a dedicated Agricultural Finance Department. There has always been a great demand from rural households to have Islamic financing products. Meezan Bank Agri Finance is set to further enhance outreach with the induction of dedicated team of agricultural graduates from Punjab, Sindh and Khyber Pakhtunkhwa. The Bank's agriculture finance product suite primarily constitutes of agriculture inputs and Ijarah-based agriculture development facilities for meeting the mechanization requirements of agriculture farming.

With the Vision to 'Establish Islamic banking as banking of first choice...', Meezan Bank is providing Islamic financing products that are best suited for rural communities. The Bank is also considering innovative financing solutions like leveraging technology for digital inclusion and value chain financial interventions for agricultural growers.

Meezan Bank

Contribution to United Nations Sustainable Development Goals

Meezan Bank operates with a Vision to '...facilitate the implementation of an equitable economic system, providing a strong foundation for establishing a fair and just society for mankind.' As a result, our focus on sustainability is embedded deep in our business model.

In September 2015, the United Nations (UN) introduced a set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda that has been adopted by 195 countries across the world. During 2018, Meezan Bank focused on the following Sustainable Development Goals (SDGs), which it believes are in line with its sustainability strategy.

4 QUALITY EDUCATION



Through its strategic initiatives, Centres for Excellence in Islamic Finance at Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA) and IM Sciences (Peshawar), the Bank is making a substantial contribution in increasing the relevant skills for employment and entrepreneurship of youth in the country. Through the Islamic Finance Young Leaders Program the Bank, along with IBA Centre for Excellence in Islamic Finance is providing exposure and learning to students and young professionals from different parts of the country.

7 AFFORDABLE AND CLEAN ENERGY



For the purpose of creating opportunities for modern, sustainable energy services and promoting investment in clean energy technology and energy infrastructure; the Bank is pursuing the State Bank of Pakistan (SBP) closely, for designing an Islamic alternative for SBP's Scheme for Renewable Energy.

8 DECENT WORK AND ECONOMIC GROWTH



Through its focus on employee development, training and championing public education and awareness regarding finance, the Bank is not only promoting a healthy work environment but is also strengthening the country's economy by expanding the access of individuals to Islamic banking.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Through its issuance of Green Banking Policy, the Bank has put in a conscious effort for environmental conservation, by making improvements in energy efficiency and use of alternative energy sources for the protection of the environment. It includes financing to alternative energy sources and environmental friendly businesses. The policy not only helps in compliance to relevant laws on environmental protection but also provides openings to emerging businesses.

17 PARTNERSHIPS FOR THE GOAL



To support Digital Payments in Pakistan and to bring greater transparency to the economy, the Bank has signed an MoU with NayaPay Pvt Ltd, to enable merchants and consumers to sign up, transact and communicate cheaply, securely and conveniently.

As Pakistan's first Bank to partner with Karandaaz Pakistan for specialized Supply Chain Partnership Program, the Bank is strengthening domestic resource mobilization as well as mobilizing financial resources for SMEs in the country.

Source: www.un.org/sustainabledevelopment/sustainable-development-goals/

Report of the Board Audit Committee

Board Audit Committee (BAC) comprises of four non-executive directors having vast experience and knowledge of finance and accounting. The Chairman of BAC is an independent director. 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, compliance and governance processes in accordance with the requirements of Code of Corporate Governance and Terms of Reference (ToRs) of BAC duly approved by the Board of Directors. During the year 2018, four 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, management's response and their compliance status 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 audit strategy, audit plan, 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 significant findings of internal audit and Shariah audit along with monitoring of its timely compliance. BAC also reviewed the whistle blowing mechanism.
- 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 the AML environment, compliance and AML activity report, compliance policy, AML policy and compliance program, Institutional Risk Assessment Framework (IRAF) – Self Assessment Questionnaire and SBP inspection reports along with monitoring of its compliance status. BAC also reviewed minutes of Compliance and Operational Risk Management Committee meetings.
- BAC reviewed internal audit manuals, programs, revision in polices, ToRs of BAC and recommended the same for Board's approval.
- BAC reviewed Shariah audit manual and ensured compliance of corrective actions determined by Shariah Supervisory Board on the reports of Shariah audit.
- BAC reviewed the independent assurance report on compliance with Shariah rules and principles along with monitoring of its compliance status.
- BAC reviewed and had an oversight of implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank.
- BAC reviewed Internal Audit Department self-assessment and internal quality assurance reviews along with progress and implementation status.
- BAC conducted self assessment of its performance to review compliance with SECP Listed Companies (Code of Corporate Governance) and SBP circulars. 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.
- BAC also held separate meetings with external auditor and internal auditor respectively without the CFO and the management in line with the Code of Corporate Governance.



Mr. Noorur Rahman Abid
Chairman-BAC

Shariah Supervisory Board Report - 2018

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

All praises to Allah (ﷻ). This was the seventeenth year of Islamic commercial banking for Meezan Bank which is under review. During the year, the Shariah Supervisory Board (SSB) of Meezan Bank held five meetings to review various issues, referred to them by the Bank.

Meezan Bank has a team of professionals in the Shariah Compliance Department (SCD) working under the guidance of SB. The main objective of this department is to perform research and analysis on Shariah issues, facilitate and ensure Shariah compliance in all the new processes, procedures and product development, refinement of existing products and procedures, conduct Islamic banking trainings, Shariah compliance reviews of branches, Head Office Units and for each class of transactions, maintain relevant documentation and process flows on test check basis and to provide secretarial services to the Bank's Shariah Board.

In addition, a separate Shariah Audit Department is working under the Board Audit Committee to review the overall Shariah compliance in the Bank's activities which submits the report to Resident Shariah Board Member (RSBM) / Shariah Supervisory Board for information, review and determination of appropriate corrective actions.

To comply with the requirements of the Shariah Governance Framework – 2018, function of Product Development has been transferred to Customer Support Group, which is an independent group reporting directly to the Deputy CEO. We appreciate the efforts of the staff of SCD and Shariah Audit Department for their efforts in promoting and strengthening the environment of Shariah compliance in the bank.

It gives us comfort to observe high level of commitment of the staff, management and the Board members of the Bank. It is also encouraging to know that there are more than 10,035 staff members in the Bank who are the source of halal income for their families.

During the year ending December 31, 2018 major developments are as under:

Research and New Product Development

The SB recognizes the efforts of the Bank for conducting around 150 customer and industry visits to understand the business model and reviewing more than 4,500 different types of transactions as per the guidance of RSBM / SSB.

Review of more than 8 syndicated transactions, involving various hybrid structures such as Ijarah, Diminishing Musharakah and Running Musharakah was done by the Bank under the supervision of RSBM / SSB. All the syndicate transactions were catered towards

various government and private entities such as Lucky Energy Limited, China Power Company, Siddiqsons Energy Limited, K-Electric, Javedan Corporation Private Limited, Hyundai Nishat Motors Private Limited, Agha Steel Industries Limited, Martin Dow Marker Limited for various purposes such as infrastructure development, capital expansion and power project financing. It is worth mentioning that to strengthen the Shariah compliance control, physical inspection of delivery of goods was carried in almost all the Istisna and Tijarah transactions.

During the year, the Bank has played a vital role in promoting the Islamic banking industry of Pakistan. Awareness programs were conducted for religious scholars, Parliamentarians, Bureaucrats and Government officials, independently and in collaboration with Institute of Business Administration - Center of Excellence in Islamic Finance (IBA - CEIF). The direct result of this program was a unanimously passed Senate Resolution resolving that at least 30% of the Government debt should be replaced with Shariah-compliant modes.

We are pleased to inform that the Bank is leading a consortium of Islamic Banks for the structuring of Pakistan Energy Sukuk for Ministry of Energy / Power Holding Private Limited for settling part of the energy sector circular debt.

The Bank was also involved in devising a Shariah-compliant solution for the Deposit Protection Corporation Scheme (DPC) launched by the State Bank of Pakistan.

The Bank has been actively supporting the State Bank of Pakistan for various matters relating to the Islamic banking industry, such as suggestions for Shariah Governance Framework, solutions for Energy Finance Scheme, issuance of new Sukuk etc.

The SSB appreciated the efforts of RSBM and SCD team in playing an active role in the implementation committee made by the Federal Minister and in supporting Government for introducing tax reforms for Islamic modes of financing.

During the year, the SB provided guidelines for different issues, most noteworthy of them were:

- Issuance of the first ever Shariah-compliant Tier-1 Sukuk in Pakistan
- GOP Financing - Bai Muajjal with Ministry of Finance (MoF)
- Meezan Bank as Payroll Partner
- Shares custodial facility
- Guidelines for durable goods financing through e-commerce / digital platform
- Personal financing product for different purposes

Training & Development

SSB is pleased to note that the year 2018 was highly productive in terms of Islamic banking products training. A special training session was arranged for the members of Board of Directors of the Bank which was

delivered by Dr. Imran Ashraf Usmani and Sheikh Esam Mohamed Ishaq.

During the year, 105 training sessions comprising 840 man-hours were organized for staff members across Pakistan catering to more than 5,000 employees of the Bank. This number includes orientation sessions for new joiners, refresher programs like Asset Refresher, Deposit Refresher, Trade Finance & Treasury operations and certification programs in Islamic Financial Products. For the newly opened branches, the Bank organized 11 sessions (5 days each) of basic Islamic banking, to equip staff with the required level of knowledge. In order to create awareness, other than the training of internal staff, the Bank also conducted 65 seminars in 38 cities (Karachi, Islamabad, Lahore, Peshawar, Rawalpindi, Faisalabad, Multan, Hyderabad, Azad Jammu & Kashmir, Hazara, Abbottabad and DG Khan etc.) which were attended by more than 6,500 participants representing customers, general public, professionals, ulema, muftian-e-karam and students of various universities.

To promote understanding of Islamic banking among university students, visits were arranged for student of Institute of Business Administration (IBA), Institute of Business Management (IoBM) and Bahria University. Presentations on Islamic banking was delivered and discussions were held to address the major questions related to Islamic banking concepts.

SSB is pleased to note that our RSBM and one of the team members of SCD were involved in the translation of AAOIFI Shariah Standard in Urdu, which is a commendable achievement on their part.

During the year, around 118 members of the senior management and executives of the Bank were also given training on Islamic banking. 44 staff members were sent to Institute of Business Administration - Center of Excellence in Islamic Finance (IBA - CEIF) to attend the Advanced Certificate in AAOIFI Shariah Standards (ACSS). Till date 14 staff members have cleared Certified Shariah Auditor and Advisor (CSAA) certification.

Shariah Advisory and Industry Support

SSB is also pleased to share that the Bank is actively supporting the Islamic Finance industry across the world by providing tailor-made Shariah Advisory solutions to their business needs. Following are the notable advisory services provided by the Bank during the year:

- Technical services to support the Pakistan Mercantile Exchange (PMEX) platform for liquidity management of Islamic Banking Industry.
- Advisory services to Islamic Co-operative Finance, Australia related to the introduction of Takaful services in Australia.
- Assisted AAOIFI in developing draft exposure of Internal Shariah Audit Standard.
- Advisory services to Bahrain Institute of Banking and Finance – Bahrain.
- Conducted capacity building sessions including workshops in Turkey at Borsa Istanbul, Central bank of Turkey.
- Facilitation of Bank's capital market clients for launching various funds and plans bringing the total

number of funds and plans under its advisory to more than 50, covering more than half of the Islamic mutual fund industry.

Review of Assets

The Bank primarily used Diminishing Musharakah, Running Musharakah, Istisna, Ijarah, Murabaha, Musawamah, Salam - Bills, Wakalah Tul Istithmar, Tijarah, Salam - Commodity, Musharakah and Bai Muajjal for its financing activities during the year.

We appreciate that the Bank is also focusing on financing alternative energy projects to reduce Carbon footprints. The Bank has moved towards diversification in the usage of various financing products and has reduced the reliance on Murabaha, as is evident from the Bank's financing portfolio. There is a growth of 39.65% in Ijarah from previous year. The Bank has mainly focused on financing through Musharakah modes, including Diminishing Musharakah and Running Musharakah and these modes of financing constitute 49.25% of the Bank's total financing. The Bank's total financing portfolio reached Rs 522 Billion (gross) as of December 31, 2018.

Financing Modes	2018 %	2017 %	Growth / (Decline) %
Diminishing Musharakah	18.75	19.72	(0.97)
Musharakah & Running Musharakah	30.50	34.16	(3.66)
Istisna	14.06	13.31	0.76
Ijarah	10.57	9.22	1.35
Murabaha	3.82	4.61	(0.78)
Musawamah	7.63	4.54	3.09
Salam - Bills	1.10	2.76	(1.66)
Wakalah Tul Istithmar	7.82	7.29	0.53
Tijarah	2.57	1.91	0.66
Salam - Commodity	1.82	0.96	0.86
Other	1.36	1.53	(0.17)

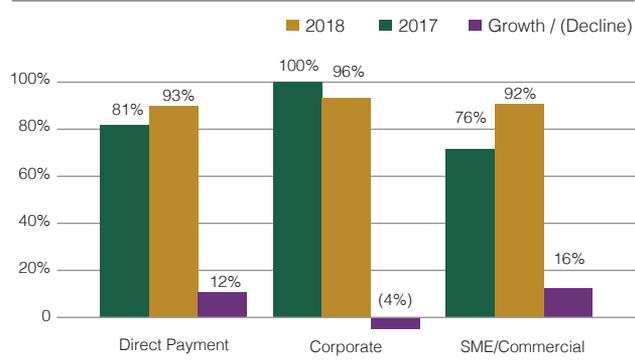
We have noted that as per our guidelines, the Bank reversed the financing of Rs 8.9 Million provided to its customers under Murabaha & Istisna without any profit as those transactions could not be converted into real trade due to genuine business reasons. As a result the Bank had to forego the profit of Rs 1.09 Million. Similarly, in Ijarah financing, the Bank being the owner of asset bore the loss of Rs 1.57 Million due to shortfall in Takaful claims.

Summary of Direct Payment in Murabaha Financing

During 2018, direct payment for Murabaha financings to Corporate and SME / Commercial customers was 93%. It is highly recommended that efforts be continued to increase this percentage of direct payment of Murabaha transactions.

	2018 %	2017 %	Growth/ (Decline) %
Overall Portfolio	93%	81%	12%
Segment wise			
Corporate	96%	100%	(4)%
SME/Commercial	92%	76%	16%

Summary of Direct Payment in Murabaha Financing



Liquidity Management

For the purpose of liquidity management the Bank invested Rs 46 Billion in GoP Ijarah Sukuks. Due to lack of availability of venues for the Shariah-complaint investments, Rs 227 Billion in Bai Muajjal was executed after the approvals (which is approximately 24% of the total assets of the Bank).

Review of Deposits

The Bank continued to offer deposit products based on Shariah-compliant modes such as 'Mudarabah' & 'Qard'. It is heartening to see deposits grow by 18% to reach a sum of Rs 785 Billion as on December 31, 2018. During 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 were monitored and reviewed in accordance with the respective pool management guidelines of SBP and Meezan Bank.

The Bank also continued to play its vital role in developing and revamping of deposit products. Some of the important initiatives undertaken during the year are as under:

- MAC Senior: In order to cater to the needs of Senior citizens/widows/disabled, and to motivate them towards Shariah-compliant products, new MAC-Senior tiers of 5.5 years and 7 years were introduced.
- Meezan Express Account: The account has been designed to facilitate the beneficiaries of home remittance and encourage them to use formal banking channels.

Shariah Audit

The Shariah Audit function plays a vital role in achieving the objective of ensuring Shariah-compliance by evaluating adherence to Shariah guidelines in each and every activity undertaken by the Bank.

As part of the Shariah Governance Framework issued by the State Bank of Pakistan (SBP), a separate Shariah Audit Department reporting to the Board Audit Committee is effectively in place. This department is playing 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 Islamic Banking Division of SBP. 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 537 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. These audits not only cover the assessment of financial transactions and operational activities that the branches and departments undertake but also include an evaluation of the knowledge of staff pertaining to Islamic Finance.

Charity

During the year an amount of Rs 36.92 Million was transferred to the Charity Payable Account. This includes Rs 1.15 Million to eliminate the non-compliant income portion identified during Shariah audit, Rs 3.39 Million to purify the dividend income earned from the investment made in the Shariah-compliant stocks by the Bank and Rs 32.38 Million transferred to Charity Payable Account in the normal course of business on account of non-timely payments by customers in various financial transactions. An amount of Rs 38.4 Million was disbursed from the Charity Account after approval of the RSBM / SB. Details of charity account are available in the note # 20.4

Suggestions

For the purpose of further improving the business of the Bank, SSB suggests the following:

- To support government initiative of converting up to 30% debts into the Islamic mode (as per the Senate Resolution no. 393), Meezan Bank should suggest Shariah-compliant alternates for the short and long-term financing requirements of the Government of Pakistan.
- Government has taken the initiative of providing low cost housing schemes for the low income group of society. The Bank should coordinate and collaborate with SBP and Government of Pakistan to maximize the financing of this project through Islamic mode of finance.
- The Bank should explore Shariah-compliant products and solutions for FinTechs, internet banking and branchless banking.
- The Bank should pursue the SBP for the launch of different Islamic special purpose financing schemes and Islamic discount window.
- The Bank should work for an alternate Islamic product for National Saving Scheme.
- The Bank should pursue the Government for developing cost-effective Islamic financing solution for construction of dams.
- To alleviate the poverty currently prevailing in the rural areas of the country and for financial inclusion, the Bank should initiate and support SME & Agriculture financing.

- The Bank should encourage environment friendly energy projects such as solar panels and windmills in line with the objectives of UNDP's Sustainable Development Goals.
- The Bank should encourage Government of Pakistan to utilize Islamic banking facilities for new Foreign Direct Investment (FDI) in different sectors especially for China Pakistan Economic Corridor (CPEC), power and petroleum sectors.

Recommendations

Based on the review of various transactions, reports of Internal and External Shariah Audit and Shariah Compliance of the Bank, it is recommended that:

- Proper measures should be adopted with regards to commitment and mind-set of the resources in the hiring process.
- For liquidity management purposes, the Bank should use Bai Muajjal when other avenues like Musharakah placement and Sukuk are not available.
- The Bank should focus on creating awareness to eliminate the misconceptions regarding Islamic banking by conducting seminars / programs / awareness sessions for the masses. The Bank should more proactively utilize the social media for increasing the public awareness for the socio-economics benefits of Islamic financial system.
- The Bank in collaboration with academia, Higher Education Commission and educational text boards should take initiatives to design the courses or chapters related to the benefit of Islamic financial system on society.
- Training should be conducted for relevant departments to update them regarding current practices, manuals and guidelines prescribed by Shariah Board and SCD.
- Conventional insurance is not permissible from Shariah perspective. Therefore, it is recommended to convert all clients to Islamic Insurance i.e. Takaful as soon as possible.

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 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 transactions, related documentations, processes, profit distribution mechanism for the depositors by SCD, review of Internal Shariah Audit and External Shariah Audit reports and Management's representation made in this regard, the Bank, in our opinion, has complied 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 SB.

Based on the strength and capacity of the full-fledged SCD 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 (ﷻ) bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the life hereafter and forgive our mistakes.

Wassalam Alaikum WaRahmat Allah Wa Barakatuh.



Mufti Muhammad Naveed Alam

Resident Shariah Board Member



Sheikh Esam Mohamed Ishaq

Member Shariah Supervisory Board



Dr. Muhammad Imran Ashraf Usmani

Member Shariah Supervisory Board



Justice (Retd.) Muhammad Taqi Usmani

Chairman Shariah Supervisory Board

Dated: 30th Jamada al-Awwal 1440 H / February 06, 2019

دی گئی رائے کے جائزہ کی بنیاد پر ہماری رائے میں رواں سال میں بینک کی طرف سے کئے گئے عقود اسلامی شریعہ کے ان اصولوں اور ہدایات کے مطابق ہیں جو میزان بینک کے شریعہ سپروائزری بورڈ، ریزولوشن 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 چیریٹی میں منتقل کی جا رہی ہے جس کو شریعہ بورڈ کی ہدایات کے مطابق خرچ کیا جائیگا

مستقل شعبہ (SCD) کی صلاحیت اور استعداد کو دیکھتے ہوئے 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 کیلئے 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 غلطیوں اور خطاؤں سے درگزر فرمائے۔ آمین۔

والسلام علیکم ورحم اللہ وبرکاتہ

مفتی محمد نوید عالم

ریزولوشن شریعہ بورڈ ممبر

شیخ عصام محمد اسحاق

ممبر شریعہ سپروائزری بورڈ

ڈاکٹر عمران اشرف عثمانی

ممبر شریعہ سپروائزری بورڈ

جسٹس (ریٹائرڈ) محمد تقی عثمانی

چیئر مین شریعہ سپروائزری بورڈ

۳۰ جمادی الاول ۱۴۴۰ھ / ۶ فروری، ۲۰۱۹

بینک کو چاہئے کہ ڈبھوں کی تعمیر کے لئے کم خرچ شرعی تمویل کا متبادل طریقہ اختیار کرنے پر حکومت کو آمادہ کرے۔

ملک کے دیہی علاقوں میں غربت کے خاتمہ کے لئے بینک کو چھوٹے اور درمیانے کاروبار کے ساتھ ساتھ زرعی فائننس کی ترویج کے لئے کوشش کرنی چاہئے۔

مزید برآں UNDP کے SDGs کے مطابق بینک کو توانائی کے ایسے منصوبوں کی حوصلہ افزائی کرنی چاہئے جو ماحول کے لئے نسبتاً کم نقصان دہ ہوں جیسا کہ شمسی توانائی اور ہوائی چکی وغیرہ۔

بینک کو چاہئے کہ وہ حکومت پاکستان کو اس بات پر آمادہ کرنے کی کوشش کرے کہ مختلف شعبوں خاص طور پر چائنا پاکستان اکنامک کوریڈور (CPEC) اور توانائی کے شعبوں میں نئی بیرونی براہ راست سرمایہ کاری کے لئے اسلامک بینکاری کی سہولیات کو استعمال کیا جائے۔

ہدایات:

متعدد عقود، بینک کے شریعہ آڈٹ کی رپورٹس، اور بینک کی شریعہ کمپلائنس کا جائزہ لینے کی بعد درج ذیل ہدایات دی جاتی ہیں:

■ نئے ملازمین کو ملازمت فراہم کرتے ہوئے ان میں اسلامی بینکاری کے مقاصد کے حصول کے لئے عزم و ہمت کو خصوصی طور پر مد نظر رکھنا ضروری ہے۔

■ سیولیت کے انتظام کے لئے بینک بیج مؤجل کا معاملہ صرف اس وقت کرے جب سرمایہ کاری کے دیگر مواقع جیسے مشارکہ یا صلوک میسر نہ ہوں۔

■ بینک کو چاہئے کہ اسلامک فائننس سے متعلق غلط فہمیوں کو دور کرنے کے لئے عوامی سطح پر آگاہی سیمینارز منعقد کروائے۔ عوام میں اسلامی معاشی نظام کے معاشی اور معاشرتی فوائد کی آگاہی پیدا کرنے کے لئے بینک کو چاہئے کہ سوشل میڈیا کا بھرپور استعمال کرے۔

■ شعبہ تدریس سے وابستہ افراد، ہائر ایجوکیشن کمیشن اور تعلیمی ٹیکس بک بورڈ کی ہم آہنگی سے ایسا تعلیمی مواد تیار کرنے کی کوشش کرنی چاہئے جو معاشرہ پر اسلامی نظام معیشت کے مثبت اثرات پر روشنی ڈالتا ہو۔

■ متعلقہ ڈیپارٹمنٹس کو شریعہ بورڈ اور SCD کی جانب سے جاری کردہ ہدایات اور پالیسیز سے آگاہ کرنے کے لئے تربیتی نشستوں کا انعقاد کیا جائے۔

■ انشورنس کا معاملہ شرعی احکام کے مطابق نہیں ہے، لہذا اس بات کی ہدایت دی جاتی ہے کہ جتنا جلد ممکن ہو تمام کلائنٹس کو نکالنے کی طرف منتقل کیا جائے۔

خلاصہ کلام

بینک کے چارٹر کے تحت تمام انتظامیہ اور ملازمین کیلئے ضروری ہے کہ وہ شریعہ بورڈ اور ریزولوشن 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۔

(SCD) کی جانب سے بینک کے انجام کردہ مختلف عقود کے جائزے، ان کی متعلقہ دستاویزات کی جانچ پڑتال، ڈیپازٹرز کو تقسیم ہونے والے نفع کے طریقہ کار کے مشاہدہ، اور ان کے متعلق اندرونی شریعہ آڈٹ رپورٹ، بیرونی شریعہ آڈٹ رپورٹ اور انتظامیہ کی

اثاثہ کے مالک کی حیثیت سے بینک نے تکافل کلیم میں کمی کی وجہ سے 1.57 ملین کا نقصان برداشت کیا۔

مراہجہ فنانسنگ میں براہ راست ادائیگیوں کا خلاصہ

دوران سال، مراہجہ کی بنیاد پر Corporate and SME/Commercial کو کی گئی سرمایہ کاری میں براہ راست ادائیگیوں کا تناسب 93 فیصد رہا۔ اس بات کی تاکید کی جاتی ہے کہ مراہجہ کے عقود میں اس تناسب میں اضافہ کی کوشش جاری رکھی جائے۔

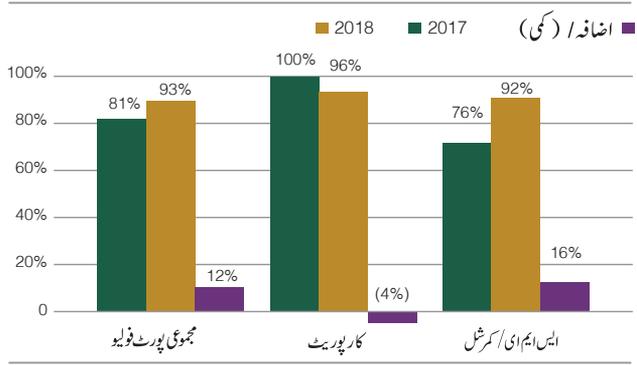
شرح ترقی/تنزیلی 2017 % 2018 %

مجموعی پورٹ فولیو	12%	81%	93%
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گاہک کی وجہ بندی کے لحاظ سے

کارپوریٹ	100%	96%	(4)%
ایس ایم ای / کمرشل	76%	92%	16%

مراہجہ فنانسنگ میں براہ راست ادائیگی کا بیان



سیولیت کا انتظام

سیولیت کے انتظام کے لئے بینک نے 46 ارب کی سرمایہ کاری حکومت پاکستان کے اجارہ صلوک میں کی۔ سیولیت کی سرمایہ کاری کے لئے شریعہ کے مطابق مواقع میسر نہ ہونے کی وجہ سے اپروول کے بعد 227 ارب کی بیج مؤجل کی گئی جو کہ بینک کے اثاثوں کا تقریباً 24 فیصد ہے۔

ڈیپازٹس کا جائزہ

بینک نے اپنی ڈیپازٹ سائیز پرکھی ایسی شرعا جائز ڈیپازٹس پر ڈکٹس وضع کی ہیں جو مضاربہ اور قرض پر مبنی ہیں۔ بمطابق 31 دسمبر 2018 بینک کے ڈیپازٹس میں 18 فیصد اضافہ ہوا ہے اور بینک کا مجموعی ڈیپازٹ 785 ارب روپے تک پہنچ چکا ہے۔

دوران سال بینک نے ڈیپازٹس پر ڈکٹس کی تیاری اور ان کی بہتری میں اپنے اہم کردار کو جاری رکھا۔ کچھ اہم اقدامات ذیل میں مذکور ہیں:

1- (MAC Senior) معمر افراد/ہواؤں/معدور افراد کی ضروریات دیکھتے ہوئے اور انہیں شریعہ کمپلائنس پر ڈکٹس کے استعمال پر آمادہ کرنے کے لئے 5.5 اور 7 سال کے نئے MAC Senior متعارف کروائے گئے۔

2- میزان ایکسپریس اکاؤنٹ: ہوم بیمنٹس کے کلائنٹس کو سہولت دینے کے لئے اور انہیں باضابطہ بینکنگ چینل کے استعمال پر آمادہ کرنے کے لئے یہ اکاؤنٹ متعارف کروا گیا ہے۔

شریعی آڈٹ

شریعی آڈٹ ڈیپارٹمنٹ، بینک کے تمام امور میں، تعمیل شرعی کے حصول کے لئے ہدایات شریعیہ کے مطابق جانچ پڑتال میں کلیدی کردار ادا کرتا ہے۔

شریعی گورننس فریم ورک کی ہدایات کے مطابق مستقل شریعی آڈٹ ڈیپارٹمنٹ کی تشکیل دی گئی ہے جو بورڈ آڈٹ کمیٹی کے زیر نگرانی تندہی سے کام کر رہا ہے اور شریعی کمپلائنس کی یقین دہانی کیلئے تمام شرعی اصولوں کے نفاذ کی جانچ پڑتال کرتا ہے جو کہ شریعی سپروائزری بورڈ، ریزولوشن شریعی بورڈ ممبر، اور اسلامک بینکنگ ڈیپارٹمنٹ اسٹیٹ بینک آف پاکستان کی طرف سے دی گئی ہیں۔ شریعی آڈٹ ڈیپارٹمنٹ برانچ کے کھلنے سے لیکر فیچ کے کسٹمرز تک پہنچنے تک کے تمام تر معاملات اور مختلف پراڈکٹس کی انجام دہی کے ہر مرحلہ کی مکمل جانچ پڑتال کرتا ہے۔

اس سال میزان بینک کی کل 537 برانچوں، ایریا آفسز، کنزرویٹور اور Corporate Hubs، ہیڈ آفس ڈیپارٹمنٹس کا آڈٹ کیا گیا تاکہ شرعی اصولوں کی تعمیل کا داخلی نظم اور طریقہ کار کو مضبوط کیا جاسکے۔ شریعی آڈٹ کے دوران، مختلف عقود کی جانچ پڑتال کے ساتھ ساتھ بینک کے عملہ کی شرعی معاملات اور عقود کے بارے میں معلومات بھی جانچی جاتی ہے۔

چیریٹی اصدقات و خیرات

رواں سال کل 36.92 ملین روپے چیریٹی واجب الاداء اکاؤنٹ میں منتقل کئے گئے۔ اس میں 1.15 ملین کی رقم ایسی آمدنی کی تھی جس کے بارے میں شریعی آڈٹ کے دوران یہ بات سامنے آئی کہ وہ ناجائز ہے، مزید 3.39 ملین روپے کی چیریٹی اسٹاک ایکچینج میں کی گئی شریعی کمپلائنس انوسٹمنٹ سے حاصل شدہ آمدنی کو Purify کرنے کیلئے کی گئی اور 32.38 ملین روپے چیریٹی واجب الاداء اکاؤنٹ میں ٹرانسفر کئے گئے جو روزمرہ کے معمولی معاملات میں کسٹمرز کی جانب سے ادائیگی میں تاخیر کی بنیاد پر وصول کئے گئے تھے۔ علاوہ ازیں 38.4 ملین روپے RSBM شریعی بورڈ سے منظوری کے بعد چیریٹی سیونگز اکاؤنٹ سے ادا کئے گئے۔ چیریٹی سے متعلق تفصیلات نوٹ نمبر 20.4 میں مذکور ہیں۔

تجاویز

بینک کے معاملات کو مزید بہتر بنانے کے لئے شریعی سپروائزری بورڈ کی تجاویز درج ذیل ہیں:

- سینٹ قرار دہ نمبر 393 کے مطابق 30 فیصد فنانسنگ کو شریعی کمپلائنس بنانے کے حکومتی اقدام کو تعاون فراہم کرتے ہوئے بینک کو چاہئے کہ حکومت کی مختصر المیعاد اور طویل المیعاد تمویلی ضروریات کو پورا کرنے کے لئے متبادل طریقے تجویز کرے۔
- معاشرہ کے کم آمدن والے افراد کے لئے حکومت نے سستی ہاؤسنگ اسکیم فراہم کرنے کا آغاز کیا ہے۔ بینک کو چاہئے کہ SBP اور حکومت پاکستان کے ساتھ کام کرتے ہوئے اس منصوبہ کی زیادہ سے زیادہ تمویل شریعی کمپلائنس معاملات کے ذریعہ کروائے۔
- بینک کو FINTECH، انٹرنیٹ بینکنگ اور برانچ لیس بینکنگ کے ایسے پراڈکٹس اور سہولیات متعارف کروانے کی کوشش کرنی چاہئے جو شرعی احکام کے مطابق ہوں۔
- بینک کو چاہئے کہ اسٹیٹ بینک آف پاکستان کو مختلف اسلامی اسکیموں، اسلامک بیچ مارک ریٹ اور اسلامک ڈسکاؤنٹ ریٹ کے آغاز پر قائل کرنے کی کوشش کرے۔
- بینک کو چاہئے کہ نیشنل سیونگز اسکیم کا شرعی متبادل متعارف کروانے پر کام کرنے کی کوشش کرے۔

ٹریڈنگ اور ڈیولپمنٹ

5) تربیتی ورک شاپس کا انعقاد جس میں بورصہ استانبول، مرکزی بینک ترکی شامل ہے۔
6) کمپیٹل مارکیٹ کلائنٹس کے ساتھ تعاون جس کے نتیجے میں شریعہ ایڈوائزری کے تحت کام کرنے والے فنڈز کی تعداد 50 تک پہنچ گئی ہے جو اسلامک میوچل فنڈ انڈسٹری کا تقریباً نصف حصہ ہے۔

اثاثوں کا جائزہ

میزان بینک نے بنیادی طور پر مراہجہ، اجارہ، شرکت، متناقصہ، مساومہ، استصناع، تجارہ، مشارکہ، وکالہ الاستثمار، بیج مؤجل اور سلم کی بنیاد پر تمویلی سہولیات فراہم کیں۔

ہم اس بات کو سراہتے ہیں کہ بینک متبادل توانائی کے منصوبوں کی تمویل پر توجہ دے رہا ہے جس سے ماحولیاتی آلودگی کم کرنے میں مدد ملے گی۔

شریعی بورڈ اس بات پر خوش محسوس کرتا ہے کہ بینک نے اس سال بھی محض مراہجہ پر انحصار کرنے کے بجائے کئی دیگر طریق تمویل کو اختیار کیا، جیسا کہ تمویلی تناسب سے واضح ہے۔ یہ صورت حال واقعی حوصلہ کن ہے کہ پچھلے سال کے مقابلے میں اس سال اجارہ کے تناسب میں 39.65 فیصد کا اضافہ ہوا۔ بینک نے سب سے زیادہ توجہ مشارکہ کی بنیاد پر تمویل پر مرکوز رکھی جس میں رنگ مشارکہ اور شرکت متناقصہ شامل ہے۔ شرکت کی بنیاد پر کی جانے والی فنانسنگ بینک کے مجموعی پورٹ فولیو کا 49.25 فیصد ہے۔ بینک کا مجموعی تمویلی پورٹ فولیو بمطابق 31 دسمبر، 2018، 522 ارب روپے تک پہنچ چکا ہے۔

شرعی طریقہ تمویل	2017 %	2018 %	شرح ترقی/تیزی
مشارکہ متناقصہ	19.72	18.75	(0.97)
رنگ مشارکہ اور مشارکہ	34.16	30.50	(3.66)
استصناع	13.31	14.06	0.76
اجارہ	9.22	10.57	1.35
مراہجہ	4.61	3.82	(0.78)
مساومہ	4.54	7.63	3.09
بل-سلم	2.76	1.10	(1.66)
وکالہ الاستثمار	7.29	7.82	0.53
تجارہ	1.91	2.57	0.66
کموڈٹی-سلم	0.96	1.82	0.86
دیگر	1.53	1.36	(0.17)

ہماری ہدایات کے مطابق، مراہجہ اور استصناع کی فنانسنگ کے معاملات میں 8.9 ملین کی رقم بینک نے کوئی نفع وصول کئے بغیر کسٹمر سے واپس لے لی کیونکہ اس رقم کی حد تک کوئی خرید و فروخت کا معاملہ کرنا ممکن نہیں تھا۔ مزید یہ بات بھی قابل ذکر ہے کہ اجارہ کے پراڈکٹ میں

شریعی سپروائزری بورڈ اس بات کا مشاہدہ کر کے خوش محسوس کرتا ہے کہ سال 2018 اسلامی بینکاری پروڈکٹس کی ٹریڈنگ کے حوالے سے انتہائی موثر رہا۔

بورڈ آف ڈائریکٹرز کے ممبران کے لئے ڈاکٹر محمد عمران اشرف عثمانی اور شیخ عصام محمد اسحاق کی جانب سے ایک خصوصی تربیتی مجلس کا انعقاد کیا گیا۔

دوران سال بینک نے 105 تربیتی مجالس منعقد کیں جن کی کل میعاد 840 گھنٹے رہی، ان تربیتی مجالس میں میزان بینک کے 5000 سے زائد ملازمین نے شرکت کی۔ ان تربیتی مجالس میں اسلامک فنانس سے متعلق ابتدائی تربیتی مجالس، ریفریشرز جیسے Asset Refresher, Deposit Refresher، ٹریڈ فنانس اور ٹریڈری آپریشنز اور سٹریٹجی پروگرامز شامل ہیں۔ نئی برانچز کے اسٹاف کی تربیت کے لئے پانچ پانچ دن کے 11 تربیتی پروگرام منعقد کئے گئے، ملازمین کی تربیت کے علاوہ میزان بینک نے 38 مختلف شہروں (کراچی، اسلام آباد، لاہور، پشاور، راولپنڈی، فیصل آباد، ملتان، حیدرآباد، آزاد جموں کشمیر، ہزارہ، ایبٹ آباد اور ڈی جی خان) وغیرہ میں تقریباً 65 سیمینارز بھی منعقد کئے، جن میں تقریباً 6500 افراد بشمول کسٹمرز، عوام الناس، پروفیشنلز، مفتیان کرام اور مختلف یونیورسٹیوں کے طلباء نے شرکت کی۔

یونیورسٹی کے طلباء میں اسلامک بینکنگ کی آگاہی کے لئے IBA, IoBM اور Bahria یونیورسٹی کے طلباء کا تعلیمی دورہ کروایا گیا۔ اسلامک بینکنگ کے حوالے سے طلباء کو آگاہی دی گئی اور اسلامک بینکنگ سے متعلق عمومی سوالات کے جوابات دئے گئے۔

شریعی سپروائزری بورڈ اس بات پر بھی خوش محسوس کرتا ہے کہ بینک کے RSBM اور شریعی کمپلائنس ڈیپارٹمنٹ کے ایک رفیق AAOIFI کے شرعی معیارات کے اردو ترجمہ میں شریک رہے جو ان کے لئے ایک قابل تعریف بات ہے۔

دوران سال بینک کی اعلیٰ انتظامیہ اور اعلیٰ افسران کے تقریباً 118 افراد کو اسلامک بینکنگ کی تربیت دی گئی۔ اسٹاف کے 44 افراد کو Advanced Certificate in AAOIFI Shairah Standards (ACSS) کے لئے IBA CEIF بھیجا گیا۔ اب تک 14 اسٹاف ممبران CSAA کا امتحان پاس کر چکے ہیں۔

شریعی ایڈوائزری اور انڈسٹری سپورٹ

یہ بات بڑی قابل تحسین ہے کہ میزان بینک دنیا بھر میں کلائنٹ کی ضرورت کے موافق شریعی ایڈوائزری حل فراہم کر کے اسلامک فنانس انڈسٹری کو تعاون فراہم کرنے میں پیش پیش رہا ہے، دوران سال بینک کی طرف سے فراہم کردہ چند قابل ذکر ایڈوائزری خدمات درج ذیل ہیں:

(1) اسلامک بینکنگ انڈسٹری کی سیولیت کے انتظام کے لئے PMEX کے پلیٹ فارم کو تکنیکی تعاون کی فراہمی۔

(2) اسلامک کوآپریٹو فنانس آسٹریلیا کو آسٹریلیا میں تکافل کمپنی متعارف کروانے کے لئے ایڈوائزری خدمات کی فراہمی۔

(3) انٹرنل شریعی آڈٹ معیار کے مسودہ کی تیاری میں AAOIFI کے ساتھ تعاون۔

(4) بحرین انسٹیٹیوٹ آف بینکنگ اینڈ فنانس کو ایڈوائزری خدمات کی فراہمی۔

الحمد لله رب العالمین، و الصلاة و السلام على خاتم الأنبياء والمرسلین، محمد المصطفى الأمین، و على آله و أصحابه أجمعین، و بعد:

الحمد لله، میزان بینک لمیٹڈ کی اسلامی تجارتی بینکاری کے ستمبر وے سال کا تجزیہ آپ کے سامنے ہے۔ دوران سال میزان بینک کے شریعی سپروائزری بورڈ کی طرف سے پانچ مجالس کا انعقاد کیا گیا جن میں بینک کی طرف سے پوچھے گئے مختلف مسائل کا حل شریعی سپروائزری بورڈ کی طرف سے پیش کیا گیا۔

میزان بینک لمیٹڈ میں ماہرین کا ایک مستقل شعبہ ”شریعی کمپلائنس ڈیپارٹمنٹ“ (SCD) شریعی بورڈ کی زیر نگرانی کام کر رہا ہے۔ اس شعبے کی بنیادی ذمہ داریوں میں شریعی سے متعلقہ مسائل پر تحقیق و تجزیہ کرنا ہے اور تمام نئے پراسس، طریقہ ہائے عمل اور پروڈکٹ ڈیولپمنٹ میں شریعی اصولوں کی پاسداری کو یقینی بنانا، موجودہ پروڈکٹس اور طریقہ ہائے عمل میں مزید بہتری، اسلامی بینکاری کی تربیت، برانچز، ہیڈ آفس، مختلف اقسام کے عقود، متعلقہ دستاویزات اور عقود کو انجام دینے کے فراہم کردہ طریقہ کار کی شرعی تعمیل کا جائزہ لینا ہے۔ اور یہ شعبہ بینک کے شریعی بورڈ کے لئے سیکورٹی کی کارکردگی کرتا ہے۔

مزید برآں، ایک مستقل شریعی آڈٹ اور ایڈوائزری ڈیپارٹمنٹ کے ماتحت 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 کارگزاری ریزلٹنٹ شریعی بورڈ ممبر شریعی سپروائزری بورڈ کے جائزے، اور مختلف معاملات میں اصلاحات کے تعین کیلئے پیش کرتا ہے۔

شریعی گورننس فریم ورک 2018 کے مطابق ایک مستقل شعبہ پروڈکٹ ڈیولپمنٹ یونٹ کے طور پر تشکیل دیا گیا ہے جو کسٹمر سپورٹ گروپ کے ماتحت اپنے فرائض انجام دے رہا ہے۔ ہم (SCD) اور شریعی آڈٹ ڈیپارٹمنٹ کی کاوشوں کو سراہتے ہیں کہ انہوں نے بینک کے ماحول کو شریعت کے احکامات کے مطابق ڈھالنے میں اہم کردار ادا کیا۔ یہ بات ہمارے لئے قابل اطمینان ہے کہ بینک کے اسٹاف، مینیجمنٹ اور بورڈ ممبران میں اسلامی بینکاری کی ترویج اور ترقی کے لئے اعلیٰ درجہ کا عزم دیکھا جاسکتا ہے۔ ہمیں اس بات پر بھی خوشی ہے کہ میزان بینک لمیٹڈ میں 10035 افراد ملازمت کر رہے ہیں جو اپنے اہل خانہ کے لئے رزق حلال کی فراہمی کا ذریعہ ہیں۔

رواں سال بینک میں درج ذیل اہم امور انجام پائے:

نئی پروڈکٹس کی تیاری اور تحقیق

شریعی بورڈ بینک کی اس کاوش کو سراہتا ہے کہ دوران سال تقریباً 150 کسٹمرز سے ملاقاتیں کی گئیں اور ان کے کاروبار کا مشاہدہ کیا گیا تاکہ ان کے معاملات کے طریقہ کو عملی طور پر سمجھا جاسکے، اور اس کے ساتھ ساتھ 4500 سے زائد مختلف معاملات کا ریزلٹنٹ شریعی بورڈ ممبر اور شریعی سپروائزری بورڈ کی ہدایات کے مطابق جائزہ بھی لیا۔

مزید یہ کہ (SCD) ممبران نے ریزلٹنٹ شریعی بورڈ ممبر شریعی سپروائزری بورڈ کی زیر نگرانی 8 سے زائد سٹیڈیکلیڈ معاملات کے دستاویزات کی نظر ثانی کی اور ان کا جائزہ لیا۔

یہ معاملات مختلف عقود جیسا کہ اجارہ شرکت، متناقضہ اور رنگ مشارکہ وغیرہ پر مشتمل تھے۔ تمام سٹیڈیکلیڈ معاملات حکومتی اور نجی اداروں کے ساتھ مختلف مقاصد جیسے کہ انفراسٹرکچر میں ترقی، سرمایہ میں اضافہ، اور بجلی کے بحران پر قابو پانے کے لئے لگائے جانے والے نئے پراجیکٹ کی سرمایہ کاری کے حصول کے لئے کئے گئے جن میں کئی ایگزیکٹو لمیٹڈ، چائنا پاور کمپنی، صدیق سنز ایگزیکٹو لمیٹڈ، کے الیکٹرک، جاویدان کارپوریشن پرائیویٹ لمیٹڈ، ہنڈائی انشانت موٹرز پرائیویٹ لمیٹڈ، آغا اسٹیل انڈسٹریز لمیٹڈ، مارٹن ڈامارک لمیٹڈ شامل ہیں۔

یہ بات بھی قابل ذکر ہے کہ شریعی اصولوں کی پاسداری کی یقین دہانی اور جانچ پڑتال کی غرض سے استصناع اور تجارت کے تقریباً سو فیصد معاملات میں بینک کے نمائندہ نے خود جا کر بینک کے خریدے ہوئے مال کا مشاہدہ کیا اور اس پر قبضہ حاصل کیا۔

دوران سال پاکستان میں اسلامک بینکنگ انڈسٹری کو فروغ دینے کے لئے بینک نے کلیدی کردار ادا کیا۔ بینک نے اپنے طور پر اور اس کے ساتھ ساتھ IBA CEIF کو تعاون فراہم کرتے ہوئے علماء کرام، ارکان پارلیمنٹ، ہیورڈ کرسٹس اور سرکاری افسران میں اسلامی بینکاری کا پیغام عام کرنے کے لئے آگاہی نشستوں کا انعقاد کروایا۔ اس کا براہ راست نتیجہ سینٹ کی قرارداد کی صورت میں حاصل ہوا، اس قرارداد کی رو سے حکومتی قرضوں کے کم از کم 30% حصے کو شریعی کے مطابق تمویل سے تبدیل کیا جانا چاہئے۔

ہمیں یہ بتاتے ہوئے خوشی محسوس ہوتی ہے کہ میزان بینک کی سربراہی میں اسلامی بینکوں پر مشتمل ایک سینڈیکٹ فنانس کی اسٹرکچرنگ کی جارہی ہے جس کے ذریعہ Pakistan Energy Sukuk for Ministry of Energy/Power Holding Private Limited کے گورنری قرضوں کی جزوی ادائیگی کی جائے گی۔

اسٹیٹ بینک کی طرف سے جاری کردہ Deposit Protection Corporation (DPC) Scheme کے لئے شریعی متبادل تجویز کرنے میں بھی بینک شامل رہا ہے۔ اسلامک بینکنگ انڈسٹری سے متعلق متعدد امور میں اسٹیٹ بینک کو بینک کا بھرپور تعاون حاصل رہا، ان امور میں شریعی گورننس فریم ورک کے لئے تجاویز، ایگزیکٹو تمویل منصوبہ کے ممکنہ حل اور نئے صلوک کا اجراء وغیرہ شامل ہے۔

شریعی سپروائزری بورڈ (SCD) ممبران اور ریزلٹنٹ شریعی بورڈ ممبر کی کاوشوں کو سراہتا ہے جنہوں نے فیڈرل نیشنل طرف سے بنائی گئی Implementation Committee میں اہم کردار ادا کیا اور اسلامی طریقہ ہائے تمویل کے حوالے سے ٹیکس قوانین کی اصلاحات متعارف کروانے میں حکومت کے ساتھ تعاون کیا۔

دوران سال شریعی سپروائزری بورڈ نے جن مختلف مسائل میں رہنمائی فراہم کی ان میں سے چند قابل ذکر امور درج ذیل ہیں:

- 1) پاکستان میں پہلی بار شریعی احکام کے مطابق Tier 1 صلوک کا اجراء۔
- 2) حکومت پاکستان کی تمویل وزارت مالیاتی امور کے ساتھ بیج موجد۔
- 3) میزان بینک بطور pay roll پارٹنر۔
- 4) شیئرز کی کسٹوڈیل سہولت۔
- 5) ڈیجیٹل پلٹ فارم کے ذریعہ durable goods financing کی اصولی ہدایات
- 6) مختلف ضروریات کے لئے پرسنل فنانس پروڈکٹ کا شریعی حل۔

Statement of Sources and Uses of Charity Fund

For the year ended December 31, 2018

	2018	2017
	Rupees in '000	
Opening Balance at January 01	2,398	1,637
Additions during the year		
Received from customers on delayed payment	32,376	29,502
Dividend Purification Amount	3,396	1,937
Non-shariah Compliant Income	1,150	-
Profit on Charity Saving Account (net of bank charges)	166	172
	37,088	31,611
	39,486	33,248
Distribution of Charity		
Education	(30,250)	(26,250)
Health	(5,050)	(2,700)
Community Development	(3,100)	(1,900)
	(38,400)	(30,850)
Closing Balance at December 31	1,086	2,398

Note:

Details of charity payments of Rs 100,000 and above are disclosed in note 20.4.1 to the financial statements of the Bank.

To the members of Meezan Bank Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Meezan Bank Limited (the Bank) for the year ended 31 December 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the bank. Our responsibility is to review whether the Statement of Compliance reflects the status of the Banks's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Bank's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Bank for the year ended 31 December 2018.

We highlight an instance of non-compliance with the requirement of the Regulations, as referred to 1.1 in the Statement of Compliance.



Chartered Accountants

Place: Karachi

Date: 21 February 2019

Statement of Compliance with Listed Companies Code of Corporate Governance Regulations, 2017.

Meezan Bank Limited

For the year ended December 31, 2018

The Bank has complied with the requirements of the Code of Corporate Governance Regulations, 2017 (“Regulations” or “Code”) in the following manner:

1. The Board consists of eleven directors, including CEO as a deemed director. The Bank has submitted application for Fit and Proper Test of the Directors to the State Bank of Pakistan which is in process of reviewing the same. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Noorur Rahman Abid Ms. Laila M. S. A. S. A. S. Abbas (Resigned on February 19, 2019)
Other Non-Executive Directors	Mr. Riyadh S.A.A.Edrees – Chairman Mr. Faisal A.A.A. Al-Nassar Mr. Bader H.A.M.A. Al-Rabiah Mr. Mansur Khan Mr. Alaa Al-Sarawi Mr. Saad Fazil Abbasi Mr. Mohamed Guerhazi
Executive Directors	Mr. Irfan Siddiqui – President & CEO Mr. Ariful Islam

- 1.1. As per paragraph 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017, the independent directors of each listed company shall not be less than two members or one-third of the total members of the Board, whichever is higher. As at 31st December 2018, the Board includes 2 independent directors. The Bank is in process of complying the aforesaid regulation.
2. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
3. 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.
4. 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.
5. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (“Act”) and these Regulations.
6. The meetings of the Board were presided over by the Chairman and the Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
7. The Board of Directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
8. The Bank is fully compliant to the Director’s Training Program requirement of the Code.
9. There was no appointment of CFO, Company Secretary and Head of Internal Audit. The Board has approved their remuneration and terms and conditions of their employment are complied with relevant requirements of the Regulations.
10. CFO and CEO duly endorsed the financial statements before approval of the Board.

11. The Board has formed committees comprising members given below:

Committees	Composition
Audit Committee	Mr. Noorur Rahman Abid Mr. Faisal A.A.A. Al-Nassar Mr. Alaa A. Al-Sarawi Mr. Bader Al Rabiah
HR and Remuneration Committee	Mr. Noorur Rahman Abid Mr. Riyadh S.A.A. Edrees Mr. Alaa A. Al-Sarawi
Risk Management Committee	Mr. Faisal A.A.A. Al-Nassar Mr. Mansur Khan Mr. Saad Fazil Abbasi Mr. Ariful Islam
Information Technology Committee	Mr. Mansur Khan Mr. Noorur Rahman Abid Mr. Ariful Islam

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

13. The frequency of meetings of the Committee was as follows:

- | | |
|-----------------------------------|-----------|
| a) Audit Committee | Quarterly |
| b) HR and Remuneration Committee | Quarterly |
| c) Risk Management Committee | Quarterly |
| d) Information Security Committee | Quarterly |

14. The Board has set up an effective internal audit function / team who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Bank.

15. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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.

16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

17. We confirm that all other requirements of the Regulations have been complied with.



Irfan Siddiqui
President & CEO



Riyadh S. A. Edrees
Chairman

February 21, 2019

Statement of Internal Controls

This statement is presented to comply with the requirement of State Bank of Pakistan (SBP)'s BSD circular no. 07 of 2004 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, Risk Management, Shariah and Internal Audit departments, which covers all banking activities in general and key risk areas in particular. The Management has Compliance and Operational Risk Management Committee (CORMC) which focuses on compliance risk issues and reviews the adequacy of controls and systems to meet the regulatory requirements. The Board of Directors has 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, Risk Management 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 the 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 21, 2019

Notice of 23rd Annual General Meeting

Notice is hereby given that the 23rd Annual General Meeting of the Members of Meezan Bank Limited will be held Insha'Allah on Thursday, March 28, 2019 at 9:30 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, 2018.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank, Audited Consolidated Accounts for the year ended December 31, 2018 together with the Auditors' Report, Directors' Report and Chairman's Review Report thereon.
3. To appoint auditors of the Bank for the year ending December 31, 2019 and to fix their remuneration. The present auditors, M/s EY Ford Rhodes., 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 at the rate of Rs 2/- per share i.e. 20%. In addition to Rs 1.50 per Share i.e. 15% interim Cash Dividend already declared / paid for the year December 31, 2018.

SPECIAL BUSINESS

5. To consider and, if deemed fit, to pass the following resolution as a Special Resolution, with or without amendments, to alter/amend the Articles of Association (the "Articles"), of the Bank, in order to bring them in conformity with the provisions of the Companies Act, 2017 (the "Act").

“Resolved that pursuant to all provisions of the Companies Act, 2017 including any statutory modification(s) or re-enactment thereof, for the time being in force, and rules made there-under and subject to necessary statutory approvals and modifications, if any, consent of the members be and is hereby accorded to alter the existing Articles of Association of the Bank in order to align the same with the applicable provisions of the Companies Act, 2017, and the rules made there-under and accordingly to adopt the proposed Changes in the Articles of Association.

Further Resolved that the Chief Executive Officer and / or Company Secretary of the Bank be and is hereby authorized to, singly, do all acts, deeds and things, take any and all necessary steps, to fulfill the legal, corporate and procedural formalities and file all necessary documents/returns as deemed necessary on this behalf and the matters ancillary thereto to fully achieve the object of the aforesaid resolution.”

6. To approve the remuneration paid / payable to the Chairman, Vice-Chairman and Non-Executive Directors of the Bank for the year ended December 31, 2018 for attending Board Meetings and Meetings of the Committees formed by the Board and to pass the following resolution as ordinary resolution. .

“Resolved that the remuneration paid / payable to the Chairman, Vice-Chairman and Non-Executive Directors of the Bank for the year ended December 31, 2018 for attending Board Meetings and Meetings of the Committees formed by the Board, as disclosed in note 39 of the Audited Financial Statements of the Bank be and is hereby approved.”

7. To transact any other business with the permission of the Chair.

Statements under section 134 (3) of the Companies Act 2017 pertaining to special business are enclosed.

By Order of the Board



Muhammad Sohail Khan
Company Secretary

Karachi
February 21, 2019

Notes:

- i) The Members' Register will remain closed from March 21, 2019 to March 28, 2019 (both days inclusive) to determine the names of members entitled to receive the 20% 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) Members are requested to intimate any changes in address immediately to THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400. Phone No. 111-000-322

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 rates 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 Federal Board of Revenue (FBR)'s Active Tax-Payers List (ATL), despite the fact that they are tax return 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 20, 2019; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s) and tax will be deducted according to proportionate holding of each shareholder as clarified by the FBR vide its clarification letter No. I(54) Exp/2014-132872-R dated September 25, 2014. 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 20, 2019 to our Shares Registrar as required vide FBR clarification letter No. 1(43)DG (WHT)/2008-Vol.II-66417-R dated May 12, 2015.

Payment of Cash Dividend through electronic mode:

- v) Under section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividend directly into bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Bank's website and send it duly signed along with a copy of CNIC to the registrar of the company, THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 in case of physical shares.

In case shares are held in CDC then the Electronic Credit Mandate Form must be submitted directly to shareholder(s)' broker / participant / CDC account services or shareholders can directly register for e-Dividend Services by visiting CDC Portal: www.eipo.cdcaccess.com.pk/public/index.xhtml

Electronic Credit Mandate Form

Folio Number/CDC Sub Account Number	
Name of Shareholder	
Title of the Bank Account	
International Bank Account Number	
Name of Bank	
Name of Bank Branch / Address	
Cellular and Landline number	
CNIC / Passport No. (Attach copy)	
Signature of Shareholder	

Availability of Annual Accounts

vi) Annual Accounts of the Bank for the financial year ended December 31, 2018 have been provided on the Company's website-www.meezanbank.com.

Video Conference Facility for Attending General Meetings

vii) In accordance with the Section 132(2) of the Companies Act, 2017, members holding in aggregate 10% or more shareholding in the paid up capital of the Bank residing in a city, may avail video conference facility to attend the Meeting.

Requirements and procedures for availing video conference facility as stipulated in the Circular are as under:

The members should provide their consent as per the following format and submit to the registered address of the Bank 10 days before holding of General Meeting.

Consent Form for Video Conference Facility

I/We _____ of _____ being a member of Meezan Bank Limited, holder of _____ ordinary shares as per Register Folio / CDC Account No. _____ hereby opt for video conference facility at _____ (geographical location).

Signature of Member

If the Bank receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the Meeting through video conference at least 07 days prior to date of the Meeting, the Bank will arrange video conference facility in that city subject to availability of such facility in that city.

The Bank will intimate members regarding venue of video conference facility at least 5 days before the date of Annual General Meeting along with complete information necessary to enable them to access such facility.

STATEMENTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

These statements set out the material facts concerning the resolution contained in items (5) and (6) of the notice pertaining to the special business to be transacted at the Annual General Meeting of the Bank to be held on March 28, 2019.

Amendments/Adoption of changes in the Articles of Association as per the Companies Act, 2017

The existing Articles of Association of Meezan Bank Limited ("Bank") were required to be revised to align it with legislative changes and requirements brought about by the Companies Act, 2017, Listed Companies (Code of Corporate Governance) Regulations 2017 read with Securities Act 2015, Pakistan Stock Exchange Rules, other applicable rules & regulations and ensure its conformity with the Banking Companies Ordinance 1962, and various other requirements of State Bank of Pakistan.

Accordingly, the Board of Directors of the Bank in its meeting held on February 21, 2019 has recommended amendments in the Articles of Association of the Bank to bring in conformity with the Companies Act, 2017, the amendments of which shall be laid before the members at the Annual General Meeting scheduled on March 28, 2019 in accordance with the requirements of Section 134(3) of the Companies Act 2017.

A comparison highlighting the changes proposed in the Articles of Association will be available on the company's website www.meezanbank.com physical copies of the same are also dispatched along with notice of AGM at members registered addresses.

The Directors of the Bank have no vested interest, directly or indirectly in the above business, save to the extent of their shareholding of the Bank.

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.



Unconsolidated Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the members of Meezan Bank Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Meezan Bank Limited (the Bank), which comprise the unconsolidated statement of financial position as at 31 December 2018, the unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flows statement for the year then ended, along with unaudited certified returns received from the branches except for 25 branches which have been audited by us and notes to the financial statements, including a summary of significant accounting policies and other explanatory information 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated profit and loss account, the unconsolidated statement of comprehensive income, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Bank's affairs as at 31 December 2018 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<p>1. Provision against Non Performing Islamic Financing</p> <p>The Bank's Islamic financing portfolios include fund-based and non-funded financing facilities. The portfolio is spread across various domestic branches and include corporate financing to several public sector entities and large to small size businesses operating in the private sector, as well as consumer financing to individuals.</p> <p>As per the Bank's accounting policy (refer note 6.3.2 to the financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against financing losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of financing loss provision against certain corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Bank.</p> <p>In view of the significance of this area in terms of its impact on the financial statements and the level of involvement of management's judgment, we identified adequacy of provision against Islamic financing as a significant area of audit judgment and a key audit matter.</p> <p>The disclosures relating to provisioning against non-performing financing and related assets are included in note 11.10 to the financial statements.</p>	<p>We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> - We reviewed the Bank's process for identification and classification of non-performing financing including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired financing and declassification of accounts from non-performing to regular, as the case may be; - We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations; - In addition, we selected a representative sample of borrowers from the financing portfolios across various branches including individually significant corporate financing and performed tests and procedures such as review of financing documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower; - Based on the said credit reviews, we identified and discussed with the management the financing accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases; - In respect of the level of general provision maintained by the Bank we discussed the approach and policy followed by the Bank with the management on consistent basis and checked the approval of Board of Directors in this regard; and - We also assessed adequacy of disclosures as included in note 11 to the financial statements regarding the non-performing financing and provisions made for the same in the financial statements in accordance with the requirements of the applicable financial reporting framework.

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Key audit matters	How the matter was addressed in our audit
2. Revision in the presentation and disclosures requirements of the financial statements	
<p>As referred to in note 3.2 to the financial statements, SBP vide its BPRD circular no. 02 of 2018, (the circular) revised the statutory forms of the annual financial statements of Banks effective from the year ended 31 December 2018.</p> <p>The revised statutory financial reporting framework as applicable to the Bank, prescribes the presentation format, nature and content of disclosures in relation to various elements of the financial statements.</p> <p>Please refer to note 3.2 to the financial statements which provides reference to the revised accounting policies as well as the additional disclosures made due to the revised forms of the financial statements.</p> <p>The above changes and enhancements in the financial statements are considered important and a key audit matter because of the volume and significance of the changes in the financial statements resulting from the transition to the new reporting requirements.</p>	<ul style="list-style-type: none"> - We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the revised forms for the preparation of such financial statements; - We assessed the appropriateness of the changes in the accounting policies made by the Bank as a result of the adoption of the revised forms of the financial statements; - We also reviewed the accounting impacts incorporated by the management in the financial statements upon the changes in accounting policies; - We also evaluated the sources of information used by the management for the preparation of the financial statements disclosures and the internal consistency of the disclosures with other elements thereof; and - We considered the adequacy and appropriateness of the additional disclosures and changes in the presentation of the financial statements based on the requirements of the statutory forms.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

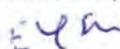
In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting and reporting standards as applicable in Pakistan, the requirements of Banking Companies Ordinance, 1962 and the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Bank's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Based on our audit, we further report that in our opinion:
 - a) proper books of account have been kept by the Bank as required by the Companies Act, 2017 (XIX of 2017) and the returns referred above from the branches have been found adequate for the purpose of our audit;



-:5:-

- b) the statement of financial position, the profit and loss account, the statement of comprehensive income, statement of changes in equity and statement of cash flows (together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 and the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account and returns;
 - c) investments made, expenditure incurred and guarantees extended during the year were in accordance with the objects and powers of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank; and
 - d) 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.
2. We confirm that for the purpose of our audit we have covered more than sixty per cent of the total Islamic financing of the Bank.

The engagement partner on the audit resulting in this independent auditors' report is Arslan Khalid.



Chartered Accountants

Place: Karachi

Date: 21 February 2019

Unconsolidated Statement of Financial Position

As at December 31, 2018

	Note		Restated	Restated
	3.2	2018	2017	2016
ASSETS				
Rupees in '000				
Cash and balances with treasury banks	7	65,022,041	64,556,170	56,036,849
Balances with other banks	8	8,255,187	4,895,816	12,021,351
Due from financial institutions - net	9	184,814,600	147,229,221	129,115,165
Investments - net	10	123,742,867	119,238,246	130,156,297
Islamic financing and related assets - net	11	512,564,522	420,029,088	311,530,270
Fixed assets	12	13,129,126	11,362,868	8,469,414
Intangible assets	13	624,534	512,490	454,914
Deferred tax asset	14	982,936	-	-
Other assets - net	15	28,779,592	20,984,101	14,271,194
		937,915,405	788,808,000	662,055,454
LIABILITIES				
Bills payable	16	23,750,543	17,175,035	13,756,970
Due to financial institutions	17	36,407,811	36,813,295	32,005,501
Deposits and other accounts	18	785,476,944	667,180,865	559,397,881
Sub-ordinated Sukuk	19	14,000,000	7,000,000	7,000,000
Deferred tax liabilities	14	-	8,182	1,362,909
Other liabilities	20	37,947,052	25,553,230	18,058,575
		897,582,350	753,730,607	631,581,836
NET ASSETS		40,333,055	35,077,393	30,473,618
REPRESENTED BY				
Share capital	21	11,691,924	10,629,022	10,027,379
Reserves	22	15,161,249	13,368,809	9,699,685
Unappropriated profit		13,525,765	10,340,589	8,422,009
(Deficit) / surplus on revaluation of assets - net of tax	23	(45,883)	738,973	2,324,545
		40,333,055	35,077,393	30,473,618
CONTINGENCIES AND COMMITMENTS	24			

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.

Riyadh S. A. A.
Edrees
Chairman

Irfan Siddiqui
President &
CEO

Noorur Rahman
Abid
Director

Mansur Khan
Director

Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Profit and Loss Account

For the year ended December 31, 2018

	Note	2018	Restated 2017
	3.2	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	25	48,624,458	36,426,932
Profit on deposits and other dues expensed	26	20,456,948	15,683,700
Net spread earned		28,167,510	20,743,232
OTHER INCOME			
Fee and Commission Income	27	5,257,170	4,165,971
Dividend income		567,429	1,176,517
Foreign Exchange Income		1,318,460	1,210,827
Gain on securities - net	28	8,308	824,926
Other income	29	311,136	246,041
		7,462,503	7,624,282
Total income		35,630,013	28,367,514
OTHER EXPENSES			
Operating expenses	30	19,290,136	16,579,977
Workers Welfare Fund	20.5	363,001	241,377
Other charges	31	16,419	10,824
Total other expenses		19,669,556	16,832,178
Profit before provisions		15,960,457	11,535,336
Provisions and write offs - net	32	1,168,051	1,283,326
Extra ordinary / unusual items		-	-
Profit before taxation		14,792,406	10,252,010
Taxation	33	5,830,206	3,939,243
Profit after taxation		8,962,200	6,312,767
		Rupees	
Basic and diluted earnings per share	34	7.67	Restated 5.56

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Noorur Rahman
Abid
Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2018

	Note 3.2	2018 Rupees in '000	Restated 2017
Profit after taxation for the year		8,962,200	6,312,767
Other comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Deficit on revaluation of investment	23	(1,241,550)	(2,439,341)
Deferred tax on revaluation of investments		434,542	853,769
		(807,008)	(1,585,572)
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurements of defined benefit plan	37	1,998	(189,878)
Tax on remeasurements of defined benefit plan		(699)	66,457
		1,299	(123,421)
Surplus on revaluation of non-banking assets	23	34,080	-
Deferred tax on revaluation of non-banking assets		(11,928)	-
		22,152	-
Total Comprehensive Income for the year		8,178,643	4,603,774

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Noorur Rahman
Abid
Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2018

	Share capital	Capital reserves		Non - Distributable Capital Reserve - Gain on Bargain Purchase	Revenue reserves		Surplus / (deficit) on revaluation of		Total
		Share premium	Statutory reserve*		General reserve	Unappropriated profit	Investments	Non-banking Assets	
Rupees in '000									
Balance as at January 01, 2017 - Restated (Note 3.2)	10,027,379	-	6,515,372	3,117,547	66,766	8,422,009	2,324,545	-	30,473,618
Profit after taxation for the year	-	-	-	-	-	6,312,767	-	-	6,312,767
Other Comprehensive loss for the year - net of tax	-	-	-	-	-	(123,421)	(1,585,572)	-	(1,708,993)
Other appropriations	-	-	-	-	-	6,189,346	(1,585,572)	-	4,603,774
Transfer to statutory reserve	-	-	1,262,553	-	-	(1,262,553)	-	-	-
Transactions with owners recognised directly in equity									
Issue of right shares	601,643	2,406,571	-	-	-	-	-	-	3,008,214
Final cash dividend for the year 2016	-	-	-	-	-	(1,253,422)	-	-	(1,253,422)
Interim cash dividend for the year 2017	-	-	-	-	-	(1,754,791)	-	-	(1,754,791)
	-	-	-	-	-	(3,008,213)	-	-	(3,008,213)
Balance as at December 31, 2017 - Restated (Note 3.2)	10,629,022	2,406,571	7,777,925	3,117,547	66,766	10,340,589	738,973	-	35,077,393
Profit after taxation for the year	-	-	-	-	-	8,962,200	-	-	8,962,200
Other Comprehensive income / (loss) for the year - net of tax	-	-	-	-	-	1,299	(807,008)	22,152	(783,557)
Other appropriations	-	-	-	-	-	8,963,499	(807,008)	22,152	8,178,643
Transfer to statutory reserve	-	-	1,792,440	-	-	(1,792,440)	-	-	-
Transactions with owners recognised directly in equity									
Issue of bonus shares	1,062,902	-	-	-	-	(1,062,902)	-	-	-
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	-	-	(1,328,628)
Interim cash dividend for the year 2018	-	-	-	-	-	(1,594,353)	-	-	(1,594,353)
	-	-	-	-	-	(2,922,981)	-	-	(2,922,981)
Balance as at December 31, 2018	11,691,924	2,406,571	9,570,365	3,117,547	66,766	13,525,765	(68,035)	22,152	40,333,055

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

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.

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Khandwala
Chief Financial Officer

Unconsolidated Cash Flow Statement

For the year ended December 31, 2018

	Note 3.2	2018	Restated 2017
Rupees in '000			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		14,792,406	10,252,010
Less: Dividend income		(567,429)	(1,176,517)
		14,224,977	9,075,493
Adjustments for non-cash charges and other items:			
Depreciation		1,514,837	1,465,891
Amortization		220,208	170,156
Provisions and write offs - net		1,168,051	1,283,326
Charge for defined benefit plan		351,317	279,078
Gain on sale of fixed assets		(83,432)	(72,928)
		3,170,981	3,125,523
		17,395,958	12,201,016
(Increase) / decrease in operating assets			
Due from financial institutions		(37,585,379)	(18,114,056)
Islamic financing and related assets		(93,411,858)	(109,195,454)
Other assets		(7,765,391)	(3,866,836)
		(138,762,628)	(131,176,346)
Increase / (decrease) in operating liabilities			
Bills payable		6,575,508	3,418,065
Due to financial institutions		(405,484)	4,807,794
Deposits and other accounts		118,296,079	107,782,984
Other liabilities		11,224,937	3,777,670
		135,691,040	119,786,513
		14,324,370	811,183
Contribution to defined benefit plan		(441,125)	(123,356)
Income tax paid		(5,150,807)	(3,836,755)
Net cash flow from / (used in) operating activities		8,732,438	(3,148,928)
CASH FLOW FROM INVESTING ACTIVITIES			
Net (investments) / redemption in			
- available for sale securities		(7,113,572)	7,884,619
- held to maturity securities		-	-
- associated entities		1,060,000	7,359
Dividends received		589,003	1,164,417
Investments in fixed assets		(3,338,121)	(4,423,558)
Investments in intangible assets		(332,252)	(229,771)
Proceeds from sale of fixed assets		140,458	139,180
Net cash (used in) / flow from investing activities		(8,994,484)	4,542,246
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of Right Shares		-	3,008,214
Issuance of Sub-ordinated Sukuk - Additional Tier I		7,000,000	-
Dividend paid		(2,912,712)	(3,007,746)
Net cash flow from financing activities		4,087,288	468
Increase in cash and cash equivalents		3,825,242	1,393,786
Cash and cash equivalents at the beginning of the year	35	69,451,986	68,058,200
Cash and cash equivalents at the end of the year	35	73,277,228	69,451,986

The annexed notes 1 to 51 and Annexure 1 form an integral part of these unconsolidated financial statements.

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Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

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 Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 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 six hundred and sixty branches as at December 31, 2018 (2017: six hundred and one branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4 Based on the financial statements of the Bank for the year ended December 31, 2017, the JCR-VIS Credit Rating Company Limited has upgraded the Bank's long-term rating to 'AA+' from 'AA' and reaffirmed the short-term rating as 'A1+' with stable outlook.

2 BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Salam, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah, Service Ijarah, Wakalah, Wakalah Tul Istithmar, and Export Refinance under Islamic Export Refinance Scheme and long term financing facility under Islamic Long Term Financing Facility of the State Bank of Pakistan respectively as briefly explained in note 6.3.

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 financing 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 Resident Shariah Board Member (RSBM) of the Bank.

3 STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated financial statements (here-in-after referred to as "financial statements") have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:
 - International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
 - Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
 - Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

3.2 Adoption of new forms for the preparation of financial statements

During the year, the SBP, vide its BPRD Circular No. 02 dated January 25, 2018, issued the revised forms for the preparation of the annual financial statements of the banks which are applicable for annual periods beginning on or after January 01, 2018. The implementation of the revised forms has resulted in certain changes to the accounting policies of the Bank and the presentation and disclosures of various elements of the financial statements. These changes are summarized below:

3.2.1 Changes in the accounting policies

- As per the revised forms, "Surplus / deficit on revaluation of assets" is now required to be presented as a component of the equity of the Bank. Previously, such surplus / deficit was required to be presented separately from the equity of the Bank and changes in such surplus / deficit were not recognized in the statement of comprehensive income. Consequent upon the change in the presentation requirements, the surplus / deficit on revaluation of assets and changes in such surplus / deficit during the year are reflected in the relevant section of the statement of financial position, statement of comprehensive income and statement of changes in equity for the current and prior years presented in these financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

- Acceptances representing undertakings by the Bank to pay bills of exchange drawn on customers are now required to be recognized as liabilities of the Bank at the date of acceptance. Previously, acceptances were only recognized as off-balance sheet obligations and disclosed under contingent liabilities. As a result of the above change, the other assets and other liabilities of the Bank increased by Rs 10,599 million, Rs 7,109 million and Rs 4,288 million as of 2018, 2017 and 2016 respectively.

3.2.2 Significant changes to the presentation and disclosures

In addition, to above changes in accounting policies, certain changes to the presentation of the financial statements have been made such as other reversal of provisions / write offs have now been combined under provisions & write off - net (note 32), Business segments have been identified and reported as per the requirements of IFRS 8 - "Operating Segments" (note 41), cost of conversion of foreign currency deposits is now included in "Profit on deposits and other dues expensed" (note 26).

Further, certain, new disclosures have been introduced which include category of classification for non-performing "Due from Financial Institutions" (Note 9.4) and "Investments" (note 10.4); movement in "Non-banking assets acquired in satisfaction of claims" (note 15.3.1); for "Non-banking assets acquired in satisfaction of claims" sold during the year, disposal proceeds, cost of such asset, impairment/depreciation and realized gains or losses (note 15 and note 29); composition of deposits (note 18.1); breakdown of Fee and Commission income (note 27); presentation of operating expenses has been changed (note 30); Concentration of Islamic financing and province wise disbursements and utilization of Islamic financing (note 46.1.1.5 and note 46.1.1.6); and assets split between trading and banking books (note 46.2.2).

The Bank has adopted the above changes in the presentation and made additional disclosure to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current year's presentation. Such reclassifications / re-arrangements are disclosed in note 50 to the financial statements.

- 3.2.3 The SBP, vide its BPRD Circular No. 01 January 25, 2017 issued "Guidelines and Disclosures on Governance and Remuneration Practices". Certain disclosure related to remuneration of Directors and management of the Bank were required to be presented in the financial statements in terms of such guidelines. Accordingly, revised format of the financial statement issued by the SBP incorporates such disclosure requirements. However, SBP through its circular number BPRD/R&PD/2018/17232 dated August 08, 2018 deferred the reporting of such disclosures till December 31, 2019. Therefore, the management has reported the remuneration disclosures in these financial statement in accordance with previous disclosure requirements of the SBP (note 39).

- 3.3 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 and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

- 3.4 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.

- 3.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

The Bank has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

- IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
- IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

Improvements to Accounting Standards Issued by the IASB in December 2016

- IAS 28 - Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

3.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

3.6.1 The following standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned thereagainst:

Standard, Interpretations and Amendments	Effective date (accounting periods beginning on or after)
- IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
- IFRS 9 - Financial Instruments: Classification and Measurement	July 01, 2018
- IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)	January 01, 2019
- IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IFRS 15 - Revenue from Contracts with Customers	July 01, 2018
- IFRS 16 - Leases	January 01, 2019
- IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
- IAS 1/ IAS 8 - Definition of Material (Amendments)	January 01, 2020
- IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019

3.6.2 The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application, other than IFRS 9 and IFRS 16. With regard to IFRS 9, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financing, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan. With regard to IFRS 16, the Bank is currently evaluating the impact of application of IFRS 16 on its financial statements.

3.6.3 In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019. The Bank expects that such improvements to the standards will not have any impact on the Bank's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 The preparation of the financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise judgments in the process of applying the Bank's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Bank's 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 6.4 and 10);
- (b) Provision against non-performing Islamic financing and related assets (notes 6.3.2 and 11);
- (c) Impairment of investments in equity instruments of subsidiary, associates and non associate entities (notes 6.4.5, 10 and 32);
- (d) Accounting for defined benefit plan (notes 6.12 and 37);
- (e) Depreciation / amortisation of fixed assets and intangible assets (notes 6.5, 12 and 13); and
- (f) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 6.6, 14, 20 and 33).

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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

5 BASIS OF MEASUREMENT

5.1 These financial statements have been prepared under the historical cost convention except that certain investments, foreign currency balances, Non-banking assets acquired in satisfaction of claims and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP. In addition, obligation in respect of staff retirement benefit and employees compensated leave balances are carried at present value as per actuarial valuation.

5.2 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. These financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

5.3 Rounding off

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

6.1 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.

6.2 Due to / from financial 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.

6.3 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

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. 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 outstanding are disclosed in 'other assets' on the Statement of Financial Position at amortized cost. 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'.

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 purchase the Bank's share over the tenure of the transaction.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

Running Musharakah

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in the customer's 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.

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.

Wakalah

Wakalah is an agency or a delegated authority where the Muwakkil (principal) appoints the Wakil (agent) to carry out a specific job on behalf of the Muwakkil. Funds disbursed are initially recorded as 'Advance against Wakalah'. On culmination, the same are recorded as financings.

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Bank enters into investment agency transaction with customer acting as an agent of the Bank. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Bank and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of wakala business performance by the agent.

Musawamah

In Musawammah 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.

6.3.1 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, financing 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.

6.3.2 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 Prudential Regulations issued by the SBP, general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

In addition to the above mentioned requirements, the Bank has also created a general provision in respect of financing 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 the 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

6.3.3 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.

6.4 Investments

6.4.1 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.

- 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.

6.4.2 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.

6.4.3 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.

6.4.4 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

- **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. On derecognition of available for sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period within statement of comprehensive income.

- **Investments in associates and subsidiary**

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

6.4.5 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 in available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period. 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.

6.4.6 Cost of investment is determined on moving average basis.

6.5 Operating fixed assets

6.5.1 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.

6.5.2 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).

6.5.3 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

6.5.4 Depreciation / amortisation

Depreciation / amortisation is charged to the profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 13 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.

6.5.5 Capital work-in-progress

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

6.5.6 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.

6.5.7 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.

6.6 Taxation

Income tax expense comprises of 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, in which case it is recognised in 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 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.

6.7 Non-banking assets acquired in satisfaction of claims

The non banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account in the statement of comprehensive income. Any deficit arising on revaluation is taken to profit and loss account directly. On derecognition of the assets, the cumulative gain or loss previously reported in other comprehensive income is transferred directly to unappropriated profit in the statement of financial position. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

6.8 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. 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).

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.

6.9 Sub-ordinated Sukuk

The Bank records sub-ordinated sukuk initially at the amount of proceeds received. Profit accrued on sub-ordinated sukuk is charged to the profit and loss account.

6.10 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 financing, 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 the 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 along with 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 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 the Bank's Resident Shariah Board Member. However, Hiba are given at the sole discretion of the Bank without any contractual commitment and can be withdrawn or reduced by the Bank at its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. As per the 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 note 46.1.1.3.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

Investments in Sovereign Guarantee Sukuk, Bai Muajjal with State Bank 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 Compliant Nostro accounts and the 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 Sukuk, and financing to/ sukuk 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 Sukuk and financing under diminishing musharakah mode 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 financing and subsidized financing to the 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 for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

6.11 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, 2018.

The Bank also operates End of Service unfunded defined benefit scheme as approved by the Board of Directors for the benefit of the founding President and Chief Executive Officer of the Bank. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been carried out on December 31, 2018.

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.

6.12 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 is recognised on the basis of actuarial valuation using projected unit credit method.

6.13 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 events and are recorded in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

6.14 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 the 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, 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.

6.15 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.

6.16 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 on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

6.17 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.

6.18 Revenue recognition

- i) Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis. Profit on murabaha and musawammah transactions for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately upon the later date.
- ii) Rental on Ijarah contracts under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recognised as income on an accrual basis.
- iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- v) Profit on Running Musharakah financing is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- viii) Profit on Wakalah tul Istithmar / Wakalah is recognized on an accrual basis and is adjusted upon actual declaration of wakalah business performance by the agent.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

- ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (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.
- 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 financing and investments are recognised as permitted by the SBP.

6.19 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. Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

6.19.1 Business segments

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, investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Retail Banking

It includes retail financing, deposits and banking services offered to its retail customers and small and medium enterprises.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Others

It includes functions which cannot be classified in any of the above segments.

6.19.2 Geographical segments

The Bank operates only in Pakistan.

6.20 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.

6.21 Earnings per share

The Bank presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to equity holders of the Bank by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit of Bank (after adjusting for return - net of tax) on the convertible instruments by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

	Note	2018	2017
Rupees in '000			
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		10,754,777	16,244,335
- foreign currencies		2,122,435	2,515,745
With the State Bank of Pakistan in			
- local currency current accounts	7.1	25,130,062	25,011,106
- foreign currency current accounts	7.1	5,305,332	4,100,803
With the National Bank of Pakistan in			
- local currency current accounts		21,709,435	16,684,181
		<u>65,022,041</u>	<u>64,556,170</u>

7.1 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.

	Note	2018	2017
Rupees in '000			
8 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		5,858,646	3,699,377
Outside Pakistan			
- in current accounts		2,089,540	1,084,534
- in deposit accounts	8.1	307,001	111,905
		<u>8,255,187</u>	<u>4,895,816</u>

8.1 The return on these balances is around 0.85% (2017: 0.58%) per annum.

	Note	2018	2017
Rupees in '000			
9 DUE FROM FINANCIAL INSTITUTIONS - NET			
Bai Muajjal:			
With Scheduled Banks - Secured	9.1	184,814,600	142,229,221
With other Financial Institution		15,500	15,500
	9.2	184,830,100	142,244,721
Musharakah - Secured		-	5,000,000
Commodity Murabaha		26,066	26,066
		<u>184,856,166</u>	<u>147,270,787</u>
Provision against non-performing amounts due from financial institutions	9.4	(41,566)	(41,566)
		<u>184,814,600</u>	<u>147,229,221</u>

9.1 The average return on this product is 7.87% (2017: 5.80%) per annum. The balances have maturities ranging between January 2019 to April 2019 (2017: January 2018 to November 2018). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 179,574 million as at December 31, 2018 (2017: Rs 146,067 million).

Notes to and forming part of the Unconsolidated Financial Statements

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	2018	2017
	Rupees in '000	
9.2 Bai Muajjal Placements	191,381,750	150,162,125
Less: Deferred Income	(1,137,552)	(3,440,686)
Profit Receivable shown in other assets	(5,414,098)	(4,476,718)
Bai Muajjal Placements	<u>184,830,100</u>	<u>142,244,721</u>
9.3 Particulars of due from financial institutions		
In local currency	184,814,600	147,229,221
In foreign currencies	-	-
	<u>184,814,600</u>	<u>147,229,221</u>

9.4 Category of classification	2018		2017	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
	Rupees in '000			
Loss	41,566	41,566	41,566	41,566
	<u>41,566</u>	<u>41,566</u>	<u>41,566</u>	<u>41,566</u>

10 INVESTMENTS - NET

10.1 Investments by types

	Note	2018				2017			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
		Rupees in '000							
Available for sale securities									
- Federal Government Securities	10.5.1	61,420,405	-	(271,470)	61,148,935	56,895,331	-	256,195	57,151,526
- Shares (including units of fund)	10.5.2 & 10.5.3	5,981,168	1,104,210	277,249	5,154,207	5,267,798	785,762	858,330	5,340,366
- Non Government Sukuk	10.5.4	21,246,732	170,635	-	21,076,097	21,911,179	181,682	-	21,729,497
- Foreign Securities	10.5.5	7,576,263	-	(110,446)	7,465,817	5,036,688	-	22,358	5,059,046
		<u>96,224,568</u>	<u>1,274,845</u>	<u>(104,667)</u>	<u>94,845,056</u>	<u>89,110,996</u>	<u>967,444</u>	<u>1,136,883</u>	<u>89,280,435</u>
Held to maturity securities									
- Federal Government Securities	10.6	28,000,000	-	-	28,000,000	28,000,000	-	-	28,000,000
In related parties									
Subsidiary (unlisted)									
- Shares	10.1.1	63,050	-	-	63,050	63,050	-	-	63,050
Associates (listed)									
- Units of funds	10.1.1	834,761	-	-	834,761	1,894,761	-	-	1,894,761
Total Investments		<u>125,122,379</u>	<u>1,274,845</u>	<u>(104,667)</u>	<u>123,742,867</u>	<u>119,068,807</u>	<u>967,444</u>	<u>1,136,883</u>	<u>119,238,246</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

10.1.1 Details of investment in subsidiary and associates

	2018						
	Percentage of holding	Assets	Liabilities	Revenue	Profit / (Loss) after taxation	Total comprehensive income / (loss)	Market Value
Rupees in '000							
Subsidiary (unlisted)							
Al Meezan Investment Management Limited	65%	3,525,273	649,746	1,474,704	504,222	496,537	N/A
Associates (listed and open ended)							
Meezan Balanced Fund	4%	6,844,559	144,844	(149,885)	(370,344)	(372,085)	271,969
Al Meezan Mutual Fund Limited	6%	6,291,952	214,737	(594,757)	(815,586)	(827,804)	342,821
Meezan Islamic Fund	2%	33,901,644	1,302,695	(3,352,098)	(4,577,270)	(4,573,578)	692,116
Meezan Gold Fund	20%	331,830	9,798	70,917	60,278	60,278	64,150
KSE Meezan Index Fund	8%	1,627,605	75,574	(185,845)	(216,065)	(216,065)	127,427
2017							
	Percentage of holding	Assets	Liabilities	Revenue	Profit / (Loss) after taxation	Total comprehensive income / (loss)	Market Value
Rupees in '000							
Subsidiary (unlisted)							
Al Meezan Investment Management Limited	65%	4,295,452	875,631	1,305,674	331,266	328,424	N/A
Associates (listed and open ended)							
Meezan Balanced Fund	4%	8,118,084	118,921	(725,052)	(579,150)	(672,507)	287,267
Al Meezan Mutual Fund Limited	6%	7,088,314	148,800	(1,052,198)	(1,109,652)	(1,529,245)	389,064
Meezan Islamic Fund	2%	41,491,060	1,195,075	(8,052,733)	(7,388,427)	(8,707,150)	786,427
Meezan Cash Fund	6%	8,628,012	283,327	353,106	240,216	240,216	530,103
Meezan Islamic Income Fund	5%	11,534,132	540,312	655,880	274,329	274,329	530,508
Meezan Gold Fund	14%	403,341	21,180	37,027	22,194	22,194	51,640
KSE Meezan Index Fund	9%	1,624,799	31,854	(398,489)	(174,569)	(174,569)	145,221

Subsidiary and associates are incorporated in Pakistan. Shares in subsidiary are placed in custody account with Central Depository of Pakistan and cannot be sold without the prior approval of Securities Exchange Commission of Pakistan (SECP) in accordance with the SECP's circular No. 9 of 2006 dated June 15, 2006.

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For the year ended December 31, 2018

10.2 Investments by segments

	Note	2018				2017			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000									
Federal Government Securities									
- Sukuk	10.5.1 & 10.6	46,986,693	-	(271,470)	46,715,223	84,895,331	-	256,195	85,151,526
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	10.5.1	42,433,712	-	-	42,433,712	-	-	-	-
		89,420,405	-	(271,470)	89,148,935	84,895,331	-	256,195	85,151,526
Shares									
- Listed Companies	10.5.2	5,080,386	1,008,968	275,766	4,347,184	4,367,016	698,328	857,391	4,526,079
- Units of funds	10.5.2	50,000	-	1,483	51,483	50,000	-	939	50,939
- Unlisted Companies	10.5.3	850,782	95,242	-	755,540	850,782	87,434	-	763,348
		5,981,168	1,104,210	277,249	5,154,207	5,267,798	785,762	858,330	5,340,366
Non Government Sukuk									
- Unlisted	10.5.4	21,246,732	170,635	-	21,076,097	21,911,179	181,682	-	21,729,497
Foreign Securities									
- Government Sukuk	10.5.5	4,788,337	-	(61,003)	4,727,334	3,376,124	-	47,078	3,423,202
- Non Government Sukuk	10.5.5	2,777,537	-	(49,443)	2,728,094	1,657,222	-	(24,720)	1,632,502
- Shares	10.5.5	10,389	-	-	10,389	3,342	-	-	3,342
		7,576,263	-	(110,446)	7,465,817	5,036,688	-	22,358	5,059,046
Associates									
Meezan Balanced Fund		161,345	-	-	161,345	161,345	-	-	161,345
Al Meezan Mutual Fund Limited		302,366	-	-	302,366	302,366	-	-	302,366
Meezan Islamic Fund		221,050	-	-	221,050	221,050	-	-	221,050
Meezan Cash Fund		-	-	-	-	530,000	-	-	530,000
Meezan Islamic Income Fund		-	-	-	-	530,000	-	-	530,000
Meezan Gold Fund		50,000	-	-	50,000	50,000	-	-	50,000
KSE Meezan Index Fund		100,000	-	-	100,000	100,000	-	-	100,000
		834,761	-	-	834,761	1,894,761	-	-	1,894,761
Subsidiary									
Al Meezan Investment Management Limited	10.7	63,050	-	-	63,050	63,050	-	-	63,050
Total Investments		125,122,379	1,274,845	(104,667)	123,742,867	119,068,807	967,444	1,136,883	119,238,246

10.3 Provision against diminution in value of investments

	2018	2017
Opening balance	967,444	380,712
Charge / (reversals) for the year		
On available for sale securities		
- charge for the year	505,484	605,434
- reversals for the year upon recovery on debt instruments	(11,047)	-
- reversals on disposals	(187,036)	(18,702)
	307,401	586,732
Closing balance	1,274,845	967,444

10.4 Particulars of provision against Sukuk

	2018		2017	
Category of classification	Non-performing Investment	Provision held	Non-performing Investment	Provision held
Loss	170,635	170,635	181,682	181,682
	170,635	170,635	181,682	181,682

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

10.5 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	Cost	
	2018	2017
	Rupees in '000	
10.5.1 Federal Government Securities - Government guaranteed		
GoP Ijarah Sukuk - GISF-1	3,005,830	1,973,172
GoP Ijarah Sukuk - GISF-2	89,889	89,843
GoP Ijarah Sukuk - GISF-3	15,890,974	14,779,879
GoP Ijarah Sukuk - GIS-16	-	40,052,437
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	42,433,712	-
	<u>61,420,405</u>	<u>56,895,331</u>

10.5.2 Shares and units of funds - Listed

Automobile Assembler	183,786	91,345
Construction and materials (cement)	1,144,900	1,135,048
Power Generation & Distribution	224,084	251,576
Refinery	-	82,060
Oil and gas marketing	613,808	509,098
Oil & Gas Exploration Companies	1,051,875	709,050
Fertilizers	568,756	525,736
Chemicals	236,346	100,258
Pharmaceuticals	358,048	225,074
Mudarabas	66,390	66,390
Technology & Communication	51,889	3,229
Paper & Board	306,866	280,946
Textile (Composite)	45,328	3,521
Glass & Ceramics	24,931	-
Vanaspati & Allied Industries	36,207	-
Food & Personal Care Products	4,701	45,861
Cable & Electrical Goods	-	174,808
Engineering	162,471	162,993
Units of open end funds	50,000	50,000
Miscellaneous	-	23
	<u>5,130,386</u>	<u>4,417,016</u>

10.5.3 Unlisted Companies

	Cost		Breakup value per share*	
	2018	2017	2018	2017
	Rupees in '000		Rupees	
Fatima Energy Limited	250,553	250,553	9.40	9.70
Sapphire Electric Company Limited	318,864	318,864	29.10	23.70
Daewoo Pakistan Express Bus Service Limited	253,240	253,240	58.70	50.40
Pak Kuwait Takaful Company Limited	28,125	28,125	0.60	0.60
	<u>850,782</u>	<u>850,782</u>		

* Based on latest available audited financial statements

Notes to and forming part of the Unconsolidated Financial Statements

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10.5.4 Non Government Sukuk - Unlisted	Cost	
	2018	2017
	Rupees in '000	
Credit Ratings		
- AAA / AAA	10,128,470	8,547,204
- AA / AA+, AA, AA-	3,428,333	11,790,000
- A / A+, A, A-	7,519,294	1,392,293
- Unrated	170,635	181,682
	<u>21,246,732</u>	<u>21,911,179</u>

10.5.5 Foreign Securities - Government Sukuk	2018		2017	
	Cost Rupees in '000	Rating	Cost Rupees in '000	Rating
Hong Kong	694,270	AA+	552,010	AA+
Saudi Arabia	1,267,122	A2	572,921	A2
Qatar	701,777	A+ / AA3	559,513	A+ / AA3
Luxembourg	39,709	AAA	33,063	AAA
Indonesia	2,085,459	BAA2	1,658,617	BAA3
	<u>4,788,337</u>		<u>3,376,124</u>	

Non Government Sukuk - Unlisted	Cost	
	2018	2017
	Rupees in '000	
Credit Ratings		
- AA+, AA, AA-	2,085,012	1,107,334
- A+, A, A-	692,525	549,888
	<u>2,777,537</u>	<u>1,657,222</u>
Equity securities - Unlisted		
S.W.I.F.T. SCRL	<u>10,389</u>	<u>3,342</u>

10.6 Particulars relating to Held to Maturity securities are as follows:

Federal Government Securities - Government guaranteed	Cost	
	2018	2017
	Rupees in '000	
GoP Ijarah Sukuk - GISF-2	<u>28,000,000</u>	<u>28,000,000</u>

The market value of securities classified as held to maturity as at December 31, 2018 amounted to Rs 27,910 million (December 31, 2017: Rs 28,207 million).

10.7 Investment in subsidiary	Cost		Breakup value per share*	
	2018	2017	2018	2017
	Rupees in '000		Rupees	
Al Meezan Investment Management Limited	<u>63,050</u>	<u>63,050</u>	<u>575.11</u>	<u>686.23</u>

* Based on latest available audited financial statements

Notes to and forming part of the Unconsolidated Financial Statements

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	Note	2018	2017
Rupees in '000			
11 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
Murabaha financing and related assets			
- Murabaha financing	11.1	8,021,609	7,854,995
- Advances against Murabaha		7,657,780	6,487,946
- Murabaha inventory		3,818,550	4,573,868
- Financing under Islamic Export Refinance - Murabaha	11.2	344,573	599,862
- Advance against Islamic Export Refinance - Murabaha		130,491	236,121
		19,973,003	19,752,792
Running Musharakah financing			
- Running Musharakah financing		142,433,085	132,032,737
- Financing under Islamic Export Refinance - Running Musharakah		16,430,165	13,882,800
		158,863,250	145,915,537
Istisna financing and related assets			
- Istisna financing		3,440,669	2,432,621
- Advances against Istisna		56,972,563	44,548,652
- Istisna inventory		8,069,320	3,352,093
- Financing under Islamic Export Refinance - Istisna		74,732	170,111
- Advances under Islamic Export Refinance - Istisna		4,388,971	5,489,701
- Inventory under Islamic Export Refinance - Istisna		508,535	1,076,361
		73,454,790	57,069,539
Tijarah financing and related assets			
- Tijarah financing		394,041	498,305
- Tijarah inventory		12,371,614	7,213,736
- Financing under Islamic Export Refinance - Tijarah		364,949	254,802
- Inventory under Islamic Export Refinance - Tijarah		271,085	217,500
		13,401,689	8,184,343
Musawammah financing and related assets			
- Musawammah financing	11.3	12,450,345	6,468,792
- Musawammah Inventory		9,890,657	5,272,054
- Advances against Musawammah		16,505,491	7,523,238
- Financing under Islamic Export Refinance - Musawammah	11.4	875,001	95,308
- Advances under Islamic Export Refinance - Musawammah		124,950	111,350
		39,846,444	19,470,742
Salam Financing and related assets			
- Salam Financing		590,001	464,337
- Salam Inventory		1,659,072	77,200
- Advances against Salam		7,281,394	3,595,916
		9,530,467	4,137,453
Financing against bills			
- Financing against bills - Salam		5,725,100	11,834,926
- Advance against bills - Salam		1,738	1,738
		5,726,838	11,836,664
Bai Muajjal financing	11.5	569,632	705,642
Ijarah Financing and Related Assets			
- Net investment in Ijarah		116,259	124,058
- Net book value of assets / investment in Ijarah under IFAS 2	11.6	46,836,155	31,019,341
		46,952,414	31,143,399
- Advances against Ijarah		6,253,140	5,389,253
		53,205,554	36,532,652
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - housing		14,150,878	11,991,953
- Diminishing Musharakah financing - others		74,800,828	65,438,474
- Advances against Diminishing Musharakah		8,490,933	7,125,407
- Advances against Diminishing Musharakah under SBP's ILTF		490,628	-
		97,933,267	84,555,834
Musharakah financing		414,800	580,720
Wakalah Tul Istithmar financing		40,825,200	31,250,000
Wakalah financing		475,000	-
Advance against Service Ijarah		2,000,000	3,000,000
Labbaik (Qard for Hajj and Umrah)		5,153	3,382
Staff financing	11.7	3,712,540	3,226,026
Other financing		2,326,136	2,612,204
Gross Islamic Financing and Related Assets	11.8	522,263,763	428,833,530
Less: Provision against non-performing Islamic financing and related assets - Specific	11.10	(6,771,530)	(6,426,731)
Less: Provision against non-performing Islamic financing and related assets - General	11.10	(2,927,711)	(2,377,711)
Islamic financing and related assets - net of provision		512,564,522	420,029,088

Notes to and forming part of the Unconsolidated Financial Statements

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	Note	2018	2017
Rupees in '000			
11.1	Murabaha receivable - gross	8,434,743	8,222,190
	Less: Deferred murabaha income	(142,250)	(110,813)
	Profit receivable shown in other assets	(270,884)	(256,382)
	Murabaha financing	<u>8,021,609</u>	<u>7,854,995</u>
11.1.1	Murabaha Sale Price	8,434,743	8,222,190
	Murabaha Purchase Price	(8,021,609)	(7,854,995)
		<u>413,134</u>	<u>367,195</u>
11.1.2	The movement in Murabaha financing during the year is as follows:		
	Opening balance	7,854,995	7,786,937
	Sales during the year	47,580,002	45,081,030
	Adjusted during the year	(47,413,388)	(45,012,972)
	Closing balance	<u>8,021,609</u>	<u>7,854,995</u>
11.1.3	Deferred murabaha income		
	Opening balance	110,813	119,342
	Arising during the year	1,218,659	1,049,935
	Recognised during the year	(1,187,222)	(1,058,464)
	Closing balance	<u>142,250</u>	<u>110,813</u>
11.2	Financing under Islamic Export Refinance - Murabaha - gross	353,984	613,210
	Less: Deferred income	(1,725)	(1,848)
	Profit receivable shown in other assets	(7,686)	(11,500)
	Financing under Islamic Export Refinance - Murabaha	<u>344,573</u>	<u>599,862</u>
11.2.1	The movement in Islamic Export Refinance Murabaha financing during the year is as follows:		
	Opening balance	599,862	723,956
	Sales during the year	684,949	1,045,436
	Adjusted during the year	(940,238)	(1,169,530)
	Closing balance	<u>344,573</u>	<u>599,862</u>
11.2.2	Deferred Islamic Export Refinance Murabaha Income		
	Opening balance	1,848	4,616
	Arising during the year	9,507	10,432
	Recognised during the year	(9,630)	(13,200)
	Closing balance	<u>1,725</u>	<u>1,848</u>
11.3	Musawammah financing - gross	12,998,576	6,688,479
	Less: Deferred income	(298,927)	(107,833)
	Profit receivable shown in other assets	(249,304)	(111,854)
	Musawammah financing	<u>12,450,345</u>	<u>6,468,792</u>
11.4	Financing under Islamic Export Refinance - Musawammah - gross	885,568	96,526
	Less: Deferred income	(4,387)	(604)
	Profit receivable shown in other assets	(6,180)	(614)
	Financing under Islamic Export Refinance - Musawammah	<u>875,001</u>	<u>95,308</u>
11.5	Bai Muajjal financing - gross	615,345	773,092
	Less: Deferred income	(26,426)	(33,689)
	Profit receivable shown in other assets	(19,287)	(33,761)
	Bai Muajjal financing	<u>569,632</u>	<u>705,642</u>
11.6	Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 25,267 million (2017: Rs 16,248 million)		
11.7	This includes Rs 484 million (2017: Rs 434 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.		

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

11.8 Particulars of financing - gross

In	2018	2017
	Rupees in '000	
- local currency	513,035,591	416,337,338
- foreign currencies	9,228,172	12,496,192
	<u>522,263,763</u>	<u>428,833,530</u>

11.9 Islamic financing and related assets include Rs 6,985 million (2017: Rs 6,606 million) which have been placed under non-performing status as detailed below:

Category of classification	2018		2017	
	Non Performing Amount	Provision Held	Non Performing Amount	Provision Held
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	28,157	-	10,845	-
Substandard	137,429	30,927	176,553	40,636
Doubtful	49,514	8,523	16,588	6,068
Loss	6,770,142	6,732,080	6,402,143	6,380,027
	<u>6,985,242</u>	<u>6,771,530</u>	<u>6,606,129</u>	<u>6,426,731</u>

11.10 Particulars of provision against non-performing Islamic financing and related assets:

	2018			2017		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,426,731	2,377,711	8,804,442	6,592,203	1,494,391	8,086,594
Charge for the year	552,977	550,000	1,102,977	116,422	883,320	999,742
Less: Reversals	(208,111)	-	(208,111)	(279,553)	-	(279,553)
	344,866	550,000	894,866	(163,131)	883,320	720,189
Amount Written off	(67)	-	(67)	(2,341)	-	(2,341)
Closing balance	<u>6,771,530</u>	<u>2,927,711</u>	<u>9,699,241</u>	<u>6,426,731</u>	<u>2,377,711</u>	<u>8,804,442</u>

11.10.1 The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 2,525 million (2017: Rs 1,975 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of 'Prudential Regulations'.

11.10.2 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 financing. The accumulated benefit availed as at December 31, 2018 amounts to Rs 17.9 million (2017: Rs 8.3 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 11.6 million as at December 31, 2018 (2017: Rs 5.4 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

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11.10.3 Particulars of provision against non-performing financing:

	2018			2017		
	Specific	General	Total	Specific	General	Total
	Rupees in '000			Rupees in '000		
In local currency	6,515,997	2,927,711	9,443,708	6,184,124	2,377,711	8,561,835
In foreign currencies	255,533	-	255,533	242,607	-	242,607
	<u>6,771,530</u>	<u>2,927,711</u>	<u>9,699,241</u>	<u>6,426,731</u>	<u>2,377,711</u>	<u>8,804,442</u>

11.11 Particulars of write offs	Note	2018	2017
		Rupees in '000	
Against provisions	11.10	67	2,341
Directly charged to profit and loss account		-	-
		<u>67</u>	<u>2,341</u>
Write offs Rs 500,000 and above - Domestic		-	2,212
Write offs below Rs 500,000 - Domestic		67	129
		<u>67</u>	<u>2,341</u>

11.11.1 Details of financing written off of Rs 500,000 and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of written off financing or any other financial relief of five hundred thousand rupees or above allowed to any person during the year ended December 31, 2018 is given as Annexure-1.

12 FIXED ASSETS	Note	2018	2017
		Rupees in '000	
Capital work-in-progress	12.1	1,644,436	530,109
Property and equipment	12.2	11,484,690	10,832,759
		<u>13,129,126</u>	<u>11,362,868</u>
12.1 Capital work-in-progress			
Advances to suppliers and contractors for:			
- civil works		1,009,074	237,106
- computer hardware		174,250	64,005
- purchase of Vehicles		152,864	153,158
- office machines		263,986	73,984
- furniture and fixtures		44,262	1,856
		<u>1,644,436</u>	<u>530,109</u>

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12.2 Property and equipment

	2018						
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
At January 1, 2018							
Cost	4,306,133	1,363,692	5,649,484	628,556	4,535,112	1,233,646	17,716,623
Accumulated depreciation	-	441,612	2,295,990	329,680	3,270,980	545,602	6,883,864
Net book value	4,306,133	922,080	3,353,494	298,876	1,264,132	688,044	10,832,759
Year ended December 31, 2018							
Opening net book value	4,306,133	922,080	3,353,494	298,876	1,264,132	688,044	10,832,759
Additions	271,880	151,180	254,184	47,670	833,224	665,656	2,223,794
Net book value of disposals	-	-	(1,062)	(282)	(3,107)	(52,575)	(57,026)
Depreciation charge	-	(73,840)	(519,618)	(54,420)	(592,918)	(274,041)	(1,514,837)
Net book value as at December 31, 2018	4,578,013	999,420	3,086,998	291,844	1,501,331	1,027,084	11,484,690
Year ended December 31, 2018							
Cost	4,578,013	1,514,872	5,893,257	672,755	5,308,744	1,658,110	19,625,751
Accumulated depreciation	-	515,452	2,806,259	380,911	3,807,413	631,026	8,141,061
Net book value as at December 31, 2018	4,578,013	999,420	3,086,998	291,844	1,501,331	1,027,084	11,484,690
Rate of depreciation (percentage)	-	5	10	10	10 and 20	20	
2017							
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
Rupees in '000							
At January 1, 2017							
Cost	1,719,600	1,330,757	5,005,849	555,923	4,175,135	1,087,524	13,874,788
Accumulated depreciation	-	370,289	1,829,972	282,754	2,728,081	470,050	5,681,146
Net book value	1,719,600	960,468	3,175,877	273,169	1,447,054	617,474	8,193,642
Year ended December 31, 2017							
Opening net book value	1,719,600	960,468	3,175,877	273,169	1,447,054	617,474	8,193,642
Additions	2,586,533	26,992	686,260	77,048	472,566	319,822	4,169,221
Other adjustments / transfers	-	(3,808)	(13,252)	1,868	(64)	17,295	2,039
Net book value of disposals	-	-	(10,775)	(2,506)	(5,069)	(47,902)	(66,252)
Depreciation charge	-	(61,572)	(484,616)	(50,703)	(650,355)	(218,645)	(1,465,891)
Net book value as at December 31, 2017	4,306,133	922,080	3,353,494	298,876	1,264,132	688,044	10,832,759
Year ended December 31, 2017							
Cost	4,306,133	1,363,692	5,649,484	628,556	4,535,112	1,233,646	17,716,623
Accumulated depreciation	-	441,612	2,295,990	329,680	3,270,980	545,602	6,883,864
Net book value as at December 31, 2017	4,306,133	922,080	3,353,494	298,876	1,264,132	688,044	10,832,759
Rate of depreciation (percentage)	-	5	10	10	10, 20 and 33	20	

12.2.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 3,158 million (2017: Rs 2,476 million).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

- 12.2.2 During the current year, the Bank has revised its estimate of the useful lives of "Computer Equipments". Previously, computer equipments were depreciated over period of 3 to 5 years and now these are being depreciated over 5 years. The revision takes into account the expected pattern of economic benefits associated with the use of computer equipments and has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of computer equipments not been made, the related depreciation expense for the year would have been higher by Rs 130.829 million and consequently profit before tax would have been lower by the same amount.
- 12.2.3 The bank has not carried out any revaluation of property and equipment at the recent date as the bank uses cost model for measurement of its property and equipment.
- 12.2.4 Details of disposal of fixed assets to related parties or other persons having net book value of Rs 500,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Honda Civic	2,358	1,730	628	1,260	MBL Staff Policy	Mr. Muhammad Raza Sayeed (Ex-employee)
Honda Civic	2,358	1,493	865	1,322	MBL Staff Policy	Mr. Rahim Bux Memon (Executive, Ex-employee)
Honda Civic	2,355	1,688	667	1,256	MBL Staff Policy	Syed Salman Ahmed (Executive, Employee)
Toyota Corolla	1,788	835	953	1,192	MBL Staff Policy	Mr. Kaleem Ahmed Riaz (Executive, Ex-employee)
Toyota Corolla	1,753	1,169	584	1,006	MBL Staff Policy	Mr. Urooj Ul Hasan Khan (Executive, Employee)
Toyota Corolla	1,753	1,110	643	982	MBL Staff Policy	Mr. Wise Ur Rehman (Executive, Employee)
Honda City	1,670	1,030	640	955	MBL Staff Policy	Mr. Tariq Mehraj (Executive, Employee)
Honda City	1,651	770	881	1,183	MBL Staff Policy	Mr. Kasim Najeebullah (Executive, Ex-employee)
Honda City	1,502	926	576	895	MBL Staff Policy	Mr. Muhammad Saleem (Executive, Ex-employee)
Suzuki Swift	1,074	483	591	768	MBL Staff Policy	Mr. Muhammad Bilal (Executive, Employee)
Toyota Fortuner	5,415	5,054	361	361	MBL Staff Policy	Mr. Irfan Siddiqui (President & Chief Executive Officer)
Toyota Fortuner	5,410	5,410	-	1,623	MBL Staff Policy	Mr. Ariful Islam (Deputy Chief Executive Officer)
Honda Civic	2,493	582	1,911	2,231	Negotiation	Mr. Naheed Arshad Butt
Toyota Corolla	1,788	805	983	1,617	Negotiation	Mr. Rizwan Mazhar
Honda City	1,507	879	628	1,080	Negotiation	Mr. Amir Azeem
Honda City	1,675	391	1,284	1,598	Negotiation	Mr. Maaz Saleem
Suzuki Cultus	1,250	208	1,042	1,122	Negotiation	Mr. Arif Iftikhar
Suzuki Cultus	1,104	386	718	958	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,099	275	824	939	Negotiation	Mr. Amin Akhter
Suzuki Cultus	1,099	330	769	960	Negotiation	Mr. Wasim Mirza
Suzuki Cultus	1,074	447	627	941	Negotiation	Mr. Sultan Hasan Khan
Suzuki Cultus	1,074	519	555	932	Negotiation	Mr. Muhammad Zaman
Suzuki Cultus	1,069	481	588	958	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,039	485	554	857	Negotiation	Mr. Abid Rashid Chaudary
Suzuki Cultus	1,017	492	525	820	Negotiation	Mr. Amin Akhter
Suzuki Cultus	1,017	441	576	871	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	1,017	475	542	833	Negotiation	Mr. Khurram Imtiaz
Suzuki Cultus	1,014	507	507	850	Negotiation	Ms. Riffat Jabeen
Suzuki Cultus	1,014	507	507	836	Negotiation	Mr. Zeeshan Jamil
Suzuki Cultus	1,014	406	608	825	Negotiation	Mr. Amin Akhter
Suzuki Cultus	1,014	507	507	847	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,012	506	506	866	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,012	506	506	731	Negotiation	Mr. Naheed Arshad Butt
Suzuki Cultus	1,012	455	557	843	Negotiation	Mr. Abrar Hussain
Suzuki Cultus	1,250	292	958	1,065	Negotiation	Mr. Imran Subhani
Suzuki Cultus	1,104	442	662	921	Negotiation	Mr. Naveed Hussain
Suzuki Cultus	1,099	256	843	831	Negotiation	Syed Raza Naqvi
Suzuki Cultus	1,099	458	641	956	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	1,039	502	537	831	Negotiation	Mr. Sadaqat Zia Jafri
Suzuki Wagon R	977	456	521	966	Negotiation	Mr. Faheem Khan
Toyota Corolla	1,806	452	1,354	1,626	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,520	811	709	1,243	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,250	250	1,000	1,125	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,129	339	790	1,016	Takaful Claim	M/s Adamjee Insurance Company Limited
	67,774	36,546	31,228	45,898		
Other disposals						
Vehicles	173,418	152,071	21,347	83,136		
Electrical, office and computer equipments	59,592	56,485	3,107	10,299		
Furniture and Fixtures	3,471	3,189	282	597		
Leasehold improvements	10,411	9,349	1,062	528		
	<u>314,666</u>	<u>257,640</u>	<u>57,026</u>	<u>140,458</u>		

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

	Note	2018	2017
Rupees in '000			
13 INTANGIBLE ASSETS			
Computer Software	13.1	552,130	479,712
Advance against computer software		72,404	32,778
		<u>624,534</u>	<u>512,490</u>
13.1 At January 1,			
Cost		1,368,316	1,108,443
Accumulated amortisation		888,604	692,165
Net book value		<u>479,712</u>	<u>416,278</u>
Year ended December 31,			
Opening net book value		479,712	416,278
Additions - directly purchased		292,626	235,629
Amortisation charge		(220,208)	(170,156)
Other adjustments		-	(2,039)
Closing net book value		<u>552,130</u>	<u>479,712</u>
Year ended December 31,			
Cost		1,660,942	1,368,316
Accumulated amortisation		1,108,812	888,604
Net book value		<u>552,130</u>	<u>479,712</u>
Rate of amortisation (percentage)		10-20	10-20
Useful life		5 - 10 years	5 - 10 years

13.1.1 Included in cost of intangible assets are fully amortised items still in use aggregating Rs 542 million (2017: Rs 392 million).

14 DEFERRED TAX ASSET / (LIABILITIES)

	2018			
	At January 1, 2018	Recognised in Profit & Loss	Recognised in OCI	At December 31, 2018
Rupees in '000				
Taxable temporary differences due to:				
Excess of accounting book values over tax written down values of owned assets	(498,700)	86,782	-	(411,918)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-	(11,928)	(11,928)
	<u>(498,700)</u>	<u>86,782</u>	<u>(11,928)</u>	<u>(423,846)</u>
Deductible temporary differences due to:				
Provision for diminution / impairment in value of investments	302,905	167,623	-	470,528
Deficit on revaluation of available for sale investments	(397,910)	-	434,542	36,632
Income not accrued due to non-culmination of financing	495,668	317,236	-	812,904
Provision against non-banking assets acquired in satisfaction of claims and other assets	89,855	(3,137)	-	86,718
	<u>490,518</u>	<u>481,722</u>	<u>434,542</u>	<u>1,406,782</u>
	<u>(8,182)</u>	<u>568,504</u>	<u>422,614</u>	<u>982,936</u>
	2017			
	At January 1, 2017	Recognised in Profit & Loss	Recognised in OCI	At December 31, 2017
Rupees in '000				
Taxable temporary differences due to:				
Excess of accounting book values over tax written down values of owned assets	(631,906)	133,206	-	(498,700)
Surplus on revaluation of available for sale investments	(1,251,679)	-	853,769	(397,910)
	<u>(1,883,585)</u>	<u>133,206</u>	<u>853,769</u>	<u>(896,610)</u>
Deductible temporary differences due to:				
Provision for diminution / impairment in value of investments	97,319	205,586	-	302,905
Income not accrued due to non-culmination of financing	332,824	162,844	-	495,668
Provision against non-banking assets acquired in satisfaction of claims and other assets	90,533	(678)	-	89,855
	<u>520,676</u>	<u>367,752</u>	<u>-</u>	<u>888,428</u>
	<u>(1,362,909)</u>	<u>500,958</u>	<u>853,769</u>	<u>(8,182)</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

	Note	2018	2017
Rupees in '000			
15 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		13,851,168	10,686,348
Profit / return accrued in foreign currencies - net of provisions		63,744	35,639
Advances, deposits, advance rent and other prepayments	15.1	2,269,774	1,563,448
Non-banking assets acquired in satisfaction of claims	15.3	240,607	246,201
Unrealised gain on forward foreign exchange contracts - net	15.2	1,335,392	1,063,795
Acceptances		10,634,901	7,144,255
Dividends receivable		262	21,836
Stamps		13,037	10,815
Security deposits		119,510	101,510
Others		288,419	206,488
		<u>28,816,814</u>	<u>21,080,335</u>
Provision against other assets	15.4.1	(71,302)	(96,234)
Other Assets (Net of Provision)		<u>28,745,512</u>	<u>20,984,101</u>
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	34,080	-
Other Assets - total		<u><u>28,779,592</u></u>	<u><u>20,984,101</u></u>

15.1 This includes prepaid rent and prepaid takaful aggregating Rs 561 million (2017: Rs 473 million) and Rs 959 million (2017: Rs 679 million) respectively which are being amortised over a period of one year.

15.2 This is net off loss on forward foreign exchange contracts of Rs 1,132 million (2017: Rs 1,529 million).

	2018	2017
Rupees in '000		
15.3 Market value of Non-banking assets acquired in satisfaction of claims	<u>264,688</u>	<u>224,118</u>

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuer, M/s Joseph Lobo (Private) Limited based on prevailing market values determined through independent market inquiries from local active realtors and adjusted for the physical condition of the property as more detailed in note 40.4.

15.3.1 Non-banking assets acquired in satisfaction of claims	2018	2017
Rupees in '000		
Opening Balance	246,201	284,255
Depreciation	(5,594)	(7,302)
Transfer to fixed assets	-	(30,752)
Closing Balance	<u>240,607</u>	<u>246,201</u>

15.4 Provision held against other assets	2018	2017
Rupees in '000		
Non-banking assets acquired in satisfaction of claims	10,000	22,084
Acceptances	35,451	35,451
Others	25,851	38,699
	<u>71,302</u>	<u>96,234</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

15.4.1 Provision against other assets	Note	2018	2017
Rupees in '000			
Opening balance		96,234	131,045
Charge for the year		2,417	25,165
Reversals during the year		(27,349)	(48,725)
Amount adjusted / written off		-	(11,251)
Closing balance		<u>71,302</u>	<u>96,234</u>
16 BILLS PAYABLE			
In Pakistan		23,750,543	17,175,035
Outside Pakistan		-	-
		<u>23,750,543</u>	<u>17,175,035</u>
17 DUE TO FINANCIAL INSTITUTIONS			
In Pakistan		36,407,811	36,813,295
Outside Pakistan		-	-
		<u>36,407,811</u>	<u>36,813,295</u>
17.1 Details of due to financial institutions secured / unsecured			
Secured			
Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	17.1.1	22,737,094	21,141,464
Investment from the State Bank of Pakistan under Islamic Long Term Financing Facility	17.1.2	433,990	-
Other financial institution	17.1.3	627,075	329,008
Unsecured			
Overdrawn nostro accounts		409,652	492,823
Other Musharakah	17.1.4	12,200,000	14,850,000
		<u>36,407,811</u>	<u>36,813,295</u>

17.1.1 These Musharakah are on a profit and loss sharing basis maturing between January 2019 to June 2019 and are secured against demand promissory notes executed in favor of SBP. A limit of Rs 33,422 million (December 31, 2017: Rs 25,700 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme.

17.1.2 These Investment are on Profit Loss sharing basis which has been invested in general pool of the Bank. A limit of Rs 11,720 million (2017: Nil) has been allocated to the Bank by SBP under Islamic Long Term Financing Facility.

17.1.3 These Musharakah are on Profit Loss sharing basis. A limit of USD 10 million has been allocated to the Bank under the agreement with Karandaaz.

17.1.4 These Musharakah are on profit and loss sharing basis. The expected average return on these Musharakah is around 9.54% (2017: 5.95%) per annum. These balances are maturing in January 2019 (2017: January 2018).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

	2018	2017
17.2 Particulars of due to financial institutions with respect to currencies	Rupees in '000	
In local currency	36,407,811	36,813,295
In foreign currencies	-	-
	<u>36,407,811</u>	<u>36,813,295</u>
17.3 Particulars of due to financial institutions		
Short - term	35,346,747	36,484,287
Long - term	1,061,064	329,008
	<u>36,407,811</u>	<u>36,813,295</u>

18 DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
- Current accounts - non-remunerative	267,855,629	15,590,028	283,445,657	217,203,530	12,821,821	230,025,351
- Savings deposits	255,706,358	23,494,221	279,200,579	240,454,616	17,966,537	258,421,153
- Fixed deposits	197,008,707	10,109,048	207,117,755	161,145,052	6,836,065	167,981,117
- Margin	5,335,289	41,896	5,377,185	5,501,348	12,002	5,513,350
	<u>725,905,983</u>	<u>49,235,193</u>	<u>775,141,176</u>	<u>624,304,546</u>	<u>37,636,425</u>	<u>661,940,971</u>
Financial institutions						
- Current accounts - non-remunerative	597,730	-	597,730	369,336	-	369,336
- Savings deposits	4,607,308	-	4,607,308	3,213,407	-	3,213,407
- Fixed deposits	5,130,730	-	5,130,730	1,657,151	-	1,657,151
	<u>10,335,768</u>	<u>-</u>	<u>10,335,768</u>	<u>5,239,894</u>	<u>-</u>	<u>5,239,894</u>
	<u>736,241,751</u>	<u>49,235,193</u>	<u>785,476,944</u>	<u>629,544,440</u>	<u>37,636,425</u>	<u>667,180,865</u>

	2018	2017
18.1 Composition of deposits	Rupees in '000	
- Individuals	521,789,397	461,565,965
- Government (Federal and Provincial)	14,958,796	8,321,634
- Public Sector Entities	15,385,523	15,984,632
- Banking Companies	67,656	241,743
- Non-Banking Financial Institutions	10,268,111	5,024,942
- Private Sector	223,007,461	176,041,949
	<u>785,476,944</u>	<u>667,180,865</u>
18.2 Particulars of deposits and other accounts in Pakistan		
In		
- local currency		
Mudaraba based deposits	466,196,269	410,860,146
Qard based deposits	270,045,482	218,684,294
	<u>736,241,751</u>	<u>629,544,440</u>
- foreign currencies		
Mudaraba based deposits	33,603,269	24,802,602
Qard based deposits	15,631,924	12,833,823
	<u>49,235,193</u>	<u>37,636,425</u>
	<u>785,476,944</u>	<u>667,180,865</u>

18.3 Eligible deposits covered under deposit protection scheme (including call deposit receipts disclosed under bills payable) amounted to Rs 628,119 million (2017: Rs 542,230 million).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

	Note	2018	2017
Rupees in '000			
19 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	19.1	7,000,000	-
Tier II Sukuk	19.2	7,000,000	7,000,000
		<u>14,000,000</u>	<u>7,000,000</u>

- 19.1 In August 2018, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA- (Double A minus) by JCR-VIS Credit Rating Company Limited.
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 11.10% per annum.
Call Option	The Bank may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Additional Tier I Sukuk, if such payment will result in a shortfall in the Bank's minimum capital or capital adequacy ratio requirement.

- 19.2 In September 2016, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AA (Double A) by JCR-VIS Credit Rating Company Limited.
Issue Date	September 22, 2016
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 8.56% per annum.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Bank's minimum capital or capital adequacy ratio requirement.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

20 OTHER LIABILITIES	Note	2018	2017
Rupees in '000			
Return on deposits and other dues			
- payable in local currency	20.1	3,388,288	2,268,390
- payable in foreign currencies		75,272	42,913
Unearned income		32,521	22,146
Accrued expenses	20.2	3,721,994	2,440,405
Current taxation (provision less payments)		2,981,896	1,733,294
Acceptances		10,634,901	7,144,255
Unclaimed dividends		17,030	6,761
Payable to defined benefit plan	37.3 & 37.15	624,077	715,883
Charity payable	20.4	942	139
Provision against off-balance sheet obligations	20.3	35,020	33,200
Security deposits against Ijarah		13,623,020	9,211,429
Payable on account of credit murabaha / ijarah		75,439	11,566
Balances under home remittances / cash management arrangements		539,999	203,905
Security deposits against lockers		100,532	85,147
Retention Money		60,688	50,688
Advance against future Diminishing Musharakah		-	55,320
Withholding taxes payable		123,762	114,410
Workers Welfare Fund payable	20.5	1,287,912	924,911
Others		623,759	488,468
		<u>37,947,052</u>	<u>25,553,230</u>

20.1 This includes Rs 121 million (2017: Rs 84 million) in respect of return accrued on borrowings from SBP under the Islamic Export Refinance Scheme and Rs 2.9 million (2017: Nil) in respect of return accrued on borrowings from SBP under the Islamic Long Term Financing Facility.

20.2 This includes Rs 2.9 million (2017: Rs 3.1 million) in respect of payable to Al Meezan Investment Management Limited (Subsidiary).

20.3 Provision against off-balance sheet obligations	Note	2018	2017
Rupees in '000			
Opening balance		33,200	19,718
Charge for the year		1,820	13,482
Closing balance	20.3.1	<u>35,020</u>	<u>33,200</u>

20.3.1 This represents provision recognized against guarantees of non-performing customers.

20.4 Reconciliation of charity payable	Note	2018	2017
Rupees in '000			
Balance as at January 1		139	1,509
Additions during the year		36,922	31,439
Less: Transferred to charity savings account (included in deposits and other accounts)	20.4.1	(36,119)	(32,809)
Balance as at December 31		<u>942</u>	<u>139</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

20.4.1 Charity paid through saving account during the year is Rs 38.4 million (2017: Rs 30.9 million). Charity of Rs 100,000 or higher was paid to the following organisations:

	2018	2017
	Rupees in '000	
Ihsan Trust - Related Party	28,000	25,000
Lahore Businessmen Association For Rehabilitation of the Disabled	1,000	1,000
Patients' Behbud Society for The Aga Khan University Hospital	1,000	1,000
The Indus Hospital	1,000	-
Pakistan Disabled Foundation	400	200
Burhani Medical Welfare Association	300	-
Garage School	300	-
Idara - Al Khair	300	-
Omar Sana Foundation	300	-
Pakistan Association of Blind	300	100
Helping Hands Foundation	250	-
Medical Aid Foundation (Rahat Kada)	250	-
Afzaal Memorial Thelesimia Foundation	200	-
Behbud Association Karachi	200	-
Bin Qutub Foundation Chakwal	200	-
Centre For Development of Social Services	200	-
Family Educational Services Foundation	200	350
Health and Nutrition Development Society	200	-
Khwendo Kor	200	-
Kiran Foundation	200	-
Muhammadi Blood Bank	200	-
Muslim Welfare Centre	200	200
Patients Aid Foundation - Jinnah Hospital	200	-
Rashid Memorial Welfare Organization	200	-
Sargodhian Spirit Trust	200	300
Eye Donor Organization	150	150
Patients Welfare Association	150	-
Al- Mustafa Trust Rawalpindi	100	-
Care Foundation	100	200
Child Aid Association	100	-
Frontier Foundation Welfare Hospital And Blood Transfusion Service	100	-
Health Education and Livelihood Promoters	100	200
Jamal Noor Hospital	100	-
Jinnah Foundation	100	-
Karigar Training Institute	100	100
Marie Adelaide Leprosy Centre	100	-
Markaz e Umeed	100	-
Mercy Pak	100	100
Nigahban Civil Hospital	100	150
Noor e Ali Trust (JS Academy of Deaf)	100	100
Pakistan Association of the deaf	100	200
Saylani Welfare Trust	100	-
SINA Health, Education & Welfare Trust	100	200
Health Oriented and Preventative Education (HOPE), Karachi	100	-
SOS Children Village Islamabad	100	-
SOS Children Village Karachi	100	100
Trust Jamiat Taleem Ul Quran	100	-
Women Islamic Lawyer's Forum	100	-
Binoria Welfare Trust, Karachi	-	200
Burns Centre, Civil Hospital, Karachi	-	100
Creek General Hospital Karachi	-	200
Fatimid Foundation Peshawar Centre	-	500
Infaq Memorial Trust	-	100
National Institute of Cardiovascular Disease	-	100
	<u>38,400</u>	<u>30,850</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

20.4.2 The balance in Charity's saving account is Rs 0.144 million (2017: Rs 2.259 million).

20.4.3 Charity was not paid to any organisation in which a director or his spouse had any interest at any time during the year.

20.5 The Bank has made full provision for Workers Welfare Fund (WWF) based on profit for the respective years (2008-2018). In 2016, the Supreme Court of Pakistan vide its order dated November 10, 2016 held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not be treated as conclusive. Accordingly, the Bank continues to maintain the provision in respect of WWF.

21 SHARE CAPITAL

21.1 Authorised capital

2018 (Number of Shares)			2018 Rupees in '000	
2,338,380,000	2,000,000,000	Ordinary shares of Rs 10 each	23,383,800	20,000,000
2018 (Number of Shares)			2018 Rupees in '000	
516,517,908	516,517,908	Ordinary shares	5,165,179	5,165,179
652,674,492	546,384,260	Fully paid in cash	6,526,745	5,463,843
1,169,192,400	1,062,902,168	Issued as bonus shares	11,691,924	10,629,022

21.2 Shareholding held by associated companies are as follows:

Name of Shareholders	2018		2017	
	Number of shares held	Percentage of Shareholding	Number of shares held	Percentage of Shareholding
Noor Financial Investment Company Kuwait	446,432,362	38.18%	522,033,439	49.11%
Pakistan Kuwait Investment Company (Private) Limited	350,757,710	30.00%	318,870,646	30.00%
Islamic Development Bank	109,014,771	9.32%	99,104,338	9.32%
Meezan Islamic Fund	6,950,134	0.59%	2,840,077	0.27%
Al Meezan Mutual Fund	1,331,500	0.11%	-	-
Meezan Balanced Fund	889,350	0.08%	79,819	0.01%
Meezan Asset Allocation Fund	488,951	0.04%	6,410	0.00%
Meezan Dedicated Equity Fund	430,550	0.03%	510,000	0.05%

22 RESERVES

	Note	2018 Rupees in '000	2017
Share Premium		2,406,571	2,406,571
Statutory reserve	22.1	9,570,365	7,777,925
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	3,117,547
General reserve		66,766	66,766
		15,161,249	13,368,809

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

22.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital.

23 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX	Note	2018	2017
		Rupees in '000	
Available for sale securities			
- Quoted shares / units of mutual fund		277,249	858,330
- Sukuk		(381,916)	278,553
		(104,667)	1,136,883
Non-banking assets acquired in satisfaction of claims	23.1	34,080	-
		(70,587)	1,136,883
Less: Deferred tax asset / (liability) on			
- Available for sale securities		36,632	(397,910)
- Non-banking assets acquired in satisfaction of claims		(11,928)	-
		24,704	(397,910)
		(45,883)	738,973

23.1 During the current year, market valuation of non-banking assets acquired in satisfaction of claims resulted in surplus of Rs 34.080 million (2017: Nil).

24 CONTINGENCIES AND COMMITMENTS	Note	2018	2017
		Rupees in '000	
Guarantees	24.1	31,724,600	16,912,669
Commitments	24.2	429,428,900	344,953,214
Other contingent liabilities	24.3	1,802,000	1,802,000
		462,955,500	363,667,883
24.1 Guarantees:			
Financial guarantees		7,561,791	369,446
Performance guarantees		12,533,871	8,472,268
Other guarantees		11,628,938	8,070,955
		31,724,600	16,912,669
24.2 Commitments:			
Documentary letters of credit		92,343,175	66,003,500
Commitments in respect of:			
- forward foreign exchange contracts	24.2.1	118,865,324	124,558,666
Commitments for acquisition of:			
- fixed assets		313,580	188,778
- intangible assets		87,475	13,515
Other commitments	24.2.2	217,819,346	154,188,755
		429,428,900	344,953,214

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

24.2.1 Commitments in respect of forward foreign exchange contracts

	Note	2018	2017
Rupees in '000			
Purchase		74,321,214	75,272,094
Sale		44,544,110	49,286,572
		118,865,324	124,558,666

24.2.2 Other Commitments

	Note	2018	2017
Commitments in respect of financing	24.2.2.1	217,819,346	154,188,755

24.2.2.1 The Bank makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated / long term financings amounting to Rs 26,732 million (2017: Rs 22,245 million).

24.3 Other contingencies

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2018. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in these financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

25 PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS

	Note	2018	2017
Rupees in '000			
On financing	25.1	30,205,819	21,495,999
On investments in			
- Available for sale securities		5,330,663	4,753,140
- Held to maturity securities		1,565,200	1,565,200
On deposits / placements with financial institutions		11,522,776	8,612,593
		48,624,458	36,426,932

25.1 The income on Ijarah under IFAS 2 is net off takaful of Rs 1,359 million (2017: Rs 914 million) recovered from customers.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

26	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED	Note	2018	2017
			Rupees in '000	
	Deposits and other accounts	26.1	18,191,908	13,797,935
	Sub-ordinated Sukuk		849,039	461,030
	Other Musharakahs / Modarabas / Murabaha	26.2	1,416,001	1,424,735
			<u>20,456,948</u>	<u>15,683,700</u>
26.1	This includes conversion cost of Rs 638 million (2017: Rs 411 million) against foreign currency deposits.			
26.2	This includes Rs 445 million (2017: Rs 316 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 2.9 million (2017: Nil) payable to SBP under the Islamic Long Term Financing Facility.			
27	FEE AND COMMISSION INCOME	Note	2018	2017
			Rupees in '000	
	Trade related fees and commissions		1,821,762	1,268,083
	Commission on guarantees		90,830	88,058
	Branch banking customer fees		1,482,742	1,189,468
	Credit processing related fees		122,941	85,142
	Debit card related fees		1,127,899	809,492
	Investment banking related fees		228,653	304,340
	Cash management fees		44,625	25,675
	Home remittance related fees		151,133	99,588
	Others		186,585	296,125
			<u>5,257,170</u>	<u>4,165,971</u>
28	GAIN ON SECURITIES - NET			
	Realised	28.1	<u>8,308</u>	<u>824,926</u>
28.1	Realised gain / (loss) on:			
	Listed Shares		23,921	385,058
	Federal Government Securities		(18,195)	306,211
	Foreign Securities		-	(9,175)
	Associates		2,582	142,832
			<u>8,308</u>	<u>824,926</u>
29	OTHER INCOME			
	Gain on termination of			
	- Ijarah financing		198,793	144,205
	- Diminishing Musharakah financing		21,388	19,767
	Gain on sale of operating fixed assets		83,432	72,928
	Rental income		5,989	7,441
	Others		1,534	1,700
			<u>311,136</u>	<u>246,041</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

30 OPERATING EXPENSES	Note	2018	2017
Rupees in '000			
Total compensation expense	30.1 & 30.2	10,092,557	8,391,105
Property expense			
Rent and taxes		2,010,229	1,749,798
Takaful expenses		13,149	12,450
Utilities cost (including electricity and diesel)		723,796	657,253
Security (including guards)		526,788	548,517
Repair and maintenance (including janitorial charges)		582,008	500,920
Depreciation		536,969	485,790
Others		36,920	34,461
		4,429,859	3,989,189
Information technology expenses			
Software maintenance		203,423	162,482
Hardware and related maintenance		173,151	132,531
Depreciation		283,385	387,916
Amortisation		220,208	170,156
Network charges		181,381	183,571
		1,061,548	1,036,656
Other operating expenses			
Non-executive Directors' fee		48,542	42,843
Shariah Board fees		700	800
Legal and professional charges		73,774	71,102
Outsourced services costs	30.3	12,011	18,200
Travelling and conveyance		94,803	86,468
NIFT and other clearing charges		148,890	141,943
Depreciation on vehicles, equipments, etc.		694,483	592,185
Training and Development		84,286	41,110
Communication (including courier)		315,338	252,658
Stationery and printing		494,155	408,722
Marketing, advertisement and publicity		313,152	215,541
Auditors' Remuneration	30.4	17,311	9,889
Donation	30.5	7,920	-
Fees, subscription and other charges		166,812	161,886
Local transportation and car running		391,980	318,693
Brokerage and bank charges		175,475	166,560
Office supplies		221,369	195,881
Takaful expense		119,357	122,806
Security charges - cash transportation		230,101	241,179
Entertainment		74,914	57,555
Others		20,799	17,006
		3,706,172	3,163,027
		<u>19,290,136</u>	<u>16,579,977</u>

30.1 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 453 million (2017: Rs 338 million), Rs 105.76 million (2017: Rs 83.14 million) and Rs 70.47 million (2017: Rs 55.40 million).

30.2 Remuneration amounted to Rs 14.2 million (2017: Rs 11.5 million) paid to Resident Shariah Board Member.

30.3 Total cost for the year relating to outsourced activities is Rs 1,573 million (2017: Rs 1,397 million) entirely relating to companies incorporated in Pakistan and mainly on account of security guards, janitorial staff and courier services. This also includes portfolio management fee to Al Meezan Investment Management Limited (subsidiary) amounting to Rs 12 million (2017: Rs 18.2 million) as outsourced services costs disclosed separately under other operating expenses.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

30.4 Auditors' remuneration	2018	2017
	Rupees in '000	
Audit fee	3,900	3,600
Fee for interim review	800	690
Special certifications / review	9,671	3,751
	14,371	8,041
Sindh sales tax on services	1,150	643
Out of pocket expenses	1,790	1,205
	<u>17,311</u>	<u>9,889</u>

30.5 Donation	2018	2017
The Supreme Court of Pakistan and the Prime Minister of Pakistan Diaram – Bhasha and Mohmand Dams Fund	7,920	-

None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the Donee.

31 OTHER CHARGES	Note	2018	2017
		Rupees in '000	
Penalties imposed by the State Bank of Pakistan		16,419	10,824
32 PROVISIONS & WRITE OFFS - NET			
Provision against non-performing islamic financing and related assets - net	11.10	894,866	720,189
Provision against diminution in the value of investments	10.3	307,401	586,732
Other reversals	32.1	(15,774)	(42)
Bad debts written off directly		464	-
Recovery against written off financing	32.2	(18,906)	(23,553)
		<u>1,168,051</u>	<u>1,283,326</u>

32.1 This mainly represents takaful recoveries against operational losses incurred by the Bank in prior years.

32.2 This includes recoveries against financing written off by HSBC ME prior to its acquisition by the Bank.

33 TAXATION	Note	2018	2017
		Rupees in '000	
Current			
- for the year		6,398,710	4,096,185
- for prior year	33.1	-	344,016
		6,398,710	4,440,201
Deferred			
- for the year		(568,504)	(500,958)
		<u>5,830,206</u>	<u>3,939,243</u>

33.1 The Finance Act, 2018 has revised the applicability of super tax brought into effect through Finance Act, 2015 for rehabilitation of temporary displaced persons for tax years 2019, 2020 and 2021 at the rate of 4%, 3% and 2% respectively on the taxable income for respective years. Accordingly the bank has recognized super tax charge of Rs 660.333 million in the current year which is determined at the applicable tax rate of 4 percent on taxable income for the year.

The Finance Supplementary (Second Amendment) Bill, 2019 proposed levy of super tax on taxable income for tax year 2018 (accounting year 2017) retrospectively at the rate of 4% upto tax year 2021. The proposed amendments were not enacted as at 31 December 2018 and therefore, the Bank has not made super tax provision amounting to Rs 470.030 million for tax year 2018 (accounting year 2017) in these financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

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33.2 Relationship between tax expense and accounting profit	Note	2018	2017
		Rupees in '000	
Profit before taxation		14,792,406	10,252,010
Effects of:			
- Tax calculated at the applicable rate of 35%		5,177,342	3,588,204
- Super tax for the accounting year 2018 (tax year 2019)		660,333	-
- Prior year		-	344,016
- Permanent differences		3,494	5,326
- Others		(10,963)	1,697
Tax charge for the year		5,830,206	3,939,243

34 BASIC AND DILUTED EARNINGS PER SHARE		2018	2017
		Rupees in '000	
Profit for the year		8,962,200	6,312,767
		(Number)	
Weighted average number of ordinary shares		1,169,192,400	1,135,477,682
		(Rupees)	
			Restated
Basic earnings per share	34.1	7.67	5.56

34.1 The Bank has issued bonus shares during the year and accordingly the earnings per share for the comparative year has been restated.

35 CASH AND CASH EQUIVALENTS	Note	2018	2017
		Rupees in '000	
Cash and balances with treasury banks	7	65,022,041	64,556,170
Balances with other banks	8	8,255,187	4,895,816
		73,277,228	69,451,986

36 STAFF STRENGTH		2018	2017
		Number of Staff	
Permanent		7,545	6,895
Contractual basis		1,050	1,257
Bank's own staff strength at the end of the year		8,595	8,152
Outsourced	36.1	1,474	1,399
Total Staff Strength		10,069	9,551

36.1 This excludes outsourced security guards and janitorial staff.

37 DEFINED BENEFIT PLAN

37.1 General description

The activities of the gratuity scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 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.

37.2 Employees under the gratuity scheme

	2018	2017
	(Number)	
Employees eligible under the gratuity scheme	7,464	6,848

Notes to and forming part of the Unconsolidated Financial Statements

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	2018	2017
	Rupees in '000	
37.3 Reconciliation of amount payable to defined benefit plan		
Present value of defined benefit obligations	1,386,260	1,297,029
Fair value of plan assets	(1,063,037)	(855,904)
	323,223	441,125

37.4 Plan assets consist of the following:

	2018		2017	
	Rupees in '000	%	Rupees in '000	%
Meezan Aamdan Certificates	918,936	86%	606,937	71%
Al Meezan Mutual Fund	56,293	5%	63,882	8%
Meezan Asset Allocation Plan	59,694	6%	164,157	19%
Fatima Fertilizer Company Limited - Sukuk	8,829	1%	11,772	1%
Savings account with Meezan Bank Limited	19,285	2%	9,156	1%
	1,063,037	100%	855,904	100%

37.5 The movement in the defined benefit obligation over the year is as follows:

	2018		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	1,297,029	(855,904)	441,125
Current service cost	291,330	-	291,330
Return expense / (income)	115,726	(96,168)	19,558
	1,704,085	(952,072)	752,013
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense	-	201,822	201,822
- Experience gains	(189,487)	-	(189,487)
	(189,487)	201,822	12,335
	1,514,598	(750,250)	764,348
Contribution	-	(441,125)	(441,125)
Benefit payments	(128,338)	128,338	-
At December 31	1,386,260	(1,063,037)	323,223
	2017		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	968,320	(844,964)	123,356
Current service cost	237,847	-	237,847
Return expense / (income)	83,547	(77,996)	5,551
	1,289,714	(922,960)	366,754
Remeasurements:			
- Return on plan assets, excluding amounts included in return expense	-	110,363	110,363
- Experience losses	87,364	-	87,364
	87,364	110,363	197,727
	1,377,078	(812,597)	564,481
Contribution	-	(123,356)	(123,356)
Benefit payments	(80,049)	80,049	-
At December 31	1,297,029	(855,904)	441,125

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

37.6 Charge for defined benefit plan (in respect of the gratuity scheme)	2018	2017
	Rupees in '000	
37.6.1 Cost recognised in profit and loss		
Current service cost	291,330	237,847
Net return cost	19,558	5,551
	<u>310,888</u>	<u>243,398</u>
37.6.2 Re-measurements recognised in OCI during the year		
Loss / (gain) on obligation - Experience adjustment	(189,487)	87,364
Return on plan assets over interest income	201,822	110,363
Total re-measurements recognised in OCI	<u>12,335</u>	<u>197,727</u>

Total expense recognized in Profit and Loss Account amounted to Rs 351.317 million (2017: Rs 279.078 million) of which Rs 310.888 million (2017: Rs 243.398 million) pertains to approved Gratuity funded Scheme and Rs 40.429 million (2017: Rs 35.680 million) pertains to End of Service unfunded Defined Benefit scheme. Total credit recognized in Other Comprehensive Income amounted to Rs 1.998 million (2017: expense of Rs 189.878 million) of which charge of Rs 12.335 million (2017: charge of Rs 197.727 million) pertains to approved defined Benefit Gratuity Scheme and reversal of Rs 14.333 million (2017: reversal of Rs 7.849 million) pertains to End of Service unfunded Defined Benefit scheme.

37.7 The plan assets and defined benefit obligations (in respect of the gratuity scheme) are based in Pakistan.

37.8 Principal actuarial assumptions	2018	2017
Discount rate	13.75% p.a	9.50% p.a
Expected rate of increase in salaries	12.75% p.a	9.50% p.a
Expected rate of return on investments	13.75% p.a	9.50% p.a
Normal retirement age	60 years	60 years

37.9 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.

37.10 The sensitivity of the defined benefit obligation 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%	(138,443)	163,504
Salary growth rate	1.0%	170,249	(146,144)
		Increase by 10% in assumption	Decrease by 10% in assumption
Life expectancy / Withdrawal rate		(139)	138

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.

37.11 The weighted average duration of the defined benefit obligation is 10.91 years.

Notes to and forming part of the Unconsolidated Financial Statements

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37.12 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2018	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
Gratuity	113,881	80,057	267,155	11,640,066	12,101,159

37.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 280.170 million as per the actuarial valuation report of the Bank as of December 31, 2018.

37.14 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 to the 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, the current investment strategy manages this risk adequately.
Changes in Sukuk (bond) yields	A decrease in corporate Sukuk 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 off set 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.

37.15 End of Service Unfunded Defined Benefit

The Bank also operates an 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 net charge for the year of this benefit amounted to Rs 26.096 million. The charge of Rs 40.429 million has been recognized in the Profit and Loss Account and the credit / reversal of Rs 14.333 million has been recognized in Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this benefit amounts to Rs 300.854 million.

The principal actuarial assumptions comprise of discount rate of 13.75 percent and salary increase rate of 12.75 percent. The retirement age used by the actuary is 66 years. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 3.704 million (in case the discount rate is increased) and Rs 3.785 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 0.018 million (in case of ten percent increase in assumption) and higher by Rs 0.019 million (in case of ten percent decrease in assumption). These sensitivities are calculated using the same methodology as explained in note 37.10.

37.16 The disclosure made in notes 37.1 to 37.15 are based on the information included in the actuarial valuation report of the Bank as of December 31, 2018.

38 DEFINED CONTRIBUTION PLAN

The Bank also operates a recognized 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.

	2018	2017
	Rupees in '000	
Contribution from the Bank	271,165	238,741
Contribution from the employees	271,165	238,741
	<u>542,330</u>	<u>477,482</u>

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39 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President and Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Fees*	-	-	48,542	42,843	-	-
Managerial remuneration	45,280	42,717	30,171	28,463	816,622	681,782
Charge for gratuity fund	-	-	2,155	2,033	45,610	38,238
Contribution to defined contribution plan	-	-	1,293	2,440	56,000	47,091
House Rent	17,465	16,476	11,637	10,978	266,115	229,266
Utilities	3,881	3,661	2,586	2,440	59,138	50,949
Medical	4,184	7,758	2,763	2,751	59,138	50,949
Conveyance	1,891	1,706	1,071	1,088	-	-
Others	2,057	1,536	2,901	1,508	-	-
	<u>74,758</u>	<u>73,854</u>	<u>103,119</u>	<u>94,544</u>	<u>1,302,623</u>	<u>1,098,275</u>
Number of persons	<u>1</u>	<u>1</u>	<u>10</u>	<u>11</u>	<u>271</u>	<u>233</u>

* This includes amount charged in these financial statements as fees to nine (2017: ten) non-executive directors.

- 39.1 Executives mean employees, other than Chief Executive and Directors, whose basic salary exceeds one million and two hundred thousand rupees in a financial year.
- 39.2 The Chief Executive, the Deputy Chief Executive Officer (the Executive Director) and certain executives have been provided with free use of the Bank's cars.
- 39.3 In addition to the 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 30.1 to these financial statements. Further, End of Service Benefit for the founding President and Chief Executive Officer was approved in 2015 and the related expense is disclosed in note 37.15 to these financial statements.

40 FAIR VALUE OF FINANCIAL INSTRUMENTS

- 40.1 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 6.3.2.

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.

40.2 Off-balance sheet financial instruments	2018		2017	
	Book value	Fair value	Book value	Fair value
	Rupees in '000			
Forward purchase of foreign exchange - net	72,163,082	74,597,244	72,953,918	75,547,124
Forward sale of foreign exchange - net	43,560,484	44,659,254	47,965,438	49,494,849

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40.3 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	2018			Total
	Level 1	Level 2	Level 3	
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,347,184	-	-	4,347,184
Units of open end fund	51,483	-	-	51,483
GoP Sukuk	-	18,715,223	-	18,715,223
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	7,455,428	-	-	7,455,428
Forward purchase of foreign exchange contracts	-	74,597,243	-	74,597,243
Forward sale of foreign exchange contracts	-	44,659,254	-	44,659,254

Recurring Fair Value Measurements	2017			Total
	Level 1	Level 2	Level 3	
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,526,079	-	-	4,526,079
Units of open end fund	50,939	-	-	50,939
GoP Sukuk	-	57,151,526	-	57,151,526
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	5,055,704	-	-	5,055,704
Forward purchase of foreign exchange contracts	-	75,547,124	-	75,547,124
Forward sale of foreign exchange contracts	-	49,494,849	-	49,494,849

Investment in associates (listed - mutual funds) have market value of Rs 1,498 million 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 sukuk and PIA sukuk classified as available for sale.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

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Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GoP Sukuk and PIA Sukuk	The fair value of GoP Ijarah Sukuk and PIA Sukuk 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 eight 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.

40.4 Fair value of non-financial assets

Non-banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 15. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

40.5 Financial assets not measured at fair value	Carrying Value	
	2018	2017
	Rupees in '000	
Cash and balances with treasury banks	65,022,041	64,556,170
Balances with other banks	8,255,187	4,895,816
Due from financial institutions - net	184,814,600	147,229,221
Investments - net	91,673,549	50,953,998
Islamic financing and related assets - net	512,564,522	420,029,088
Other assets - net	26,293,396	19,259,871

Notes to and forming part of the Unconsolidated Financial Statements

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41 SEGMENT ANALYSIS

41.1 Segment Details with respect to Business Activities.

	2018					
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	Total
	Rupees in '000					
Profit and Loss Account						
External Revenue	28,610,386	5,880,628	19,411,444	2,184,503	-	56,086,961
Inter segment revenue - net	-	39,985,198	-	92,553	(40,077,751)	-
Total Income	28,610,386	45,865,826	19,411,444	2,277,056	(40,077,751)	56,086,961
Segment direct expenses	1,802,047	36,514,095	1,262,603	547,759	-	40,126,504
Inter segment expense allocation	23,370,533	-	16,707,218	-	(40,077,751)	-
Total expenses	25,172,580	36,514,095	17,969,821	547,759	(40,077,751)	40,126,504
Provisions and write offs - net	(826,756)	(22,847)	(318,448)	-	-	(1,168,051)
Profit before tax	2,611,050	9,328,884	1,123,175	1,729,297	-	14,792,406
Statement of Financial Position						
Cash & Bank balance	-	70,880,687	2,396,541	-	-	73,277,228
Due from financial institutions - net	-	-	184,814,600	-	-	184,814,600
Investments - net	21,076,097	-	102,666,770	-	-	123,742,867
Net inter segment lending	-	671,148,377	-	297,553	(671,445,930)	-
Islamic financing and related assets - net	431,967,241	80,597,281	-	-	-	512,564,522
Others	16,888,683	20,233,304	6,394,201	-	-	43,516,188
Total Assets	469,932,021	842,859,649	296,272,112	297,553	(671,445,930)	937,915,405
Due to financial institutions	23,171,084	627,074	12,609,653	-	-	36,407,811
Deposits & other accounts	-	785,476,944	-	-	-	785,476,944
Subordinated Sukuk	14,000,000	-	-	-	-	14,000,000
Net inter segment borrowing	400,580,898	-	270,865,032	-	(671,445,930)	-
Others	11,971,613	49,371,553	56,876	297,553	-	61,697,595
Total liabilities	449,723,595	835,475,571	283,531,561	297,553	(671,445,930)	897,582,350
Equity	20,208,426	7,384,078	12,740,551	-	-	40,333,055
Total Equity & liabilities	469,932,021	842,859,649	296,272,112	297,553	(671,445,930)	937,915,405
Contingencies & Commitments	298,374,997	45,715,180	118,865,323	-	-	462,955,500

Notes to and forming part of the Unconsolidated Financial Statements

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	2017					Total
	Corporate and Commercial banking	Retail banking	Trading and sales	Others	Inter-segment Eliminations	
Rupees in '000						
Profit and Loss Account						
External Revenue	20,899,027	4,050,249	17,272,858	1,829,080	-	44,051,214
Inter segment revenue - net	-	29,894,398	-	27,166	(29,921,564)	-
Total Income	20,899,027	33,944,647	17,272,858	1,856,246	(29,921,564)	44,051,214
Segment direct expenses	1,212,545	29,332,238	1,423,765	547,330	-	32,515,878
Inter segment expense allocation	16,124,689	-	13,796,875	-	(29,921,564)	-
Total expenses	17,337,234	29,332,238	15,220,640	547,330	(29,921,564)	32,515,878
Provisions and write offs - net	(579,295)	(117,298)	(586,733)	-	-	(1,283,326)
Profit before tax	2,982,498	4,495,111	1,465,485	1,308,916	-	10,252,010
Statement of Financial Position						
Cash & Bank balances	-	68,255,547	1,196,439	-	-	69,451,986
Due from financial institutions - net	-	-	147,229,221	-	-	147,229,221
Investments - net	21,729,513	-	97,508,733	-	-	119,238,246
Net inter segment lending	-	561,652,682	-	505,247	(562,157,929)	-
Islamic financing and related assets - net	357,549,748	62,479,340	-	-	-	420,029,088
Others	11,429,161	15,859,318	5,570,980	-	-	32,859,459
Total Assets	390,708,422	708,246,887	251,505,373	505,247	(562,157,929)	788,808,000
Due to financial institutions	21,141,465	329,007	15,342,823	-	-	36,813,295
Deposits & other accounts	-	667,180,865	-	-	-	667,180,865
Subordinated Sukuk	7,000,000	-	-	-	-	7,000,000
Net inter segment borrowing	337,179,536	-	224,978,393	-	(562,157,929)	-
Others	8,013,062	34,218,138	-	505,247	-	42,736,447
Total liabilities	373,334,063	701,728,010	240,321,216	505,247	(562,157,929)	753,730,607
Equity	17,374,359	6,518,877	11,184,157	-	-	35,077,393
Total Equity & liabilities	390,708,422	708,246,887	251,505,373	505,247	(562,157,929)	788,808,000
Contingencies & Commitments	208,242,163	30,867,054	124,558,666	-	-	363,667,883

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	2018	2017	2018	2017
		No. of IPS account		Face Value	
Rupees in '000					
Insurance Companies	Government Ijarah Sukuks	5	5	216,500	1,981,000
Asset Management Companies	Government Ijarah Sukuks	11	11	-	-
Employee Funds / NGO's	Government Ijarah Sukuks	15	13	68,000	28,000
Individuals	Government Ijarah Sukuks	19	19	9,000	12,700
Others	Government Ijarah Sukuks	8	4	12,500	40,000
Related parties - Associates	Government Ijarah Sukuks	3	3	95,000	95,000
Related parties - Others	Government Ijarah Sukuks	1	1	75,000	75,000
		62	56	476,000	2,231,700

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43 RELATED PARTY TRANSACTIONS

43.1 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 includes a subsidiary company, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

43.2 The Banks enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the key management personnel is determined in accordance with the terms of their appointment.

43.3 Subsidiary company

- Al Meezan Investment Management Limited

43.4 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

43.5 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end as are follows:

	Total		Subsidiary		Associates		Directors		Key Management Personnel		Other Related Parties	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	Rupees in '000											
Islamic financing and related assets												
At January 1,	776,443	2,484,365	99,939	-	676,504	2,484,365	-	-	-	-	-	-
Addition during the year	3,732,561	6,713,052	-	99,939	3,732,561	6,613,113	-	-	-	-	-	-
Deletion during the year	(4,071,476)	(8,420,974)	(99,939)	-	(3,971,537)	(8,420,974)	-	-	-	-	-	-
At December 31	437,528	776,443	-	99,939	437,528	676,504	-	-	-	-	-	-
Investments												
At January 1,	1,957,811	3,022,967	63,050	63,050	1,894,761	2,959,917	-	-	-	-	-	-
Addition during the year	-	1,243,264	-	-	-	1,243,264	-	-	-	-	-	-
Deletion during the year	(1,060,000)	(2,308,420)	-	-	(1,060,000)	(2,308,420)	-	-	-	-	-	-
At December 31	897,811	1,957,811	63,050	63,050	834,761	1,894,761	-	-	-	-	-	-
Deposits												
At December 31	5,255,327	4,389,308	32,351	7,497	1,125,645	1,248,619	107,304	78,613	523,483	350,554	3,466,544	2,704,025

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.

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	Total		Subsidiary		Associates		Directors		Key Management Personnel		Other Related Parties	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Rupees in '000												
Other Assets												
Profit receivable on financing / investments	12,820	11,044	-	816	12,820	10,228	-	-	-	-	-	-
Fee and other Receivable	26,855	24,907	22,355	23,407	1,000	1,500	-	-	-	-	3,500	-
Sub-ordinated Sukuk (Tier II)	618,000	-	-	-	618,000	-	-	-	-	-	-	-
Other Liabilities												
Payable to defined benefit plan	624,077	715,883	-	-	-	-	-	-	300,854	274,758	323,223	441,125
Accrued Expenses	2,921	3,135	2,921	3,135	-	-	-	-	-	-	-	-
Contingencies and Commitments												
Letters of credit (unfunded)	27,572	29,851	-	-	27,572	29,851	-	-	-	-	-	-
Letters of Guarantee (unfunded)	100	100	100	100	-	-	-	-	-	-	-	-
Transactions, income and expenses												
Income, Expenses & Transactions												
Profit earned on financing / investments	49,035	153,513	2,378	816	46,657	152,697	-	-	-	-	-	-
Fees and other income earned	161,328	269,517	97,868	115,366	63,460	154,151	-	-	-	-	-	-
Dividend income earned	325,000	908,112	325,000	695,500	-	212,612	-	-	-	-	-	-
Capital gain - net	2,582	145,245	-	-	2,582	145,245	-	-	-	-	-	-
Return on deposits / borrowing expensed	250,890	181,765	1,211	1,243	43,468	32,964	1,463	1,208	12,303	10,093	192,445	136,257
Charge for defined benefit plan	323,223	441,125	-	-	-	-	-	-	-	-	323,223	441,125
Contribution to defined contribution plan	271,165	238,741	-	-	-	-	-	-	-	-	271,165	238,741
Contribution to staff benevolent fund	20,000	20,000	-	-	-	-	-	-	-	-	20,000	20,000
Fees expensed	12,011	18,165	12,011	18,165	-	-	-	-	-	-	-	-
Charity Paid	28,000	25,000	-	-	-	-	-	-	-	-	28,000	25,000
Remuneration to key management personnel:												
- Salaries and benefits (excluding end of service benefit) (notes 39 & 30.1)	305,565	264,095	-	-	-	-	-	-	305,565	264,095	-	-
- End of service benefit charge for the founder president (note 37.15)	26,096	27,831	-	-	-	-	-	-	26,096	27,831	-	-
Fee to non-executive directors (note 39)	48,542	42,843	-	-	-	-	48,542	42,843	-	-	-	-
Proceeds from sale of fixed assets having net book value of Rs 0.361 million	1,984	-	-	-	-	-	-	-	1,984	-	-	-

44 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP had specified a transitional period for implementing new standards which came to its end on 31st December 2018. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

44.1 Capital structure

Under Basel III framework, the 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, balance in share premium account, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc after regulatory deductions for reciprocal crossholdings; deficit on revaluation of available for sale investments; investment in own shares; and book value of intangibles.

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- b) Additional Tier 1 capital (AT1), which includes perpetual, unsecured, subordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Bank.
- Tier II capital, which includes sub-ordinated sukuk, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments, indirect holding of own capital.

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.

44.2 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 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.

In implementing current capital requirements the State Bank of Pakistan requires Banks to maintain minimum capital adequacy ratio (CAR) of 11.90% as of December 31, 2018 whereas CAR stood at 14.55% at the year ended December 31, 2018.

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.

Sensitivity and stress testing of the Bank under different risk factors namely yield rate, forced sale value of collateral, non-performing financing 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.

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45 CAPITAL ADEQUACY, LEVERAGE RATIO & LIQUIDITY REQUIREMENTS

	2018	2017
	Rupees in '000	
Minimum Capital Requirement		
Paid-up capital (net of losses)	11,691,924	10,629,022
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	39,591,737	33,623,700
Eligible Additional Tier 1 Capital	7,000,000	-
Total Eligible Tier 1 Capital	46,591,737	33,623,700
Eligible Tier 2 Capital	9,916,173	9,979,092
Total Eligible Capital (Tier 1 + Tier 2)	56,507,910	43,602,792
Risk Weighted Assets		
Credit Risk	323,126,915	281,668,113
Market Risk	11,628,453	11,492,896
Operational Risk	53,645,290	45,129,675
Total	388,400,658	338,290,684
Common Equity Tier 1 Capital Adequacy ratio	10.19%	9.94%
Tier 1 Capital Adequacy Ratio	12.00%	9.94%
Total Capital Adequacy Ratio	14.55%	12.89%
Leverage Ratio		
Tier-1 Capital	46,591,737	33,623,700
Total Exposures	1,054,746,721	873,663,012
Leverage Ratio	4.42%	3.85%
Liquidity Coverage Ratio		
Total High Quality Liquid Assets	120,562,308	115,848,701
Total Net Cash Outflow	94,253,108	93,838,280
Liquidity Coverage Ratio	147%	126%
Net Stable Funding Ratio		
Total Available Stable Funding	716,111,391	613,661,480
Total Required Stable Funding	550,702,281	466,404,101
Net Stable Funding Ratio	130%	132%

45.1 Full disclosure on Capital Adequacy, Leverage Ratio & Liquidity Requirements prepared as per SBP instructions is available at [http:// www.meezanbank.com](http://www.meezanbank.com)

46 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.

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Risk management organisation

The Board Risk Management Committee comprises of three 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
Compliance and Operational Risk Management Committee (CORMC)	President & CEO

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 CORMC is responsible for overseeing compliance risk by reviewing the adequacy of controls in place to meet regulatory requirements. The Committee is responsible for promoting compliance culture in the Bank, facilitate in implementation of Compliance Program and oversee Money Laundering and Financing Terrorism risk. In addition, the Committee also oversees Operational Risk Framework by ensuring that policies and procedures are in place in all Key risk areas and by reviewing Key Risk Indicators. The Committee also monitors level of compliance of major unresolved and recurring issues pointed out in the Internal Audit, Shariah Audit and SBP Inspection Report.

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.

46.1 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.

Watchlist procedure is also functioning which identifies financing 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 Board 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 323,126.915 million (2017: Rs 281,668.113 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 14.55%.

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For the year ended December 31, 2018

46.1.1 Segmental information

46.1.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross amount due from financial institutions		Non-performing amount due from financial institution		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Public/ Government	75,782,901	66,505,849	-	-	-	-
Private	109,073,265	80,764,938	41,566	41,566	41,566	41,566
	184,856,166	147,270,787	41,566	41,566	41,566	41,566

46.1.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Textile	116,987	122,619	116,987	122,619	116,987	122,619
Cement	500,000	-	-	-	-	-
Chemical and Pharmaceuticals	228,648	409,063	53,648	59,063	53,648	59,063
Construction	400,000	-	-	-	-	-
Automobile and transportation equipment	697,495	1,107,334	-	-	-	-
Power (electricity), oil, gas and water	16,874,050	17,490,545	-	-	-	-
Federal Government Securities	89,420,405	84,895,331	-	-	-	-
Foreign Government Securities	4,788,337	3,376,124	-	-	-	-
Transport, Storage and Communication	2,433,333	3,366,667	-	-	-	-
Financial	2,773,756	1,072,173	-	-	-	-
	118,233,011	111,839,856	170,635	181,682	170,635	181,682

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Public / Government	110,137,212	104,051,992	-	-	-	-
Private	8,095,799	7,787,864	170,635	181,682	170,635	181,682
	118,233,011	111,839,856	170,635	181,682	170,635	181,682

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46.1.1.3 Islamic financing and related assets

Credit risk by industry sector

	Gross amount		Non-performing amount		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Agriculture, Food, Forestry and Fishing	100,863,987	99,347,493	337,334	115,741	337,334	115,741
Textile	80,313,835	73,154,016	4,403,537	4,381,126	4,339,569	4,295,238
Chemical and Pharmaceuticals	35,419,207	25,785,330	73,863	74,674	66,613	67,200
Cement	13,143,707	7,989,820	2,596	2,596	2,596	2,596
Sugar	9,822,896	7,677,505	108,718	108,718	108,718	108,718
Footwear and Leather garments	1,461,258	1,563,463	230,006	215,346	230,006	189,571
Automobile and transportation equipment	13,157,986	6,069,674	631,912	633,665	628,164	633,665
Electronics and electrical appliances	7,080,952	4,905,864	57,416	84,716	57,416	84,716
Construction	16,756,289	12,566,562	36,443	72,733	36,443	72,733
Power (electricity), oil, gas and water	107,787,451	82,591,525	61,571	61,571	61,571	61,571
Wholesale and Retail Trade	26,093,978	22,878,395	162,006	150,387	158,631	148,522
Exports/Imports	10,670,601	6,698,794	141,889	148,550	141,889	141,889
Paper, board and packaging	7,781,634	8,770,697	99,905	99,905	97,890	97,890
Transport, Storage and Communication	29,244,784	21,823,823	186,773	22,896	153,325	17,626
Financial	2,072,494	1,800,760	-	-	-	-
Insurance	215,174	169,317	-	-	-	-
Services	5,195,566	3,743,898	35,174	36,069	31,015	34,762
Individuals	52,091,347	38,579,854	336,155	292,416	242,726	252,629
Others	3,090,617	2,716,740	79,944	105,020	77,624	101,664
	<u>522,263,763</u>	<u>428,833,530</u>	<u>6,985,242</u>	<u>6,606,129</u>	<u>6,771,530</u>	<u>6,426,731</u>

Credit risk by public / private sector

	Gross amount		Non-performing amount		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Public/ Government	135,856,834	134,951,330	-	-	-	-
Private	386,406,929	293,882,200	6,985,242	6,606,129	6,771,530	6,426,731
	<u>522,263,763</u>	<u>428,833,530</u>	<u>6,985,242</u>	<u>6,606,129</u>	<u>6,771,530</u>	<u>6,426,731</u>

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46.1.1.4 Contingencies and Commitments

Credit risk by industry sector

	2018	2017
	Rupees in '000	
Agriculture, Food, Forestry and Fishing	53,606,564	38,756,703
Textile	87,852,650	73,344,197
Chemical and Pharmaceuticals	33,391,962	14,653,168
Cement	7,360,211	9,754,650
Sugar	18,221,345	2,592,136
Footwear and Leather garments	1,923,709	1,526,181
Automobile and transportation equipment	10,106,979	7,993,863
Electronics and electrical appliances	10,741,174	2,948,147
Construction	20,621,063	9,040,615
Power (electricity), oil, gas and water	40,711,594	42,879,848
Wholesale and Retail Trade	9,470,597	10,563,245
Exports/Imports	4,873,264	6,259,977
Paper, board and packaging	6,474,923	4,524,567
Transport, Storage and Communication	3,911,071	17,175,204
Financial	114,660,376	88,762,266
Insurance	-	55,716
Services	7,452,398	5,722,847
Individuals	5,376,859	14,160,774
Others	26,198,761	12,953,779
	<u>462,955,500</u>	<u>363,667,883</u>
Credit risk by public / private sector		
Public/ Government	35,103,690	19,646,280
Private	427,851,810	344,021,603
	<u>462,955,500</u>	<u>363,667,883</u>

46.1.1.5 Concentration of Top 10 exposures

Top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 180,712 million (2017: Rs 138,724 million) are as following:

	2018	2017
	Rupees in '000	
Funded Exposure	145,056,016	123,155,434
Non Funded Exposure	35,655,566	15,568,755
Total Exposure	<u>180,711,582</u>	<u>138,724,189</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 205,451 million (2017: Rs 151,285 million). None of the exposure against these top 10 customers is in classified stage.

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46.1.1.6 Islamic Financing and related assets - Province/Region-wise Disbursement & Utilization

Province / Region	2018						
	Disbursements		Utilization				
	Rupees in '000						
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	299,569,251	299,569,251	-	-	-	-	-
Sindh	297,780,172	28,501,991	252,632,490	4,084,133	11,487,367	1,073,801	390
KPK including FATA	2,476,320	-	-	2,476,320	-	-	-
Balochistan	347,823	-	-	-	347,823	-	-
Islamabad	111,318,054	-	-	-	-	111,318,054	-
AJK including Gilgit-Baltistan	747,443	-	-	-	-	-	747,443
Total	712,239,063	328,071,242	252,632,490	6,560,453	11,835,190	112,391,855	747,833

Province / Region	2017						
	Disbursements		Utilization				
	Rupees in '000						
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	388,275,010	388,275,010	-	-	-	-	-
Sindh	192,484,786	4,089,940	184,682,144	3,033,842	665,336	13,460	64
KPK including FATA	2,279,993	-	-	2,279,993	-	-	-
Balochistan	21,245	-	-	-	21,245	-	-
Islamabad	25,360,086	-	-	-	-	25,360,086	-
AJK including Gilgit-Baltistan	197,918	-	-	-	-	-	197,918
Total	608,619,038	392,364,950	184,682,144	5,313,835	686,581	25,373,546	197,982

46.1.2 Credit Risk - General Disclosures

The Bank has adopted Standardised Approach of Basel Accord 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 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 of Basel II. Meanwhile, none of the Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

46.1.2.1 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 such as 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	2018				
	JCR-VIS	PACRA	Standard & Poors (S&P)	Fitch	Moody
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-

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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 III requirements.

46.1.2.2 Credit exposures subject to standardised approach

Exposures	2018			2017		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	194,020,323	143,659,107	50,361,216	151,721,981	120,907,869	30,814,112
50%	985,696	-	985,696	1,172,485	-	1,172,485
150%	83,328	-	83,328	48,780	-	48,780
Unrated	451,096	-	451,096	242,370	-	242,370
Sovereigns						
0%	173,195,662	30,719,089	142,476,573	171,965,434	42,036,396	129,929,038
20%	276,755	-	276,755	1,716,728	-	1,716,728
50%	2,051,928	-	2,051,928	-	-	-
100%	151,309	-	151,309	111,499	-	111,499
Public Sector entities						
20%	32,314,645	13,052,617	19,262,028	25,954,044	8,191,220	17,762,824
Unrated (50%)	91,677,679	91,947,049	-	50,058,614	46,848,981	3,209,633
Corporate						
20%	93,937,224	1,784,000	92,153,224	46,789,540	5,342,857	41,446,683
50%	55,606,232	2,329,667	53,276,565	33,480,160	2,046,356	31,433,804
100%	3,258,718	-	3,258,718	3,515,549	-	3,515,549
150%	1,019,233	-	1,019,233	-	-	-
Unrated 1 (100%)	92,818,644	4,798,516	88,020,128	91,598,854	2,485,245	89,113,609
Unrated 2 (125%)	57,987,218	2,624,655	55,362,563	95,068,947	36,561,120	58,507,827
Retails						
75%	60,304,873	10,700,598	49,604,275	43,943,059	7,962,873	35,980,186
Total	860,140,563	301,615,298	558,794,635	717,388,044	272,382,917	445,005,127

46.1.2.3 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, saving accounts, guarantees, shares and Government securities.

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/cash equivalent collaterals. Since eligible collaterals for CRM purposes are all in the form of cash/cash equivalent 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 banks, corporate and retail portfolio. Under the standardized approach for on-balance sheet exposures, Rs 195,540.443 million of exposure on banks is subject to the CRM of Rs 143,659.107 million. The corporate portfolio of Rs 304,627.269 million is subject to the CRM of Rs 11,536.838 million whereas claims on retail portfolio of Rs 60,304.873 million is subject to CRM of Rs 10,700.598 million. The total benefit of Rs 301,663.669 million was availed through CRM against total on-balance sheet exposure of Rs 923,009.573 million.

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Under off-balance sheet, non-market related exposures; total benefit of Rs 17,640.547 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 385,997.643 million.

In the year 2018, total CRM benefit was Rs 319,304.216 million as against amount of Rs 281,144.077 million in year 2017.

46.1.2.4 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.

46.2 Market risk

Market risk 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.

46.2.1 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 6.4 to these financial statements.

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 under 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 and held to maturity investments.

46.2.2 Balance sheet split by trading and banking books

	2018			2017		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
	Rupees in '000					
Cash and balances with treasury banks	65,022,041	-	65,022,041	64,556,170	-	64,556,170
Balances with other banks	8,255,187	-	8,255,187	4,895,816	-	4,895,816
Due from financial institutions - net	184,814,600	-	184,814,600	147,229,221	-	147,229,221
Investments - net	118,509,439	5,233,428	123,742,867	112,766,467	6,471,779	119,238,246
Islamic financing and related assets - net	512,564,522	-	512,564,522	420,029,088	-	420,029,088
Fixed assets	13,129,126	-	13,129,126	11,362,868	-	11,362,868
Intangible assets	624,534	-	624,534	512,490	-	512,490
Deferred tax asset	982,936	-	982,936	-	-	-
Other assets - net	28,779,592	-	28,779,592	20,984,101	-	20,984,101
	932,681,977	5,233,428	937,915,405	782,336,221	6,471,779	788,808,000

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 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.

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46.2.3 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. The 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:

	2018			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	904,402,897	834,273,614	(29,777,104)	40,352,179
United States Dollars	30,482,064	55,168,119	24,656,496	(29,559)
Great Britain Pounds	677,715	3,995,066	3,330,962	13,611
Japanese Yen	34,146	45	(28,994)	5,107
Euro	1,715,095	3,876,456	2,119,253	(42,108)
Singapore Dollars	5,162	4	-	5,158
Australian Dollars	68,746	3,077	(101,482)	(35,813)
Canadian Dollars	165,561	1,387	(163,246)	928
United Arab Emirates Dirham	62,398	-	(30,244)	32,154
Swiss Francs	4,867	-	(5,641)	(774)
Saudi Riyal	18,551	-	-	18,551
Swedish Korona	436	-	-	436
Malaysian Ringgit	1,247	-	-	1,247
Hongkong Dollar	993	34	-	959
Thailand Bhat	1,086	-	-	1,086
Norwegian Krone	1,428	-	-	1,428
Danish Krone	1,046	-	-	1,046
Chinese Offshore Spot	2,019	-	-	2,019
Chinese Yuan	269,948	264,548	-	5,400
Total foreign currency exposure	33,512,508	63,308,736	29,777,104	(19,124)
Total currency exposure	937,915,405	897,582,350	-	40,333,055
	2017			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	757,030,568	695,990,571	(25,985,522)	35,054,475
United States Dollars	28,470,828	50,008,227	21,514,920	(22,479)
Great Britain Pounds	897,203	3,707,232	2,816,966	6,937
Japanese Yen	260,286	186,571	(73,560)	155
Euro	1,717,815	3,623,082	1,921,584	16,317
Singapore Dollars	3,709	3	-	3,706
Australian Dollars	92,145	1,605	(119,868)	(29,328)
Canadian Dollars	11,324	994	(11,006)	(676)
United Arab Emirates Dirham	94,171	-	(60,120)	34,051
Swiss Francs	212,289	208,614	(3,394)	281
Saudi Riyal	7,865	3,680	-	4,185
Swedish Korona	1,942	-	-	1,942
Malaysian Ringgit	1,752	-	-	1,752
Hongkong Dollar	843	28	-	815
Thailand Bhat	311	-	-	311
Norwegian Krone	653	-	-	653
Chinese Offshore Spot	1,695	-	-	1,695
Chinese Yuan	2,601	-	-	2,601
Total foreign currency exposure	31,777,432	57,740,036	25,985,522	22,918
Total currency exposure	788,808,000	753,730,607	-	35,077,393

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	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates				
- Profit and Loss Account	-	992	-	490
- Other Comprehensive Income	-	-	-	-

46.2.4 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in value of equity portfolios of 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 Resident Shariah Board Member.

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices				
- Profit and Loss Account	-	-	-	-
- Other Comprehensive Income	-	141,284	-	147,098

46.2.5 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 the Bank's income, and resultant impact is on the 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.

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in discount rates				
- Profit and Loss Account	854,073	-	668,067	-
- Other Comprehensive Income	-	-	-	-

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46.2.6 Mismatch of yield rate sensitive assets and liabilities

Effective yield rate %	Total	2018									Non-yield bearing financial instruments
		Exposed to yield risk									
		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											
-	65,022,041	-	-	-	-	-	-	-	-	-	65,022,041
0.31	8,255,187	307,001	-	-	-	-	-	-	-	-	7,948,186
6.28	184,614,600	112,255,476	63,354,736	9,204,388	13,928,470	16,478,405	42,433,712	4,195,450	1,667,139	276,777	6,062,407
5.65	123,742,867	2,304,228	34,162,300	92,482,198	69,617,791	11,757,760	6,274,079	9,389,053	15,009,074	2,074,916	126,184,067
7.16	512,564,522	179,575,584	-	-	-	-	-	-	-	-	26,233,396
-	26,233,396	-	-	-	-	-	-	-	-	-	-
	920,692,613	294,442,289	189,999,234	92,950,649	13,991,739	22,752,484	51,822,765	19,204,524	3,742,055	276,777	231,510,097
Liabilities											
-	23,750,543	-	-	-	-	-	-	-	-	-	23,750,543
4.01	36,407,811	35,371,084	-	-	-	-	-	-	-	-	1,036,727
2.57	785,476,944	470,739,460	24,158,618	4,228,460	673,000	-	-	-	-	-	285,677,406
8.55	14,000,000	7,000,000	-	-	-	-	-	-	-	-	-
-	24,256,491	-	-	-	-	-	-	-	-	-	24,256,491
	863,891,789	513,110,544	31,158,618	4,228,460	673,000	-	-	-	-	-	334,721,167
	36,800,824	(218,668,255)	158,840,616	88,722,189	13,318,739	22,752,484	51,822,765	19,204,524	3,742,055	276,777	(103,211,070)
Non financial assets											
-	13,129,126	-	-	-	-	-	-	-	-	-	-
-	624,534	-	-	-	-	-	-	-	-	-	-
-	982,936	-	-	-	-	-	-	-	-	-	-
-	2,486,196	-	-	-	-	-	-	-	-	-	-
	17,222,792	-	-	-	-	-	-	-	-	-	-
Non financial liabilities											
-	13,690,561	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
	13,690,561	-	-	-	-	-	-	-	-	-	-
	40,333,055	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments											
	74,321,214	-	-	-	-	-	-	-	-	-	74,321,214
	44,544,110	-	-	-	-	-	-	-	-	-	44,544,110
	29,777,104	-	-	-	-	-	-	-	-	-	29,777,104
		(218,668,255)	158,840,616	88,722,189	13,318,739	22,752,484	51,822,765	19,204,524	3,742,055	276,777	(73,433,966)
		(218,668,255)	(59,827,639)	28,894,550	42,213,289	64,965,773	116,788,538	135,993,062	139,735,117	140,011,894	66,577,928
2017											
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											
-	64,556,170	-	-	-	-	-	-	-	-	-	64,556,170
0.18	4,895,816	111,905	-	-	-	-	-	-	-	-	4,783,911
5.77	147,229,221	23,868,925	49,716,251	4,376,876	69,267,169	30,698,206	15,126,496	1,124,924	2,221,122	-	7,406,690
5.39	119,238,246	6,926,424	6,988,489	48,745,895	-	-	-	-	-	-	97,768,087
6.57	420,029,088	41,964,180	152,729,213	83,255,059	16,726,426	3,679,676	6,921,316	13,278,112	1,016,739	2,690,280	19,259,871
-	19,259,871	-	-	-	-	-	-	-	-	-	-
	775,208,412	72,871,434	209,433,953	136,377,830	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	193,774,729
Liabilities											
-	17,175,035	-	-	-	-	-	-	-	-	-	17,175,035
4.10	36,813,295	16,390,656	8,731,443	10,869,365	-	-	-	-	-	-	821,831
2.30	667,180,865	435,662,748	7,000,000	-	-	-	-	-	-	-	231,518,117
6.73	7,000,000	-	-	-	-	-	-	-	-	-	-
-	16,231,135	-	-	-	-	-	-	-	-	-	16,231,135
	744,400,330	452,053,404	15,731,443	10,869,365	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	265,746,118
	30,808,082	(379,181,970)	193,702,510	125,508,465	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	(71,971,389)
Non financial assets											
-	11,362,868	-	-	-	-	-	-	-	-	-	-
-	512,490	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	1,724,230	-	-	-	-	-	-	-	-	-	-
	13,599,588	-	-	-	-	-	-	-	-	-	-
Non financial liabilities											
-	9,322,095	-	-	-	-	-	-	-	-	-	-
-	8,182	-	-	-	-	-	-	-	-	-	-
	9,330,277	-	-	-	-	-	-	-	-	-	-
	35,077,393	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments											
	75,272,094	-	-	-	-	-	-	-	-	-	75,272,094
	49,286,572	-	-	-	-	-	-	-	-	-	49,286,572
	25,985,522	-	-	-	-	-	-	-	-	-	25,985,522
		(379,181,970)	193,702,510	125,508,465	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	(45,985,867)
		(379,181,970)	(185,479,460)	(59,970,995)	26,022,800	60,400,482	82,448,294	96,851,330	100,089,191	102,779,471	56,793,604

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

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.

46.3 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 the 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 and 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

46.3.1 Maturities of assets and liabilities based on contractual maturities

2018

	Rupees in '000												
	Upto 1 Day	Upto 7 Days	Upto 14 Days	Upto 1 month	Upto 2 months	Upto 3 months	Over 3 to 6 months	Over 6 months to 1 Years	Over 1 to 2 Years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets													
Cash and balances with treasury banks	21,457,274	14,521,589	14,521,589	14,521,589	14,521,589	19,838,225	-	-	-	-	-	-	-
Balances with other banks	4,127,594	4,127,593	53,240,917	39,808,861	43,516,511	9,204,388	-	-	-	-	-	-	-
Due from financial institutions	-	19,205,698	1,098,195	2,704,894	3,006,392	28,341,657	4,320,420	-	-	-	-	-	-
Investments	908,933	866,310	4,767,501	24,972,247	28,834,181	24,703,611	21,102,254	20,258,507	18,128,237	46,158,113	7,770,924	7,770,924	
Islamic financing and related assets	143,920,374	7,842,269	4,767,501	24,972,247	28,834,181	24,703,611	21,102,254	20,258,507	18,128,237	21,235,023	60,784,958	66,288,129	
Fixed assets	52,660	315,361	368,821	842,564	259,662	114,823	630,682	1,266,210	1,266,210	1,074,233	1,481,885	1,474,535	
Intangible assets	681	4,084	4,764	10,869	30,007	30,006	59,249	87,317	148,775	121,708	115,795	10,259	
Deferred tax assets	2,731	16,392	19,113	43,686	81,911	81,911	245,734	491,468	491,468	1,217,080	1,157,995	1,157,995	
Other assets	60,057	946,746	937,110	2,623,662	4,463,237	2,408,045	9,342,768	36,034,919	691,615	681,097	1,088,581	-	
	170,530,304	47,846,632	74,957,810	85,526,392	80,191,891	75,518,276	87,703,420	40,496,344	40,496,344	69,330,174	71,258,425	75,523,847	
													4,110
													22,994,969
Liabilities													
Bills payable	8,075,185	5,225,119	5,225,119	5,225,120	12,871,833	4,496,541	-	-	-	-	-	-	-
Due to financial institutions	496,386	12,470,460	110,411	404,595	29,421,284	20,294,300	21,133,880	-	-	627,074	107,610	326,380	
Deposits and other accounts	573,359,841	32,577,225	17,472,856	29,575,318	29,421,284	20,294,300	21,133,880	5,496,273	5,496,273	6,421,521	11,814,447	11,336,796	
Sub-ordinated Sukuk	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax liabilities	-	1,333,977	-	3,664,830	6,004,057	3,929,789	9,252,412	565,965	565,965	555,446	837,282	7,000,000	
Other liabilities	125,664	1,333,977	1,390,712	3,664,830	6,004,057	3,929,789	9,252,412	565,965	565,965	555,446	837,282	-	
	592,057,056	51,606,781	24,199,086	38,859,863	48,297,174	28,721,260	35,351,918	6,062,238	6,062,238	7,804,043	12,759,339	18,663,178	
Net assets	(411,526,752)	(3,760,149)	50,758,712	46,666,529	31,894,717	46,797,018	(351,373)	34,434,106	34,434,106	61,226,131	58,499,086	56,860,669	
Share capital													
Reserves	11,691,924												
Unappropriated profit	15,161,249												
Deficit on revaluation of assets	(45,883)												
	40,333,055												

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

2017

Rupees in '000

	Total	Upto 1 Day	Upto 7 Days	Upto 14 Days	Upto 1 month	Upto 2 months	Upto 3 months	Over 3 to 6 months	Over 6 months to 1 Years	Over 1 to 2 Years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets														
Cash and balances with treasury banks	64,556,170	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances with other banks	4,885,816	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	147,229,221	-	-	20,270,922	3,598,003	34,386,258	15,319,983	4,376,876	89,287,169	-	-	-	-	-
Investments	119,238,246	-	-	1,155,444	2,691,013	671,197	1,371,386	1,924,537	41,946,167	36,287,159	19,376,073	-	4,203,029	3,535,270
Islamic financing and related assets	420,029,088	133,129,024	3,046,778	3,540,922	10,678,285	26,024,150	34,125,364	60,483,260	10,331,446	17,483,665	21,643,860	34,213,111	50,662,278	14,480,355
Freed assets	11,362,668	4,256	25,537	29,783	68,098	255,966	127,983	376,536	681,898	1,176,949	980,236	1,391,993	1,557,001	4,688,622
Intangible assets	512,480	572	3,430	4,001	9,146	33,331	16,685	45,512	88,239	124,989	85,254	88,435	11,856	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	20,984,101	283,238	556,019	642,735	1,719,462	1,966,355	1,716,242	4,274,488	7,595,929	913,694	369,879	724,025	151,975	-
	788,808,000	205,143,019	4,549,146	25,643,877	19,024,007	63,347,257	52,678,233	71,461,209	129,913,908	55,982,456	42,455,302	39,303,200	56,594,139	22,702,247
Liabilities														
Bills payable	17,175,035	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to financial institutions	36,813,285	-	-	3,778,508	3,778,508	5,795,156	2,935,287	10,868,365	-	-	-	-	-	-
Deposits and other accounts	667,180,865	14,361,832	14,361,832	747,745	430,524	12,966,019	12,294,545	18,780,284	27,012,443	7,427,059	329,006	12,517,600	10,335,172	-
Sub-ordinated Sukuk	7,000,000	-	-	19,492,575	33,017,091	-	-	-	-	-	5,450,187	-	7,000,000	-
Deferred tax liabilities	8,162	-	-	-	-	-	-	-	2,046	2,046	2,046	-	-	-
Other liabilities	25,553,230	308,366	642,847	751,617	1,889,222	2,175,799	1,930,662	4,904,970	2,713,233	1,786,672	1,234,721	2,452,713	4,764,008	-
	753,730,607	505,057,606	29,104,726	24,770,445	39,114,345	20,936,974	17,160,884	34,558,530	29,727,722	9,215,777	7,015,962	14,972,357	22,099,180	-
Net assets	35,077,393	(299,914,587)	(24,555,580)	873,432	(20,890,338)	42,410,283	35,517,339	36,926,539	100,186,186	46,766,679	35,439,940	24,339,843	34,484,959	22,702,247
Share capital	10,629,022	-	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	13,368,809	-	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	10,340,589	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of assets	738,973	-	-	-	-	-	-	-	-	-	-	-	-	-
	35,077,393	-	-	-	-	-	-	-	-	-	-	-	-	-

Current and Savings deposits have been classified under maturity upto one day as these do not have any contractual maturity.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

46.3.2 Maturities of assets and liabilities based on expected maturities

	2018									
	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	65,022,041	65,022,041	-	-	-	-	-	-	-	-
Balances with other banks	8,255,187	8,255,187	-	-	-	-	-	-	-	-
Due from financial institutions	184,814,600	112,255,476	63,354,736	9,204,388	-	-	-	-	-	-
Investments	123,742,867	5,578,332	31,348,049	1,159,534	4,320,420	18,128,237	46,158,113	7,787,206	7,770,924	1,492,052
Islamic financing and related assets	512,564,522	81,961,222	87,847,815	103,062,351	54,418,548	20,258,507	21,295,023	60,784,958	66,268,129	16,667,969
Fixed assets	13,129,126	1,579,806	374,475	354,452	690,692	1,268,210	1,074,233	1,481,885	1,474,535	4,830,838
Intangible assets	624,534	20,418	60,013	59,249	87,317	149,775	121,708	115,795	10,259	-
Deferred tax assets	982,936	81,912	163,822	245,734	491,468	-	-	-	-	-
Other assets	28,779,592	4,567,575	6,871,282	5,532,564	9,342,768	691,615	681,097	1,088,581	-	4,110
	937,915,405	279,321,969	190,020,192	119,618,272	69,351,213	40,496,344	69,330,174	71,258,425	75,523,847	22,994,969
Liabilities										
Bills payable	23,750,543	23,750,543	-	-	-	-	-	-	-	-
Due to financial institutions	36,407,811	13,481,832	17,368,374	4,496,541	-	-	627,074	107,610	326,380	-
Deposits and other accounts	785,476,944	125,711,284	86,607,369	54,888,366	75,663,743	74,127,863	59,084,393	95,325,715	214,068,211	-
Sub-ordinated Sukuk	14,000,000	-	-	-	-	-	-	-	7,000,000	7,000,000
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	37,947,052	6,505,183	9,933,846	10,292,806	9,252,412	565,965	555,448	837,282	-	4,110
	897,582,350	169,448,842	113,909,589	69,677,713	84,916,155	74,693,828	60,266,915	96,270,607	221,394,591	7,004,110
Net assets	40,333,055	109,873,127	76,110,603	49,940,559	(15,564,942)	(34,197,484)	9,063,259	(25,012,182)	(145,870,744)	15,990,859
Share capital	11,691,924									
Reserves	15,161,249									
Unappropriated profit	13,525,765									
Deficit on revaluation of investments	(45,883)									
	40,333,055									
	2017									
	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	64,556,170	64,556,170	-	-	-	-	-	-	-	-
Balances with other banks	4,895,816	4,895,816	-	-	-	-	-	-	-	-
Due from financial institutions	147,229,221	23,868,925	49,716,251	4,376,876	69,267,169	-	-	-	-	-
Investments	119,238,246	7,025,439	2,042,492	1,924,442	41,943,268	36,304,069	19,375,122	2,885,494	4,202,907	3,535,013
Islamic financing and related assets	420,029,088	59,846,509	93,323,046	91,340,404	37,052,061	17,469,639	21,555,865	34,301,026	50,660,205	14,480,333
Fixed assets	11,362,868	125,114	371,914	363,315	1,215,560	1,124,772	930,601	1,253,799	1,423,707	4,554,086
Intangible assets	512,490	17,149	49,996	45,512	89,299	124,989	85,254	88,435	11,856	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	20,984,101	3,271,513	3,682,756	4,274,803	7,595,929	913,219	369,879	724,027	151,975	-
	788,808,000	163,606,635	149,186,455	102,325,352	157,163,286	55,936,688	42,316,721	39,252,781	56,450,650	22,569,432
Liabilities										
Bills payable	17,175,035	17,175,035	-	-	-	-	-	-	-	-
Due to financial institutions	36,813,295	16,637,068	8,977,855	10,869,364	-	-	329,008	-	-	-
Deposits and other accounts	667,180,865	101,821,895	56,542,191	47,872,723	68,141,962	65,615,388	50,085,657	83,336,610	140,437,104	53,327,335
Sub-ordinated Sukuk	7,000,000	-	-	-	-	-	-	-	7,000,000	-
Deferred tax liabilities	8,182	-	-	-	2,046	2,046	2,046	2,044	-	-
Other liabilities	25,553,230	3,591,052	4,105,861	4,904,970	2,713,233	1,786,672	1,234,721	2,452,713	4,764,008	-
	753,730,607	139,225,050	69,625,907	63,647,057	70,857,241	67,404,106	51,651,432	85,791,367	152,201,112	53,327,335
Net assets	35,077,393	24,381,585	79,560,548	38,678,295	86,306,045	(11,467,418)	(9,334,711)	(46,538,586)	(95,750,462)	(30,757,903)
Share capital	10,629,022									
Reserves	13,368,809									
Unappropriated profit	10,340,589									
Surplus on revaluation of investments	738,973									
	35,077,393									

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, 29.3% of current accounts and 28.6% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 70.7% of current accounts and 71.4% of savings accounts are bucketed into maturities of above 1-Year.

Notes to and forming part of the Unconsolidated Financial Statements

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46.4 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 four eye principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

47 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

47.1 The Bank managed following general and specific pools during the year:

2018							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	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	7.06%	50%	13,314,826	3.91%	10%	1,388,628
USD Pool	Monthly	3.81%	75%	720,723	0.95%	-	-
GBP Pool	Monthly	1.18%	90%	20,169	0.12%	-	-
EUR Pool	Monthly	0.17%	90%	1,637	0.02%	-	-

2017							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	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	6.42%	50%	10,872,732	3.65%	14%	1,491,157
USD Pool	Monthly	3.09%	75%	424,879	0.77%	-	-
GBP Pool	Monthly	1.32%	90%	19,505	0.13%	-	-
EUR Pool	Monthly	0.66%	90%	5,885	0.06%	-	-

2018							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	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) Musharaka Pool	Monthly	5.16%	-*	-*	2.19%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	11.46% - 5.24%	-*	-*	10.70% - 5.60%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	15.55% - 5.24%	-*	-*	10.80% - 3.50%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

2017							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	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) Musharaka Pool	Monthly	4.48%	-*	-*	2.06%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	7.63% - 5.24%	-*	-*	6.35% - 4.50%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	7.91% - 5.24%	-*	-*	6.50% - 2.40%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

47.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2018	2017	2018	2018	2017	2017
PKR Pool						
Saving Accounts	24.05%	23.37%	0.67	0.57	0.67	0.66
Meezan Bachat Account	18.69%	18.57%	0.88	0.57	0.88	0.66
Karobari Munafa Account	10.11%	10.83%	1.36	0.57	1.34	0.66
Certificate of Islamic Investment Plus	10.39%	12.46%	1.72	0.70	1.49	1.16
Meezan Aamdin Certificate	7.80%	8.71%	1.72	1.19	1.67	1.57
USD Pool						
Saving Accounts	4.64%	3.73%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	2.33%	1.71%	1.35	1.35	1.35	0.77
GBP Pool						
Saving Accounts	0.49%	0.46%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.27%	0.29%	0.27	0.27	0.27	0.27

47.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2018	2017
	Rupees in '000	
Profit / return earned on islamic financing and related assets, investments and placements	46,724,070	35,375,577
Other Income (including other charges)	2,717,152	2,209,095
Directly related costs attributable to pool	(1,431,931)	(959,646)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2018

48 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and better presentation.

49 NON-ADJUSTING EVENT

The Board of Directors in its meeting held on February 21, 2019 has announced final cash dividend of Rs 2 per share (20%). The financial statements for the year ended December 31, 2018 do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2019.

50 RECLASSIFICATIONS

As a result of change in forms for the preparation of financial statements issued by SBP and for better presentation, corresponding figures have been rearranged as follows:

Transfer from	Transfer to	Rupees in '000 Aggregate
Deposits and other accounts - Current accounts (non-remunerative)	Bills payable - In Pakistan	6,006,942
Other Liabilities - Provision against off balance sheet obligations	Other assets - Provision against other assets - Acceptances	35,451
Profit / return earned on Islamic financing and related assets, investments and placements and income from dealing in foreign currencies	Profit on deposits and other dues expensed	410,908
Other income	Provisions & write offs - net	23,553
Other reversals of provision	Provisions & write offs - net	13,524

51 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 21, 2019 by the Board of Directors of the Bank.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Noorur Rahman
Abid
Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Statement Showing Written-Off Financing or Any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2018

Rupees in '000

Statement showing written-off financing or any other financial relief of rupees 500,000 and above during the year ended December 31, 2018.

S. No.	Name and address of the borrower	CNIC No.	Father's Name	Outstanding liabilities as at January 1, 2018				Principal written-off	Profit written-off	Other Financial Relief	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
1	Muhammad Anjum Rauf Mian House No. 161/2, Block U, Defence Housing Authority, Lahore	35202-0278894-1	M.A. Rauf Mian	11,765	17,906	913	30,584	-	18,217	913	19,130
2	Abdul Rasheed B-603, 7th Floor, Al Habib Pride, Plot # 5, CL-8, Civil Lines, Karachi	42301-5380243-9	Saleh Mohammad	637	447	139	1,223	-	447	139	586
3	Asif Haider Flat # A-202, Second floor, Sachi Tower, Muhammad Ali Jinnah Road, Karachi	42301-1275355-3	Syed Mubeen Zaidi	-	3,543	268	3,811	-	1,790	-	1,790
				12,402	21,896	1,320	35,618	-	20,454	1,052	21,506



Consolidated Financial Statements

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INDEPENDENT AUDITORS' REPORT

To the members of Meezan Bank Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Meezan Bank Limited (the Bank) and its subsidiary company, Al Meezan Investment Management Limited, (the Group) which comprise the consolidated statement of financial position as at 31 December 2018, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flows statement for the year then ended, notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the key audit matters:

Key audit matters	How the matter was addressed in our audit
<p data-bbox="268 360 895 389">Provision against Non Performing Islamic Financing</p> <p data-bbox="221 389 810 581">The Bank's Islamic financing portfolios include fund-based and non-funded financing facilities. The portfolio is spread across various domestic branches and include corporate financing to several public sector entities and large to small size businesses operating in the private sector, as well as consumer financing to individuals.</p> <p data-bbox="221 606 810 1156">As per the Bank's accounting policy (refer note 6.3.2 to the consolidated financial statements), the Bank determines provisions against non-performing financing exposures in accordance with the requirements of Prudential Regulations of State Bank of Pakistan (SBP) and also maintains general provision in respect of potential credit losses in the portfolio. The Prudential Regulations require specific provisioning against financing losses on the basis of an age based criteria which should be supplemented by a subjective evaluation of Bank's credit portfolio. The determination of financing loss provision against certain corporate financing, therefore, involve use of management judgment, on a case to case basis, taking into account factors such as the economic and business conditions, borrowers repayment behaviors and realizability of collateral held by the Bank.</p> <p data-bbox="221 1185 810 1378">In view of the significance of this area in terms of its impact on the consolidated financial statements and the level of involvement of management's judgment, we identified adequacy and completeness of provision against Islamic financing as a significant area of audit judgment and a key audit matter.</p> <p data-bbox="221 1406 810 1517">The disclosures relating to provisioning against non-performing financing and related assets are included in note 11.10 to the consolidated financial statements.</p>	<p data-bbox="831 389 1417 444">We applied a range of audit procedures including the following:</p> <ul style="list-style-type: none"> <li data-bbox="831 471 1417 802">- We reviewed the Bank's process for identification and classification of non-performing financing including the quality of underlying data and systems. As part of such review we performed an analysis of the changes within the different categories of classified non-performing accounts from last year to the current reporting date. This analysis was used to gather audit evidence regarding downgrading of impaired financing and declassification of accounts from non-performing to regular, as the case may be. <li data-bbox="831 829 1417 940">- We performed independent checks for the computations of provisions in line with the requirements of the applicable Prudential Regulations; <li data-bbox="831 966 1417 1267">- In addition, we selected a representative sample of borrowers from the financing portfolios across various branches including individually significant corporate financing and performed tests and procedures such as review of financing documentation, repayment history and past due status, financial condition as depicted by the borrowers' financial statements, nature of collateral held by the Bank and status of litigation, if any, with the borrower; <li data-bbox="831 1294 1417 1517">- Based on the said credit reviews, we identified and discussed with the management the financing accounts where the credit risk appear to have increased. We reviewed the adequacy of provisions against such accounts on the basis of our independent objective evaluation of the risk mitigating factors that exist in such cases; <li data-bbox="831 1543 1417 1709">- In respect of the level of general provision maintained by the Bank we discussed the approach and policy followed by the Bank with the management on consistent basis and checked the approval of Board of Directors of the Bank in this regard. <li data-bbox="831 1736 1417 1937">- We also assessed adequacy of disclosures as included in note 11 to the consolidated financial statements regarding the non-performing financing and provisions made for the same in the consolidated financial statements in accordance with the requirements of the applicable financial reporting framework.



Key audit matters	How the matter was addressed in our audit
<p>- Revision in the presentation and disclosures requirements of the consolidated financial statements</p> <p>As referred to in note 3.2 to the consolidated financial statements, SBP vide its BPRD circular no. 02 of 2018, (the circular) revised the statutory forms of the annual financial statements of banks effective from the year ended 31 December 2018.</p> <p>The revised statutory financial reporting framework as applicable to the Bank, prescribes the presentation format, nature and content of disclosures in relation to various elements of the consolidated financial statements.</p> <p>Please refer to note 3.2 to the consolidated financial statements which provide reference to the change in accounting policy as well as the additional disclosures made due to the revised forms of the consolidated financial statements.</p> <p>The above changes and enhancements in the consolidated financial statements are considered important and a key audit matter because of the volume and significance of the changes in the consolidated financial statements resulting from the transition to the new reporting requirements.</p>	<ul style="list-style-type: none"> - We assessed the procedures applied by the management for identification of the changes required in the consolidated financial statements due to the application of the revised forms for the preparation of such consolidated financial statements. - We assessed the appropriateness of the changes in the accounting policies made by the Bank as a result of the adoption of the revised forms of the consolidated financial statements. - We also reviewed the accounting impacts incorporated by the management in the consolidated financial statements upon the changes in accounting policies. - We also evaluated the sources of information used by the management for the preparation of the consolidated financial statements disclosures and the internal consistency of the disclosures with other elements thereof. - We considered the adequacy and appropriateness of the additional disclosures and changes in the presentation of the consolidated financial statements based on the requirements of the statutory forms.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditors' Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated and unconsolidated financial statements and our auditors' reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

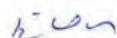
In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and the Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide to the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Arslan Khalid.

Chartered Accountants

Place: Karachi

Date: 21 February 2019

Consolidated Statement of Financial Position

As at December 31, 2018

	Note		Restated	Restated
	3.2	2018	2017	2016
ASSETS				
Rupees in '000				
Cash and balances with treasury banks	7	65,022,412	64,556,409	56,037,043
Balances with other banks	8	8,277,146	4,940,090	12,067,855
Due from financial institutions - net	9	184,814,600	147,229,221	129,115,165
Investments - net	10	127,115,376	123,160,901	134,796,574
Islamic financing and related assets - net	11	512,564,522	419,929,149	311,530,270
Fixed assets	12	13,228,398	11,464,973	8,564,766
Intangible assets	13	644,956	529,613	466,920
Deferred tax asset	14	868,024	-	-
Other assets - net	15	29,215,973	21,265,777	14,977,439
		941,751,407	793,076,133	667,556,032
LIABILITIES				
Bills payable	16	23,750,543	17,175,035	13,756,970
Due to financial institutions	17	36,407,811	36,813,295	32,005,501
Deposits and other accounts	18	785,444,592	667,173,368	559,373,880
Sub-ordinated Sukuk	19	14,000,000	7,000,000	7,000,000
Deferred tax liabilities	14	-	230,787	1,955,203
Other liabilities	20	38,571,522	26,274,075	18,691,914
		898,174,468	754,666,560	632,783,468
NET ASSETS		43,576,939	38,409,573	34,772,564
REPRESENTED BY				
Share capital	21	11,691,924	10,629,022	10,027,379
Reserves	22	15,185,565	13,393,125	9,724,001
Unappropriated profit		15,738,899	12,563,156	11,340,678
(Deficit) / surplus on revaluation of assets - net of tax	23	(45,883)	816,295	2,458,517
		42,570,505	37,401,598	33,550,575
NON-CONTROLLING INTEREST	24	1,006,434	1,007,975	1,221,989
		43,576,939	38,409,573	34,772,564
CONTINGENCIES AND COMMITMENTS	25			

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Noorur Rahman
Abid
Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Profit and Loss Account

For the year ended December 31, 2018

	Note		Restated
	3.2	2018	2017
Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	26	48,629,139	36,434,663
Profit on deposits and other dues expensed	27	20,453,359	15,681,641
Net spread earned		28,175,780	20,753,022
OTHER INCOME			
Fee and commission income	28	6,822,735	6,030,008
Dividend income		242,429	287,977
Foreign Exchange Income		1,318,460	1,210,827
(Loss) / gain on securities - net	29	(39,376)	939,266
Unrealised loss on held for trading investments		-	(1,708)
Other income	30	313,486	387,460
		8,657,734	8,853,830
Total income		36,833,514	29,606,852
OTHER EXPENSES			
Operating expenses	31	19,787,222	17,125,835
Workers Welfare Fund	20.4	383,801	290,837
Other charges	32	16,419	10,824
Total other expenses		20,187,442	17,427,496
		16,646,072	12,179,356
Share of results of associates before taxation		(298,031)	(963,186)
Profit before provisions		16,348,041	11,216,170
Provisions and write offs - net	33	1,168,051	1,283,326
Extraordinary / unusual items		-	-
Profit before taxation		15,179,990	9,932,844
Taxation	34	6,046,080	4,152,851
Profit after taxation		9,133,910	5,779,993
Attributable to:			
Shareholders of the Holding company		8,957,761	5,618,512
Non-controlling interest		176,149	161,481
		9,133,910	5,779,993
Rupees			
			Restated
Basic and diluted earnings per share	35	7.66	4.95

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.

Riyadh S. A. A.
Edrees
Chairman

Irfan Siddiqui
President &
CEO

Noorur Rahman
Abid
Director

Mansur Khan
Director

Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2018

	Note	2018	Restated 2017
	3.2	Rupees in '000	
Profit after taxation for the year attributable to:			
Shareholders of the Holding company		8,957,761	5,618,512
Non-controlling interest	24	176,149	161,481
		<u>9,133,910</u>	<u>5,779,993</u>
Other Comprehensive income			
Items that may be reclassified to profit and loss account in subsequent periods:			
Share in results of associates relating to investment classified as 'available for sale'		(27,420)	(106,552)
Deferred tax on share of results of associates		(49,902)	49,902
Deficit on revaluation of investments		(1,241,550)	(2,439,341)
Deferred tax on revaluation of investments		434,542	853,769
	23	<u>(884,330)</u>	<u>(1,642,222)</u>
Items that will not be reclassified to profit and loss account in subsequent periods:			
Remeasurements of defined benefit plan		(8,980)	(194,251)
Tax on remeasurements of defined benefit plan		2,595	67,988
		<u>(6,385)</u>	<u>(126,263)</u>
Surplus on revaluation of non-banking assets	23	34,080	-
Deferred tax on revaluation of non-banking assets		(11,928)	-
		<u>22,152</u>	<u>-</u>
Total Comprehensive Income for the year		<u><u>8,265,347</u></u>	<u><u>4,011,508</u></u>
Attributable to:			
Shareholders of the Holding company		8,091,888	3,851,022
Non-controlling interest	24	173,459	160,486
		<u>8,265,347</u>	<u>4,011,508</u>

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Noorur Rahman
Abid
Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended December 31, 2018

	Share capital	Capital reserves		Revenue reserves		Surplus / (deficit) on revaluation of		Non-controlling Interest	Total	
		Share premium	Statutory reserve*	Non-Distributable Capital Reserve - Gain on Bargain Purchase	General reserve	Unappropriated profit	Investments			Non-banking Assets
Rupees in '000										
Balance as at January 1, 2017 - Restated (Note 3.2)	10,027,379	-	6,515,372	3,117,547	91,082	11,340,678	2,458,517	-	1,221,989	34,772,564
Profit after taxation for the year	-	-	-	-	-	5,618,512	-	-	161,481	5,779,993
Other Comprehensive loss for the year - net of tax	-	-	-	-	-	(125,268)	(1,642,222)	-	(995)	(1,768,485)
Other appropriations	-	-	-	-	-	5,493,244	(1,642,222)	-	160,486	4,011,508
Transfer to statutory reserve	-	-	1,262,553	-	-	(1,262,553)	-	-	-	-
Transactions with owners recognised directly in equity										
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(374,500)	(374,500)
Issue of right shares	601,643	2,406,571	-	-	-	-	-	-	-	3,008,214
Final cash dividend for the year 2016	-	-	-	-	-	(1,253,422)	-	-	-	(1,253,422)
Interim cash dividend for the year 2017	-	-	-	-	-	(1,754,791)	-	-	-	(1,754,791)
	-	-	-	-	-	(3,008,213)	-	-	-	(3,008,213)
Balance as at December 31, 2017 - Restated (Note 3.2)	10,629,022	2,406,571	7,777,925	3,117,547	91,082	12,563,156	816,295	-	1,007,975	38,409,573
Profit after taxation for the year	-	-	-	-	-	8,957,761	-	-	176,149	9,133,910
Other Comprehensive loss for the year - net of tax	-	-	-	-	-	(3,695)	(884,330)	22,152	(2,690)	(868,563)
Other appropriations	-	-	-	-	-	8,954,066	(884,330)	22,152	173,459	8,265,347
Transfer to statutory reserve	-	-	1,792,440	-	-	(1,792,440)	-	-	-	-
Transactions with owners recognised directly in equity										
Issue of bonus shares	1,062,902	-	-	-	-	(1,062,902)	-	-	-	-
Dividend payout by Subsidiary	-	-	-	-	-	-	-	-	(175,000)	(175,000)
Final cash dividend for the year 2017	-	-	-	-	-	(1,328,628)	-	-	-	(1,328,628)
Interim cash dividend for the year 2018	-	-	-	-	-	(1,594,353)	-	-	-	(1,594,353)
	-	-	-	-	-	(2,922,981)	-	-	-	(2,922,981)
Balance as at December 31, 2018	11,691,924	2,406,571	9,570,365	3,117,547	91,082	15,738,899	(68,035)	22,152	1,006,434	43,576,939

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

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Noorur Rahman
Abid
Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended December 31, 2018

	Note		Restated
	3.2	2018	2017
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		15,179,990	9,932,844
Less: Dividend income		(242,429)	(287,977)
		14,937,561	9,644,867
Adjustments for non-cash charges and other items:			
Depreciation		1,562,971	1,510,979
Amortisation		230,168	177,508
Provisions and write offs - net		1,168,051	1,283,326
Unrealised loss on held for trading investments		-	1,708
Charge for defined benefit plan		359,607	286,498
Gain on sale of operating fixed assets		(85,781)	(73,554)
Share of results of associates		298,031	963,186
		3,533,047	4,149,651
		18,470,608	13,794,518
(Increase) / decrease in operating assets			
Due from financial institutions		(37,585,379)	(18,114,056)
Islamic financing and related assets		(93,511,797)	(109,095,515)
Other assets		(7,920,096)	(3,841,828)
		(139,017,272)	(131,051,399)
Increase / (decrease) in operating liabilities			
Bills payable		6,575,508	3,418,065
Due to financial institutions		(405,484)	4,807,794
Deposits and other accounts		118,271,224	107,799,488
Other liabilities		11,112,744	3,731,828
		135,553,992	119,757,175
		15,007,328	2,500,294
Contribution to defined benefit plan		(449,616)	(128,975)
Income tax paid		(5,515,941)	(4,227,963)
Net cash flow from / (used in) operating activities		9,041,771	(1,856,644)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (investment) / redemption in securities		(5,828,877)	7,538,154
Dividend received		264,003	661,956
Investments in operating fixed assets		(3,389,050)	(4,479,003)
Investments in intangible assets		(345,511)	(240,201)
Proceeds from sale of fixed assets		148,435	141,371
Net cash (used in) / flow from investing activities		(9,151,000)	3,622,277
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Right Shares		-	3,008,214
Issuance of Sub-ordinated Sukuk - Additional Tier I		7,000,000	-
Dividend paid to equity shareholders of the Bank		(2,912,712)	(3,007,746)
Dividend paid to non controlling interest		(175,000)	(374,500)
Net cash flow from / (used in) financing activities		3,912,288	(374,032)
Increase in cash and cash equivalents		3,803,059	1,391,601
Cash and cash equivalents at the beginning of the year	36	69,496,499	68,104,898
Cash and cash equivalents at the end of the year	36	73,299,558	69,496,499

The annexed notes 1 to 52 and Annexure 1 form an integral part of these consolidated financial statements.



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Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

1 THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Meezan Bank Limited

Subsidiary Company

- Al Meezan Investment Management Limited

1.2 Meezan Bank Limited (the Bank / Holding company / MBL) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 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.

1.3 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.

1.4 The Bank was operating through six hundred and sixty branches as at December 31, 2018 (2017: six hundred and one branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.

1.5 Al Meezan Investment Management Limited (AMIML) ('the Subsidiary company') is involved in asset management, investment advisory, portfolio management, equity research, underwriting and corporate finance. The Bank holds 65% of the share capital of AMIML.

1.6 The Group's associates are as follows:

The Group considers the following open end funds managed by AMIML as its associates:

- Meezan Islamic Fund
- Meezan Balanced Fund
- Meezan Islamic Income Fund
- Al-Meezan Mutual Fund
- KSE Meezan Index Fund
- Meezan Sovereign Fund
- Meezan Tahaffuz Pension Fund
- Meezan Energy Fund
- Meezan Gold Fund
- Meezan Cash Fund
- Meezan Dedicated Equity Fund
- Meezan Strategic Allocation Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Funds
- Meezan Rozana Amdani Fund

The country of establishment in respect of all of the above funds is Pakistan. Further, all the above funds are individual open-end schemes and have been established by execution of trust deeds between AMIML and the Central Depository Company of Pakistan Limited (CDC) as the Trustee.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

2 BASIS OF PRESENTATION AND CONSOLIDATION

2.1 These consolidated financial statements have been prepared from the information available in the audited financial statements of the Meezan Bank Limited (Holding company) for the year ended December 31, 2018 and the condensed interim financial statements of Al Meezan Investment Management Limited (AMIML) for the six months period ended December 31, 2018 which have only been subjected to review but are not audited. AMIML prepares its annual financial statements up to June 30 each year. In preparing the consolidated profit and loss account for the year ended December 31, 2018 the results for the period from January 1, 2018 to June 30, 2018 have been calculated from the audited financial statements of AMIML for the year ended June 30, 2018 after eliminating the results for the six months period ended December 31, 2017.

These consolidated financial statements comprise of the consolidated statement of financial position as at December 31, 2018 and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement together with the notes forming part thereof for the year ended December 31, 2018.

The associates have been accounted for in these consolidated financial statements under the equity method of accounting on the respective basis as follows:

Entity	Source of information
Meezan Balanced Fund	Financial statements for the half years ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Al Meezan Mutual Fund Limited	Financial statements for the half years ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Meezan Islamic Fund	Financial statements for the half years ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Meezan Islamic Income Fund	Financial statements for the half years ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
KSE Meezan Index Fund	Financial statements for the half years ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Meezan Cash Fund	Financial statements for the half years ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Meezan Tahaffuz Pension - Equity Sub Fund	Financial statements for the half years ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Meezan Tahaffuz Pension - Gold Sub Fund	Financial statements for the half years ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Meezan Financial Planning Fund of Funds - Conservative	Financial statements for the half years ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Meezan Gold Fund	Financial statements for the half year ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Meezan Energy Fund	Financial statements for the half year ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.
Meezan Strategic Allocation Fund - MSAP II	Financial statements for the half year ended December 31, 2018 and 2017 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2018.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

Meezan Rozana Amdani Fund Financial statements for the period from December 28, 2018 to December 31, 2018 (unaudited but subject to a limited review by its statutory auditors).

- 2.2 Subsidiaries are those enterprises in which the Holding company directly or indirectly exercises control over investee, and / or beneficially owns or holds more than 50 percent of the voting securities or otherwise, has power to elect and appoint more than 50 percent of its directors. The financial statements of the subsidiary are included in these consolidated financial statements from the date when the control commenced. The financial statements of AMIML have been consolidated on a line-by-line basis. The Group applies uniform accounting policies for similar transactions and events in similar circumstances except where specified otherwise.

Associates are entities over which the Group has a significant influence but not control over investee. The Group's share in an associate is the aggregate of the holding in that associate by the Holding company and by the Subsidiary. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter for the post acquisition change in the Group's share of net assets of the associates. These consolidated financial statements include the Group's share of income and expenses of associates from the date that significant influence commences until the date that such influence ceases.

Non-controlling interest is that part of the net results of operations and of net assets of the subsidiary attributable to interests which are not owned by MBL.

All material inter-group balances, transactions and resulting profits / losses have been eliminated.

3 STATEMENT OF COMPLIANCE

- 3.1 These consolidated financial statements (here-in-after referred to as "financial statements") have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities Exchange Commission of Pakistan (SECP).

Whenever the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IFRS or IFAS the requirements of the Banking Companies Ordinance, 1962, the Companies Act, 2017 and the said directives, shall prevail.

3.2 Adoption of new forms for the preparation of financial statements

During the year, the SBP, vide its BPRD Circular No. 02 dated January 25, 2018, issued the revised forms for the preparation of the annual financial statements of the banks which are applicable for annual periods beginning on or after January 01, 2018. The implementation of the revised forms has resulted in certain changes to the accounting policies of the Group and the presentation and disclosures of various elements of the consolidated financial statements. These changes are summarized below:

3.2.1 Changes in the accounting policies:

- As per the revised forms, "Surplus / deficit on revaluation of assets" is now required to be presented as a component of the equity of the Group. Previously, such surplus / deficit was required to be presented separately from the equity of the Group and changes in such surplus / deficit were not recognized in the consolidated statement of comprehensive income. Consequent upon the change in the presentation requirements, the surplus / deficit on revaluation of assets and changes in such surplus / deficit during the year are reflected in the relevant section of the consolidated statement of financial position, consolidated statement of comprehensive income and consolidated statement of changes in equity for the current and prior years presented in these consolidated financial statements.
- Acceptances representing undertakings by the Group to pay bills of exchange drawn on customers are now required to be recognized as liabilities of the Group at the date of acceptance. Previously, acceptances were only recognized as off-balance sheet obligations and disclosed under contingent liabilities. As a result of the above change, the other assets and other liabilities of the Group increased by Rs 10,599 million, Rs 7,109 million and Rs 4,288 million as of 2018, 2017 and 2016 respectively.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

3.2.2 Significant changes to the presentation and disclosures:

In addition, to above changes in accounting policies, certain changes to the presentation of the financial statements have been made such as other reversal of provisions / write offs have now been combined under provisions & write off - net (note 33), Business segments have been identified and reported as per the requirements of IFRS 8 - "Operating Segments" (note 42), cost of conversion of foreign currency deposits is now included in "Profit on deposits and other dues expensed" (note 27).

Further, certain, new disclosures have been introduced which include category of classification for non-performing "Due from Financial Institutions" (Note 9.4) and "Investments" (note 10.4); movement in "Non-Banking Assets acquired in satisfaction of Claims" (note 15.3.1); for "Non-Banking Assets acquired in satisfaction of Claims" sold during the year, disposal proceeds, cost of such asset, impairment / depreciation and realized gains or losses (note 15 and note 30); composition of deposits (note 18.1); breakdown of Fee and Commission (note 28); presentation of operating expenses has been changed (note 31); Concentration of Islamic financings and province wise disbursements and utilization of Islamic financings (note 47.1.1.5 and note 47.1.1.6); and assets split between trading and banking books (note 47.2.2).

The Group has adopted the above changes in the presentation and made additional disclosure to the extent applicable to its operations and corresponding figures have been rearranged / reclassified to correspond to current year's presentation. Such reclassifications / re-arrangements are disclosed in note 51 to these financial statements.

3.2.3 The SBP, vide its BPRD Circular No. 01 January 25, 2017 issued "Guidelines and Disclosures on Governance and Remuneration Practices". Certain disclosure related to remuneration of Directors and management of the Holding company were required to be presented in the financial statements in terms of such guidelines. Accordingly, revised forms of the financial statement issued by the SBP incorporate such disclosure requirements. However, SBP through its circular number BPRD/R&PD/2018/17232 dated August 08, 2018 deferred the reporting of such disclosures till December 31, 2019. Therefore, the management has reported the remuneration disclosures in these financial statement in accordance with previous disclosure requirements of the SBP (note 40).

3.3 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 consolidated 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 consolidated financial statements. However, investments and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.4 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 consolidated financial statements.

3.5 The SECP vide its notification SRO 56 (1)/2016 dated 28 January 2016, has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 228 of the Companies Act, 2017, will not be applicable with respect to the investment in mutual funds established under Trust structure.

3.6 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**

The Group has adopted the following accounting standard and the amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

- IFRS 2 - Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)
- IFRS 4 - Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)
- IFRIC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

Improvements to Accounting Standards Issued by the IASB in December 2016

- IAS 28 - Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice.

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

3.7 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

3.7.1 The following standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned thereagainst:

Standard, Interpretations and Amendments	Effective date (accounting periods beginning on or after)
- IFRS 3 - Definition of a Business (Amendments)	January 01, 2020
- IFRS 9 - Financial Instruments: Classification and Measurement	July 01, 2018
- IFRS 9 - Prepayment Features with Negative Compensation – (Amendments)	January 01, 2019
- IFRS 10 - Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IFRS 15 - Revenue from Contracts with Customers	July 01, 2018
- IFRS 16 - Leases	January 01, 2019
- IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
- IAS 1/ IAS 8 - Definition of Material (Amendments)	January 01, 2020
- IAS 19 - Plan Amendment, Curtailment or Settlement (Amendments)	January 01, 2019
- IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments)	January 01, 2019

3.7.2 The above standards, amendments and interpretations are not expected to have any material impact on the Group's financial statements in the period of initial application, other than IFRS 9 and IFRS 16. With regard to IFRS 9, the Group considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financing, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Group expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan. With regard to IFRS 16, the Group is currently evaluating the impact of application of IFRS 16 on its consolidated financial statements.

3.7.3 In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2019. The Group expects that such improvements to the standards will not have any impact on the consolidated financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 The preparation of the consolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the use of certain critical accounting estimates. It also requires management to exercise judgments in the process of applying the Group's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Group's 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 Group's policy (notes 6.4 and 10);

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

- (b) Provision against non-performing Islamic financing and related assets (notes 6.3.2 and 11);
- (c) Impairment of investments in equity instruments of associates and non associate entities (notes 6.4.5, 10 and 33);
- (d) Accounting for defined benefit plan (notes 6.12 and 37);
- (e) Depreciation / amortisation of fixed assets and intangible assets (notes 6.5, 12 and 13); and
- (f) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 6.6, 14, 20 and 34).

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.

5 BASIS OF MEASUREMENT

- 5.1 These consolidated financial statements have been prepared under the historical cost convention except that certain investments, foreign currency balances, Non-banking assets acquired in satisfaction of claims and commitments in respect of certain foreign exchange contracts have been marked to market and carried at fair value in accordance with the requirements of the SBP. In addition, obligation in respect of staff retirement benefit and employees compensated leave balances are carried at present value as per actuarial valuation.
- 5.2 **Functional and Presentation Currency**
Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.
- 5.3 **Rounding off**
Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

- 6.1 **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.
- 6.2 **Due to / from financial institutions**
 - Bai Muajjal**
In Bai Muajjal, the Group 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 Group 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 Group accepts funds from the SBP under shirkat-ul-aqd to constitute a pool for investment in export refinance portfolio of the Group under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.
- 6.3 **Islamic financing and related assets**
 - Murabaha**
In Murabaha transactions, the Group 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**
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. The Group 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 outstanding are disclosed in 'other assets' on the Consolidated Statement of Financial Position at amortised cost. 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'.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

Istisna

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

Tijarah

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

Diminishing Musharakah

In Diminishing Musharakah financing, the Group 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 Group's Musharakah share and also periodically purchase the Group's share over the tenure of the transaction.

Running Musharakah

In Running Musharakah financing, the Group enters into financing with the customer based on Shirkatul Aqd or Business Partnership in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Group 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 Group 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.

Service Ijarah

In Service Ijarah financing, the Group provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Group 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.

Wakalah

Wakalah is an agency or a delegated authority where the Muwakkil (principal) appoints the Wakil (agent) to carry out a specific job on behalf of the Muwakkil. Funds disbursed are initially recorded as 'Advance against Wakalah. On culmination, the same are recorded as financing.

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Group enters into investment agency transaction with customer acting as an agent of the Group. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Group and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of wakala business performance by the agent.

Musawammah

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

6.3.1 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 consolidated profit and loss account.

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

6.3.2 Provision against non-performing Islamic financing and related assets

Specific provision

The Group 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 Prudential Regulations issued by the SBP, general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

In addition to the above mentioned requirements, the Group has also created a general provision in respect of financing 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 Holding company.

The net provisions made / reversed during the year is charged to the consolidated 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.

6.3.3 Inventories

The Group 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 Group / customers as an agent of the Group for subsequent sale.

6.4 Investments

6.4.1 Classification

The Group 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.

- Held to maturity

These are investments with fixed or determinable payments and maturity that the Group 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.

6.4.2 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 Group commits to purchase or sell the investments.

6.4.3 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 consolidated profit and loss account.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

6.4.4 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. On derecognition of available for sale investments, the cumulative gain or loss previously reported in consolidated other comprehensive income is transferred to consolidated profit and loss for period within consolidated statement of comprehensive income.

6.4.5 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 in available-for-sale investments, the cumulative gain or loss previously reported in other comprehensive income is transferred to profit and loss for period. For investments classified as held to maturity, the impairment loss is recognised in the consolidated profit and loss account.

6.4.6 Cost of investment is determined on moving average basis.

6.5 Operating fixed assets

6.5.1 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 consolidated profit and loss account currently.

6.5.2 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).

6.5.3 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the consolidated profit and loss account as and when incurred.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

6.5.4 Depreciation / amortisation

Depreciation / amortisation is charged to the consolidated profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 13 whereby the depreciable value of an asset is written off over its estimated service life. The Group charges depreciation / amortisation from the month of acquisition and upto the month preceding the disposal.

6.5.5 Capital work-in-progress

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

6.5.6 Useful lives and residual values

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

6.5.7 Impairment

The Group assesses at each Consolidated 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 consolidated profit and loss account.

6.6 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the consolidated profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in 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 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.

6.7 Non-banking assets acquired in satisfaction of claims

The non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account in the consolidated statement of comprehensive income. Any deficit arising on revaluation is taken to consolidated profit and loss account directly. On derecognition of the assets, the cumulative gain or loss previously reported in consolidated other comprehensive income is transferred to unappropriated profit in the consolidated statement of financial position. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the consolidated profit and loss account.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

6.8 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 Holding company. 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).

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 Holding company's discretion and the Holding company can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

6.9 Sub-ordinated Sukuk

The Group records sub-ordinated sukuk initially at the amount of proceeds received. Profit accrued on sub-ordinated sukuk is charged to the consolidated profit and loss account.

6.10 Pool Management

The Holding company operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Under the general deposits pools, the Holding company accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Holding company acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Holding company 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 the 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 along with 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 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 Holding company 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 the Holding company's Resident Shariah Board Member. However, Hiba are given at the sole discretion of the Holding company without any contractual commitment and can be withdrawn or reduced by the Holding company at its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. As per the Holding company's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of PKR, USD, GBP and Euro. The Holding company 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.

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For the year ended December 31, 2018

General Pools:

For General Pools (PKR, USD, EUR, GBP), the Holding company allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 47.1.1.3. Investments in Sovereign Guarantee Sukuk, Bai Muajjal with State Bank 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 Compliant Nostro accounts and the 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 Sukuk, and financing to/ sukuk 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 Sukuk and financing under diminishing musharakah mode 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 Holding company.

Equity Pools:

All other assets including fixed assets, exposure in shares, PKR bai-salam financing and subsidized financing to the Holding company's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Holding company as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

6.11 Staff retirement benefits

Defined benefit plan of MBL

The Holding company 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 Consolidated Statement of Financial Position in respect of defined benefit gratuity scheme is the present value of the defined benefit obligation at the Consolidated 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, 2018.

The Holding company also operates End of Service unfunded defined benefit scheme as approved by the Board of Directors of the Holding company for the benefit of the founding President and Chief Executive Officer of the Holding company. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been carried out on December 31, 2018.

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 Consolidated Statement of Financial Position immediately, with a charge or credit to "Consolidated Other Comprehensive Income" in the periods in which they occur.

Defined contribution plan

The Group also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

6.12 Compensated absences

The Group recognises liability in respect of employees compensated absences in the period in which these are earned upto the date of Consolidated Statement of Financial Position. The provision is recognised on the basis of actuarial valuation using projected unit credit method.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

6.13 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Consolidated Statement of Financial Position are considered as non adjusting events and are recorded in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

6.14 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 Consolidated 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 Consolidated Statement of Financial Position date. Exchange gains and losses are included in the consolidated 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, 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 consolidated profit and loss account.

6.15 Provisions and contingent assets and liabilities

Provisions are recognised when the Group 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 Consolidated 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.

6.16 Acceptances

Acceptances comprise undertakings by the Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as on-balance sheet transactions and related balances are disclosed under other assets and other liabilities.

6.17 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated 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.

6.18 Revenue recognition

- i) Profit on Murabaha (including Commodity Murabaha) and Musawammah is recognised on an accrual basis. Profit on murabaha and musawammah transactions for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately upon the later date.
- ii) Rental on Ijarah contracts under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recognised as income on an accrual basis.
- iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- v) Profit on Running Musharakah financing is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- viii) Profit on Wakalah tul Istithmar / Wakalah is recognized on an accrual basis and is adjusted upon actual declaration of wakalah business performance by the agent.

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For the year ended December 31, 2018

- ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (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.
- 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 right to receive dividend is established.
- xii) Gain or loss on sale of investments is included in the consolidated 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 financing and investments are recognised as permitted by the SBP.
- xv) Remuneration from funds (management fee) is recognized based on the net asset value of the funds calculated on a daily basis.

6.19 Segment reporting

A segment is a distinguishable component of the Group 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 Group's primary format of reporting is based on business segments. Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

6.19.1 Business segments

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, investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Retail Banking

It includes retail financing, deposits and banking services offered to its retail customers and small and medium enterprises.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Asset Management

It includes asset management, investment advisory, portfolio management, etc.

Others

It includes functions which cannot be classified in any of the above segments.

6.19.2 Geographical segments

The Group operates only in Pakistan.

6.20 Impairment

The carrying amount of the assets are reviewed at each Consolidated 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 consolidated 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.

6.21 Earnings per share

The Group presents basic and diluted earnings per share (EPS). Basic EPS is calculated by dividing profit after tax for the year attributable to share holders of the Holding company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to share holders of Holding company (after adjusting for return - net of tax) on the convertible instruments by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

	Note	2018	2017
7 CASH AND BALANCES WITH TREASURY BANKS		Rupees in '000	
In hand			
- local currency		10,755,092	16,244,570
- foreign currencies		2,122,435	2,515,745
With the State Bank of Pakistan in			
- local currency current accounts	7.1	25,130,062	25,011,106
- foreign currency current accounts	7.1	5,305,332	4,100,803
With the National Bank of Pakistan in			
- local currency current accounts		21,709,491	16,684,185
		<u>65,022,412</u>	<u>64,556,409</u>

7.1 These include local and foreign currency amounts required to be maintained by the Holding company with the SBP as stipulated by the SBP. These accounts are non-remunerative in nature.

	Note	2018	2017
8 BALANCES WITH OTHER BANKS		Rupees in '000	
In Pakistan			
- in current accounts		5,877,231	3,742,824
- in deposit accounts		3,374	827
Outside Pakistan			
- in current accounts		2,089,540	1,084,534
- in deposit accounts	8.1	307,001	111,905
		<u>8,277,146</u>	<u>4,940,090</u>

8.1 The return on these balances is around 0.85% (2017: 0.58%) per annum.

	Note	2018	2017
9 DUE FROM FINANCIAL INSTITUTIONS - NET		Rupees in '000	
Bai Muajjal:			
With Scheduled Banks - Secured	9.1	184,814,600	142,229,221
With other Financial Institution		15,500	15,500
	9.2	184,830,100	142,244,721
Musharakah - Secured		-	5,000,000
Commodity Murabaha		26,066	26,066
		184,856,166	147,270,787
Provision against non-performing amounts due from financial institutions	9.4	(41,566)	(41,566)
		<u>184,814,600</u>	<u>147,229,221</u>

9.1 The average return on this product is 7.87% (2017: 5.80%) per annum. The balances have maturities ranging between January 2019 to April 2019 (2017: January 2018 to November 2018). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 179,574 million as at December 31, 2018 (2017: Rs 146,067 million).

Notes to and forming part of the Consolidated Financial Statements

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	2018	2017
	Rupees in '000	
9.2 Bai Muajjal Placements	191,381,750	150,162,125
Less: Deferred Income	(1,137,552)	(3,440,686)
Profit Receivable shown in other assets	(5,414,098)	(4,476,718)
Bai Muajjal Placement	<u>184,830,100</u>	<u>142,244,721</u>
9.3 Particulars of due from financial institutions		
In local currency	184,814,600	147,229,221
In foreign currencies	-	-
	<u>184,814,600</u>	<u>147,229,221</u>

9.4 Category of classification	2018		2017	
	Non-performing due from financial institutions	Provision held	Non-performing due from financial institutions	Provision held
	Rupees in '000			
Loss	41,566	41,566	41,566	41,566
	<u>41,566</u>	<u>41,566</u>	<u>41,566</u>	<u>41,566</u>

10 INVESTMENTS - NET

10.1 Investments by types

Note	2018				2017				
	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	
	Rupees in '000								
Available for sale securities									
- Federal Government Securities	10.5.1	61,420,405	-	(271,470)	61,148,935	56,895,331	-	256,195	57,151,526
- Shares (including units of fund)	10.5.2 & 10.5.3	5,981,168	1,104,210	277,249	5,154,207	5,267,798	785,762	858,330	5,340,366
- Non Government Sukuk	10.5.4	21,249,032	172,935	-	21,076,097	21,913,479	183,982	-	21,729,497
- Foreign Securities	10.5.5	7,576,263	-	(110,446)	7,465,817	5,036,688	-	22,358	5,059,046
		96,226,868	1,277,145	(104,667)	94,845,056	89,113,296	969,744	1,136,883	89,280,435
Held to maturity securities									
- Federal Government Securities	10.6.1	28,000,000	-	-	28,000,000	28,000,000	-	-	28,000,000
- Non Government Sukuk	10.6.2	74,307	-	-	74,307	-	-	-	-
		28,074,307	-	-	28,074,307	28,000,000	-	-	28,000,000
Held for trading securities									
- Non Government Sukuk		-	-	-	-	102,474	-	(1,708)	100,766
Associates (listed)									
- Units of funds	10.7	4,196,013	-	-	4,196,013	5,779,700	-	-	5,779,700
Total Investments		<u>128,497,188</u>	<u>1,277,145</u>	<u>(104,667)</u>	<u>127,115,376</u>	<u>122,995,470</u>	<u>969,744</u>	<u>1,135,175</u>	<u>123,160,901</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

10.2 Investments by segments

	Note	2018				2017			
		Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value	Cost / Amortised cost	Provision for diminution	Surplus / (Deficit)	Carrying Value
Rupees in '000									
Federal Government Securities									
- Sukuk	10.5.1 & 10.6.1	46,986,693	-	(271,470)	46,715,223	84,895,331	-	256,195	85,151,526
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	10.5.1	42,433,712	-	-	42,433,712	-	-	-	-
		89,420,405	-	(271,470)	89,148,935	84,895,331	-	256,195	85,151,526
Shares									
Listed Companies	10.5.2	5,080,386	1,008,968	275,766	4,347,184	4,367,016	698,328	857,391	4,526,079
Units of funds	10.5.2	50,000	-	1,483	51,483	50,000	-	939	50,939
Unlisted Companies	10.5.3	850,782	95,242	-	755,540	850,782	87,434	-	763,348
		5,981,168	1,104,210	277,249	5,154,207	5,267,798	785,762	858,330	5,340,366
Non Government Sukuk									
Listed	10.5.4	21,249,032	172,935	-	21,076,097	21,913,479	183,982	-	21,729,497
Unlisted	10.6.2	74,307	-	-	74,307	102,474	-	(1,708)	100,766
		21,323,339	172,935	-	21,150,404	22,015,953	183,982	(1,708)	21,830,263
Foreign Securities									
Government Sukuk	10.5.5	4,788,337	-	(61,003)	4,727,334	3,376,124	-	47,078	3,423,202
Non Government Sukuk	10.5.5	2,777,537	-	(49,443)	2,728,094	1,657,222	-	(24,720)	1,632,502
Shares	10.5.5	10,389	-	-	10,389	3,342	-	-	3,342
		7,576,263	-	(110,446)	7,465,817	5,036,688	-	22,358	5,059,046
Associates									
Al Meezan Mutual Fund Limited	10.7	1,135,372	-	-	1,135,372	1,259,594	-	-	1,259,594
Meezan Islamic Fund	10.7	1,239,256	-	-	1,239,256	1,441,241	-	-	1,441,241
Meezan Balanced Fund	10.7	284,938	-	-	284,938	300,966	-	-	300,966
Meezan Tahaffuz Pension - Gold sub-fund	10.7	34,059	-	-	34,059	28,152	-	-	28,152
Meezan Tahaffuz Pension - Equity sub-fund	10.7	112,431	-	-	112,431	126,530	-	-	126,530
KSE Meezan Index Fund	10.7	462,754	-	-	462,754	417,255	-	-	417,255
Meezan Islamic Income Fund	10.7	315,642	-	-	315,642	1,029,738	-	-	1,029,738
Meezan Rozana Amdani Fund	10.7	300,353	-	-	300,353	-	-	-	-
Meezan Cash Fund	10.7	52	-	-	52	530,206	-	-	530,206
Meezan Gold Fund	10.7	64,150	-	-	64,150	52,270	-	-	52,270
Meezan Energy Fund	10.7	161,205	-	-	161,205	336,118	-	-	336,118
Meezan Strategic Allocation Fund - MSAP II	10.7	78,944	-	-	78,944	85,163	-	-	85,163
Meezan Financial Planning Fund of Funds - Conservative	10.7	6,857	-	-	6,857	6,790	-	-	6,790
Meezan Financial Planning Fund of Funds - MAAP II	10.7	-	-	-	-	27,117	-	-	27,117
Meezan Financial Planning Fund of Funds - MAAP III	10.7	-	-	-	-	138,560	-	-	138,560
		4,196,013	-	-	4,196,013	5,779,700	-	-	5,779,700
		128,497,188	1,277,145	(104,667)	127,115,376	122,995,470	969,744	1,135,175	123,160,901

10.3 Provision against diminution in value of investments

	2018	2017
Opening balance	969,744	383,012
Charge / (reversals) for the year		
On available for sale securities		
- charge for the year	505,484	605,434
- reversals for the year upon recovery on debt instruments	(11,047)	-
- reversals on disposals	(187,036)	(18,702)
	307,401	586,732
Closing balance	1,277,145	969,744

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

10.4 Particulars of provision against Sukuk

Category of classification	2018		2017	
	Non-performing Investment	Provision held	Non-performing Investment	Provision held
	Rupees in '000			
Loss	172,935	172,935	183,982	183,982
	<u>172,935</u>	<u>172,935</u>	<u>183,982</u>	<u>183,982</u>

10.5 Quality of Available for Sale Securities

Details regarding quality of Available for Sale (AFS) securities are as follows:

	Cost	
	2018	2017
	Rupees in '000	
10.5.1 Federal Government Securities - Government guaranteed		
GoP Ijarah Sukuk - GIS-16	-	40,052,437
GoP Ijarah Sukuk - GISF-1	3,005,830	1,973,172
GoP Ijarah Sukuk - GISF-2	89,889	89,843
GoP Ijarah Sukuk - GISF-3	15,890,974	14,779,879
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	42,433,712	-
	<u>61,420,405</u>	<u>56,895,331</u>
10.5.2 Shares and units of funds - Listed		
Automobile Assembler	183,786	91,345
Construction and materials (cement)	1,144,900	1,135,048
Power Generation & Distribution	224,084	251,576
Refinery	-	82,060
Oil and gas marketing	613,808	509,098
Oil & Gas Exploration Companies	1,051,875	709,050
Fertilizers	568,756	525,736
Chemicals	236,346	100,258
Pharmaceuticals	358,048	225,074
Mudarabas	66,390	66,390
Technology & Communication	51,889	3,229
Paper & Board	306,866	280,946
Textile (Composite)	45,328	3,521
Glass & Ceramics	24,931	-
Vanaspati & Allied Industries	36,207	-
Food & Personal Care Products	4,701	45,861
Cable & Electrical Goods	-	174,808
Engineering	162,471	162,993
Units of open end funds	50,000	50,000
Miscellaneous	-	23
	<u>5,130,386</u>	<u>4,417,016</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

10.5.3	Unlisted Companies	Cost		Breakup value per share*	
		2018	2017	2018	2017
		Rupees in '000		Rupees	
	Fatima Energy Limited	250,553	250,553	9.40	9.70
	Sapphire Electric Company Limited	318,864	318,864	29.10	23.70
	Daewoo Pakistan Express Bus Service Limited	253,240	253,240	58.70	50.40
	Pak Kuwait Takaful Company Limited	28,125	28,125	0.60	0.60
		<u>850,782</u>	<u>850,782</u>		

* Based on latest available audited financial statements

10.5.4	Non Government Sukuk - Unlisted	Cost	
		2018	2017
		Rupees in '000	
	Credit Ratings		
	- AAA / AAA	10,128,470	8,547,204
	- AA / AA+, AA, AA-	3,428,333	11,790,000
	- A / A+, A, A-	7,519,294	1,392,293
	- Unrated	172,935	183,982
		<u>21,249,032</u>	<u>21,913,479</u>

10.5.5	Foreign Securities - Government Sukuk	2018		2017	
		Cost	Rating	Cost	Rating
		Rupees in '000		Rupees in '000	
	Hong Kong	694,270	AA+	552,010	AA+
	Saudi Arabia	1,267,122	A2	572,921	A2
	Qatar	701,777	A+ / AA3	559,513	A+ / AA3
	Luxembourg	39,709	AAA	33,063	AAA
	Indonesia	2,085,459	BAA2	1,658,617	BAA3
		<u>4,788,337</u>		<u>3,376,124</u>	

Non Government Sukuk - Unlisted	Cost	
	2018	2017
	Rupees in '000	
	Credit Ratings	
	- AA+, AA, AA-	2,085,012
	- A+, A, A-	692,525
		<u>2,777,537</u>
	Equity securities - Unlisted	
	S.W.I.F.T. SCRL	10,389
		<u>3,342</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

		Cost	
		2018	2017
		Rupees in '000	
10.6	Particulars relating to Held to Maturity securities are as follows:		
10.6.1	Federal Government Securities - Government guaranteed		
	GoP Ijarah Sukuk - GISF-2	28,000,000	28,000,000
	The market value of securities classified as held to maturity as at December 31, 2018 amounted to Rs 27,910 million (December 31, 2017: Rs 28,207 million).		
10.6.2	Non Government Sukuk - Listed		
	Fatima Fertilizer Company Limited	74,307	102,474
	The market value of securities classified as held to maturity as at December 31, 2018 amounted to Rs 74.190 million (December 31, 2017: Rs 100.765 million).		

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

10.7 Associates accounted for under the equity method of accounting

	Al-Meezan Mutual Fund	Meezan Islamic Fund	Meezan Balanced Fund	Meezan Tahaffuz Pension Gold Sub Fund	Meezan Tahaffuz Pension Equity Sub Fund	KSE Meezan Index Fund	Meezan Islamic Income Fund	Meezan Sovereign Fund	Meezan Rozana Asmāni Fund	Meezan Cash Fund	Meezan Gold Fund	Meezan Energy Fund	Meezan Strategic Allocation Fund - MSAP II	Meezan Financial Planning Fund of Funds - Conservative	Meezan Financial Planning Fund of Funds - MCPP II	Meezan Financial Planning Fund of Funds - MAAP II	Meezan Financial Planning Fund of Funds - MAAP III	Total
Opening balance - January 1, 2017	1,293,932	1,480,515	380,283	26,430	19,162	536,536	770,231	1,135,229	-	-	83,455	216,080	100,620	6,392	222,393	32,609	167,460	6,656,447
Investment / redemption during the year	341,816	496,501	80	-	-	39,432	267,716	(999,292)	-	530,000	(55,545)	156,498	-	24	(200,000)	834	3,660	6,020,044
Share of profit / (loss) in associates - P&L	(244,600)	(986,338)	(29,839)	1,722	(32,652)	(93,732)	(7,889)	(77,556)	-	206	4,360	(23,459)	(15,457)	5,827	(22,388)	(6,326)	(92,360)	(963,166)
Share of loss in associates - OCI	(61,509)	(39,400)	(5,933)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(105,552)
Dividend received	(70,045)	(117,977)	(24,675)	-	-	(66,951)	-	(59,361)	-	-	-	(13,001)	-	(6,023)	-	-	-	(336,033)
Closing balance - December 31, 2017	1,259,594	1,441,241	300,996	28,152	16,530	417,255	1,030,738	-	-	530,206	52,270	336,118	85,163	6,790	-	27,117	138,360	5,779,700
Investment / redemption during the year	30,000	(67,298)	-	-	-	(106,600)	(737,571)	-	300,333	(500,000)	-	(485,517)	-	-	-	(81,688)	(182,516)	(1,240,367)
Share of profit / (loss) in associates - P&L	(137,489)	(125,094)	(14,965)	5,907	(14,099)	(61,101)	40,831	-	313	(154)	11,880	(26,336)	(6,219)	67	-	4,541	23,966	(286,031)
Share of loss in associates - OCI	(61,734)	(9,646)	(1,043)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(77,420)
Dividend received	-	-	-	-	-	-	(17,366)	-	(313)	-	-	-	-	-	-	-	-	(17,669)
Closing balance - December 31, 2018	1,133,372	1,239,256	284,938	34,059	12,431	462,754	315,642	-	300,333	52	64,150	161,235	79,944	6,857	-	-	-	4,196,013

Rupees in '000

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

11	ISLAMIC FINANCING AND RELATED ASSETS	Note	2018	2017
			Rupees in '000	
	In Pakistan			
	Murabaha financing and related assets			
	- Murabaha financing	11.1	8,021,609	7,854,995
	- Advances against Murabaha		7,657,780	6,487,946
	- Murabaha inventory		3,818,550	4,573,868
	- Financing under Islamic Export Refinance - Murabaha	11.2	344,573	599,862
	- Advance against Islamic Export Refinance - Murabaha		130,491	236,121
			19,973,003	19,752,792
	Running Musharakah financing			
	- Running Musharakah financing		142,433,085	132,032,737
	- Financing under Islamic Export Refinance - Running Musharakah		16,430,165	13,882,800
			158,863,250	145,915,537
	Istisna financing and related assets			
	- Istisna financing		3,440,669	2,432,621
	- Advances against Istisna		56,972,563	44,548,652
	- Istisna inventory		8,069,320	3,352,093
	- Financing under Islamic Export Refinance - Istisna		74,732	170,111
	- Advances under Islamic Export Refinance - Istisna		4,388,971	5,489,701
	- Inventory under Islamic Export Refinance - Istisna		508,535	1,076,361
			73,454,790	57,069,539
	Tijarah financing and related assets			
	- Tijarah financing		394,041	498,305
	- Tijarah inventory		12,371,614	7,213,736
	- Financing under Islamic Export Refinance - Tijarah		364,949	254,802
	- Inventory under Islamic Export Refinance - Tijarah		271,085	217,500
			13,401,689	8,184,343
	Musawammah financing and related assets			
	- Musawammah financing	11.3	12,450,345	6,468,792
	- Musawammah Inventory		9,890,657	5,272,054
	- Advances against Musawammah		16,505,491	7,523,238
	- Financing under Islamic Export Refinance - Musawammah	11.4	875,001	95,308
	- Advances under Islamic Export Refinance - Musawammah		124,950	111,350
			39,846,444	19,470,742
	Salam Financing and related assets			
	- Salam Financing		590,001	464,337
	- Salam Inventory		1,659,072	77,200
	- Advances against Salam		7,281,394	3,595,916
			9,530,467	4,137,453
	Financing against bills			
	- Financing against bills - Salam		5,725,100	11,834,926
	- Advance against bills - Salam		1,738	1,738
			5,726,838	11,836,664
	Bai Muajjal financing	11.5	569,632	605,703
	Ijarah financing and related assets			
	- Net investment in Ijarah		116,259	124,058
	- Net book value of assets/investment in Ijarah under IFAS-2		46,836,155	31,019,341
		11.6	46,952,414	31,143,399
	- Advances against Ijarah		6,253,140	5,389,253
			53,205,554	36,532,652
	Diminishing Musharakah financing and related assets			
	- Diminishing Musharakah financing - housing		14,150,878	11,991,953
	- Diminishing Musharakah financing - others		74,800,828	65,438,474
	- Advances against Diminishing Musharakah		8,490,933	7,125,407
	- Advances against Diminishing Musharakah under SBP's ILTF		490,628	-
			97,933,267	84,555,834
	Musharakah financing		414,800	580,720
	Wakalah Tul Istithmar financing		40,825,200	31,250,000
	Wakalah financing		475,000	-
	Advance against Service Ijarah		2,000,000	3,000,000
	Labbaik (Qard for Hajj and Umrah)		5,153	3,382
	Staff financing	11.7	3,712,540	3,226,026
	Other financing		2,326,136	2,612,204
	Gross Islamic Financing and Related Assets	11.8	522,263,763	428,733,591
	Less: Provision against non-performing Islamic financing and related assets - Specific	11.10	(6,771,530)	(6,426,731)
	Less: Provision against non-performing Islamic financing and related assets - General	11.10	(2,927,711)	(2,377,711)
	Islamic financing and related assets - net of provision		512,564,522	419,929,149

Notes to and forming part of the Consolidated Financial Statements

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	Note	2018	2017
Rupees in '000			
11.1	Murabaha receivable - gross	8,434,743	8,222,190
	Less: Deferred murabaha income	(142,250)	(110,813)
	Profit receivable shown in other assets	(270,884)	(256,382)
	Murabaha financing	<u>8,021,609</u>	<u>7,854,995</u>
11.1.1	Murabaha Sale Price	8,434,743	8,222,190
	Murabaha Purchase Price	(8,021,609)	(7,854,995)
		<u>413,134</u>	<u>367,195</u>
11.1.2	The movement in Murabaha financing during the year is as follows:		
	Opening balance	7,854,995	7,786,937
	Sales during the year	47,580,002	45,081,030
	Adjusted during the year	(47,413,388)	(45,012,972)
	Closing balance	<u>8,021,609</u>	<u>7,854,995</u>
11.1.3	Deferred murabaha income		
	Opening balance	110,813	119,342
	Arising during the year	1,218,659	1,049,935
	Recognised during the year	(1,187,222)	(1,058,464)
	Closing balance	<u>142,250</u>	<u>110,813</u>
11.2	Financing under Islamic Export Refinance - Murabaha - gross	353,984	613,210
	Less: Deferred income	(1,725)	(1,848)
	Profit receivable shown in other assets	(7,686)	(11,500)
	Financing under Islamic Export Refinance - Murabaha	<u>344,573</u>	<u>599,862</u>
11.2.1	The movement in Islamic Export Refinance Murabaha financing during the year is as follows:		
	Opening balance	599,862	723,956
	Sales during the year	684,949	1,045,436
	Adjusted during the year	(940,238)	(1,169,530)
	Closing balance	<u>344,573</u>	<u>599,862</u>
11.2.2	Deferred Islamic Export Refinance murabaha income		
	Opening balance	1,848	4,616
	Arising during the year	9,507	10,432
	Recognised during the year	(9,630)	(13,200)
	Closing balance	<u>1,725</u>	<u>1,848</u>

Notes to and forming part of the Consolidated Financial Statements

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	2018	2017
	Rupees in '000	
11.3 Musawammah financing - gross	12,998,576	6,688,479
Less: Deferred income	(298,927)	(107,833)
Profit receivable shown in other assets	(249,304)	(111,854)
Musawammah financing	<u>12,450,345</u>	<u>6,468,792</u>
11.4 Financing under Islamic Export Refinance - Musawammah - gross	885,568	96,526
Less: Deferred income	(4,387)	(604)
Profit receivable shown in other assets	(6,180)	(614)
Financing under Islamic Export Refinance - Musawammah	<u>875,001</u>	<u>95,308</u>
11.5 Bai Muajjal financing - gross	615,345	673,153
Less: Deferred income	(26,426)	(33,689)
Profit receivable shown in other assets	(19,287)	(33,761)
Bai Muajjal financing	<u>569,632</u>	<u>605,703</u>
11.6 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 25,267 million (2017: Rs 16,248 million).		
11.7 This includes Rs 484 million (2017: Rs 434 million) representing profit up free financing to staff advanced under the Holding company's Human Resource Policies.		
11.8 Particulars of financing - gross	2018	2017
	Rupees in '000	
In		
- local currency	513,035,591	416,237,399
- foreign currencies	9,228,172	12,496,192
	<u>522,263,763</u>	<u>428,733,591</u>
11.9 Islamic financing and related assets include Rs 6,985 million (2017: Rs 6,606 million) which have been placed under non-performing status as detailed below:		

Category of classification	2018		2017	
	Non Performing Amount	Provision Held	Non Performing Amount	Provision Held
	Rupees in '000			
Domestic				
Other Assets Especially Mentioned	28,157	-	10,845	-
Substandard	137,429	30,927	176,553	40,636
Doubtful	49,514	8,523	16,588	6,068
Loss	6,770,142	6,732,080	6,402,143	6,380,027
	<u>6,985,242</u>	<u>6,771,530</u>	<u>6,606,129</u>	<u>6,426,731</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

11.10 Particulars of provision against non-performing Islamic financing and related assets:

	2018			2017		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,426,731	2,377,711	8,804,442	6,592,203	1,494,391	8,086,594
Charge for the year	552,977	550,000	1,102,977	116,422	883,320	999,742
Less: Reversals	(208,111)	-	(208,111)	(279,553)	-	(279,553)
	344,866	550,000	894,866	(163,131)	883,320	720,189
Amount Written off	(67)	-	(67)	(2,341)	-	(2,341)
Closing balance	6,771,530	2,927,711	9,699,241	6,426,731	2,377,711	8,804,442

11.10.1 The Group maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing issued by the SBP.

In addition, the Group has also maintained a general provision of Rs 2,525 million (2017: Rs 1,975 million) against financing made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of 'Prudential Regulations'.

11.10.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Group has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at December 31, 2018 amounts to Rs 17.9 million (2017: Rs 8.3 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 11.6 million as at December 31, 2018 (2017: Rs 5.4 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders of the Holding company.

11.10.3 Particulars of provision against non-performing financing:

	2018			2017		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	6,515,997	2,927,711	9,443,708	6,184,124	2,377,711	8,561,835
In foreign currencies	255,533	-	255,533	242,607	-	242,607
	6,771,530	2,927,711	9,699,241	6,426,731	2,377,711	8,804,442

11.11 Particulars of write offs	Note	2018		2017	
		Rupees in '000			
Against provisions	11.10	67	2,341		
Directly charged to profit and loss account		-	-		
		67	2,341		
Write offs Rs 500,000 and above - Domestic		-	2,212		
Write offs below Rs 500,000 - Domestic		67	129		
		67	2,341		

11.11.1 Details of financing written off of Rs 500,000 and above

In term of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the Consolidated Statement in respect of written off financing or any other financial relief of five hundred thousand rupees or above allowed to any person during the year ended December 31, 2018 is given as Annexure - 1.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

12	FIXED ASSETS	Note	2018	2017					
			Rupees in '000						
	Capital work-in-progress	12.1	1,644,436	530,109					
	Property and equipment	12.2	11,583,962	10,934,864					
			13,228,398	11,464,973					
	12.1 Capital work-in-progress								
	Advances to suppliers and contractors for:								
	- civil works		1,009,074	237,106					
	- computer hardware		174,250	64,005					
	- purchase of Vehicles		152,864	153,158					
	- office machines		263,986	73,984					
	- furniture and fixtures		44,262	1,856					
			1,644,436	530,109					
	12.2 Property and equipment								
			2018						
			Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
			Rupees in '000						
	At January 1, 2018								
	Cost		4,306,133	1,363,692	5,649,484	687,405	4,673,479	1,296,397	17,976,590
	Accumulated depreciation		-	441,612	2,295,990	372,335	3,357,906	573,883	7,041,726
	Net book value		4,306,133	922,080	3,353,494	315,070	1,315,573	722,514	10,934,864
	Year ended December 31, 2018								
	Opening net book value		4,306,133	922,080	3,353,494	315,070	1,315,573	722,514	10,934,864
	Additions		271,880	151,180	254,184	51,484	861,881	684,114	2,274,723
	Net book value of disposals		-	-	(1,062)	(282)	(3,108)	(58,202)	(62,654)
	Depreciation charge		-	(73,840)	(519,618)	(62,555)	(620,595)	(286,363)	(1,562,971)
	Net book value as at December 31, 2018		4,578,013	999,420	3,086,998	303,717	1,553,751	1,062,063	11,583,962
	Year ended December 31, 2018								
	Cost		4,578,013	1,514,872	5,893,257	735,418	5,475,767	1,722,479	19,919,806
	Accumulated depreciation		-	515,452	2,806,259	431,701	3,922,016	660,416	8,335,844
	Net book value as at December 31, 2018		4,578,013	999,420	3,086,998	303,717	1,553,751	1,062,063	11,583,962
	Rate of depreciation (percentage)		-	5	10	10	10, 20 and 33	20	

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

	2017						Total
	Leasehold Land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	
	Rupees in '000						
At January 1, 2017							
Cost	1,719,600	1,330,757	5,005,849	607,718	4,286,270	1,142,028	14,092,222
Accumulated depreciation	-	370,289	1,829,972	317,447	2,789,311	496,209	5,803,228
Net book value	1,719,600	960,468	3,175,877	290,271	1,496,959	645,819	8,288,994
Year ended December 31, 2017							
Opening net book value	1,719,600	960,468	3,175,877	290,271	1,496,959	645,819	8,288,994
Additions	2,586,533	26,992	686,260	84,102	499,798	338,942	4,222,627
Other adjustments / transfers	-	(3,808)	(13,252)	1,868	(64)	17,295	2,039
Net book value of disposals	-	-	(10,775)	(2,506)	(5,069)	(49,467)	(67,817)
Depreciation charge	-	(61,572)	(484,616)	(58,665)	(676,051)	(230,075)	(1,510,979)
Net book value as at December 31, 2017	4,306,133	922,080	3,353,494	315,070	1,315,573	722,514	10,934,864
Year ended December 31, 2017							
Cost / Revalued amount	4,306,133	1,363,692	5,649,484	687,405	4,673,479	1,296,397	17,976,590
Accumulated depreciation	-	441,612	2,295,990	372,335	3,357,906	573,883	7,041,726
Net book value as at December 31, 2017	4,306,133	922,080	3,353,494	315,070	1,315,573	722,514	10,934,864
Rate of depreciation (percentage)	-	5	10	10	10, 20 and 33	20	

12.2.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 3,266 million (2017: Rs 2,534 million).

12.2.2 During the current year, the Holding company has revised its estimate of the useful lives of "Computer Equipments". Previously, computer equipments were depreciated over period of 3 to 5 years and now these are being depreciated over 5 years. The revision takes into account the expected pattern of economic benefits associated with the use of computer equipments and has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors'. Had the revision in useful lives of computer equipments not been made, the related depreciation expense for the year would have been higher by Rs130.829 million and consequently consolidated profit before tax would have been lower by the same amount.

12.2.3 The Group has not carried out any revaluation of property and equipment at the recent date as the Group uses cost model for measurement of its property and equipment.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

12.2.4 Details of disposal of fixed assets to related parties or other persons having net book value of Rs 500,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Vehicles						
Honda Civic	2,358	1,730	628	1,260	MBL Staff Policy	Mr. Muhammad Raza Sayeed (Ex-employee)
Honda Civic	2,358	1,493	865	1,322	MBL Staff Policy	Mr. Rahim Bux Memon (Executive, Ex-employee)
Honda Civic	2,355	1,688	667	1,256	MBL Staff Policy	Syed Salman Ahmed (Executive, Employee)
Toyota Corolla	1,788	835	953	1,192	MBL Staff Policy	Mr. Kaleem Ahmed Riaz (Executive, Ex-employee)
Toyota Corolla	1,753	1,169	584	1,006	MBL Staff Policy	Mr. Urooj Ul Hasan Khan (Executive, Employee)
Toyota Corolla	1,753	1,110	643	982	MBL Staff Policy	Mr. Wise Ur Rehman (Executive, Employee)
Honda City	1,670	1,030	640	955	MBL Staff Policy	Mr. Tariq Mehraj (Executive, Employee)
Honda City	1,651	770	881	1,183	MBL Staff Policy	Mr. Kasim Najeebullah (Executive, Ex-employee)
Honda City	1,502	926	576	895	MBL Staff Policy	Mr. Muhammad Saleem (Executive, Ex-employee)
Suzuki Swift	1,074	483	591	768	MBL Staff Policy	Mr. Muhammad Bilal (Executive, Employee)
Toyota Fortuner	5,415	5,054	361	361	MBL Staff Policy	Mr. Irfan Siddiqui (President & Chief Executive Officer)
Toyota Fortuner	5,410	5,410	-	1,623	MBL Staff Policy	Mr. Ariful Islam (Deputy Chief Executive Officer)
Honda Civic	2,493	582	1,911	2,231	Negotiation	Mr. Naheed Arshad Butt
Toyota Corolla	1,788	805	983	1,617	Negotiation	Mr. Rizwan Mazhar
Toyota Corolla	2,000	1,367	633	633	AMIML Staff Policy	Mr. Abdul Rab Khan (Executive, Employee)
Toyota Corolla	2,000	1,200	800	800	AMIML Staff Policy	Mr. Talha Anwer (Executive, Employee)
Toyota Corolla	2,000	1,200	800	1,859	AMIML - Negotiation	Mr. Maaz Saleem
Honda City	1,507	879	628	1,080	Negotiation	Mr. Amir Azeem
Honda City	1,675	391	1,284	1,598	Negotiation	Mr. Maaz Saleem
Suzuki Cultus	1,250	208	1,042	1,122	Negotiation	Mr. Arif Iftikhar
Suzuki Cultus	1,104	386	718	958	Negotiation	Mr. Mohsin Imtiaz
Suzuki Cultus	1,096	566	530	970	AMIML - Negotiation	Mr. Rizwan Khan
Suzuki Cultus	1,129	433	696	1,084	AMIML - Negotiation	Mr. Zahid Qadri
Suzuki Cultus	1,129	282	847	1,075	AMIML - Negotiation	M/s Etihad Motors
Suzuki Cultus	1,129	282	847	1,075	AMIML - Negotiation	M/s Etihad Motors
Suzuki Cultus	1,099	275	824	939	Negotiation	Mr. Amin Akhter
Suzuki Cultus	1,099	330	769	960	Negotiation	Mr. Wasim Mirza
Suzuki Cultus	1,074	447	627	941	Negotiation	Mr. Sultan Hasan Khan
Suzuki Cultus	1,074	519	555	932	Negotiation	Mr. Muhammad Zaman
Suzuki Cultus	1,069	481	588	958	Negotiation	Mr. Mohsin Imtiaz
Suzuki Cultus	1,039	485	554	857	Negotiation	Mr. Abid Rashid Chaudary
Suzuki Cultus	1,017	492	525	820	Negotiation	Mr. Amin Akhter
Suzuki Cultus	1,017	441	576	871	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	1,017	475	542	833	Negotiation	Mr. Khurram Imtiaz
Suzuki Cultus	1,014	507	507	850	Negotiation	Ms. Riffat Jabeen
Suzuki Cultus	1,014	507	507	836	Negotiation	Mr. Zeeshan Jamil
Suzuki Cultus	1,014	406	608	825	Negotiation	Mr. Amin Akhter
Suzuki Cultus	1,014	507	507	847	Negotiation	Mr. Mohsin Imtiaz
Suzuki Cultus	1,012	506	506	866	Negotiation	Mr. Mohsin Imtiaz
Suzuki Cultus	1,012	506	506	731	Negotiation	Mr. Naheed Arshad Butt
Suzuki Cultus	1,012	455	557	843	Negotiation	Mr. Abrar Hussain
Suzuki Cultus	1,250	292	958	1,065	Negotiation	Mr. Imran Subhani
Suzuki Cultus	1,104	442	662	921	Negotiation	Mr. Naveed Hussain
Suzuki Cultus	1,099	256	843	831	Negotiation	Syed Raza Naqvi
Suzuki Cultus	1,099	458	641	956	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	1,039	502	537	831	Negotiation	Mr. Sadaqat Zia Jafri
Suzuki Wagon R	977	456	521	966	Negotiation	Mr. Faheem Khan
Toyota Corolla	1,806	452	1,354	1,626	Takaful Claim	M/s EFU General Insurance Limited
Honda City	1,520	811	709	1,243	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,250	250	1,000	1,125	Takaful Claim	M/s EFU General Insurance Limited
Suzuki Cultus	1,129	339	790	1,016	Takaful Claim	M/s Adamjee Insurance Company Limited
	78,257	41,876	36,381	53,394		
Other disposals						
Vehicles	179,775	157,953	21,822	83,617		
Electrical, office and computer equipments	59,592	56,485	3,107	10,299		
Furniture and Fixtures	3,471	3,189	282	597		
Leasehold improvements	10,411	9,349	1,062	528		
	<u>331,506</u>	<u>268,852</u>	<u>62,654</u>	<u>148,435</u>		

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

	Note	2018	2017
Rupees in '000			
13 INTANGIBLE ASSETS			
Computer Software	13.1	572,552	496,835
Advance against computer software		72,404	32,778
		<u>644,956</u>	<u>529,613</u>
13.1 At January 1,			
Cost		1,423,012	1,150,670
Accumulated amortisation		926,177	722,386
Net book value		<u>496,835</u>	<u>428,284</u>
Year ended December 31,			
Opening net book value		496,835	428,284
Additions - directly purchased		305,885	248,098
Amortisation charge		(230,168)	(177,508)
Other adjustments		-	(2,039)
Closing net book value		<u>572,552</u>	<u>496,835</u>
Year ended December 31,			
Cost		1,728,898	1,423,012
Accumulated amortisation		1,156,346	926,177
Net book value		<u>572,552</u>	<u>496,835</u>
Rate of amortisation (percentage)		10-20	10-20
Useful life		5 - 10 years	5 - 10 years

13.1.1 Included in cost of intangible assets are fully amortised items still in use aggregating Rs 575 million (2017: Rs 422 million).

14 DEFERRED TAX ASSET / (LIABILITIES)

	2018			
	At January 1, 2018	Recognised in Profit & Loss	Recognised in OCI	At December 31, 2018
Rupees in '000				
Taxable temporary differences due to:				
Excess of accounting book values over tax written down values of owned assets	(495,002)	88,806	-	(406,196)
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	-	-	(11,928)	(11,928)
Tax on accumulated profit of associates	(288,914)	106,513	(49,902)	(232,303)
	<u>(783,916)</u>	<u>195,319</u>	<u>(61,830)</u>	<u>(650,427)</u>
Deductible temporary differences due to:				
Provision for diminution / impairment in value of investments	351,664	165,998	-	517,662
Deficit on revaluation of available for sale investments	(419,953)	22,043	434,542	36,632
Income not accrued due to non-culmination of financing	495,668	317,236	-	812,904
Provision against Workers Welfare Fund	21,061	5,263	-	26,324
Provision against non-banking assets acquired in satisfaction of claims and other assets	89,855	(3,137)	-	86,718
Others	14,834	23,377	-	38,211
	<u>553,129</u>	<u>530,780</u>	<u>434,542</u>	<u>1,518,451</u>
	<u>(230,787)</u>	<u>726,099</u>	<u>372,712</u>	<u>868,024</u>
	2017			
	At January 1, 2017	Recognised in Profit & Loss	Recognised in OCI	At December 31, 2017
Rupees in '000				
Taxable temporary differences due to:				
Excess of accounting book values over tax written down values of owned assets	(632,001)	136,999	-	(495,002)
Surplus on revaluation of available for sale investments	(1,251,679)	(71,945)	903,671	(419,953)
Tax on accumulated profit on associates	(530,837)	241,923	-	(288,914)
Others	(67,416)	67,416	-	-
	<u>(2,481,933)</u>	<u>374,393</u>	<u>903,671</u>	<u>(1,203,869)</u>
Deductible temporary differences due to:				
Provision for diminution / impairment in value of investments	146,078	205,586	-	351,664
Provision against Workers Welfare Fund	29,241	(8,180)	-	21,061
Income not accrued due to non-culmination of financing	332,824	162,844	-	495,668
Provision against non-banking assets acquired in satisfaction of claims and other assets	18,587	71,268	-	89,855
Others	-	14,834	-	14,834
	<u>526,730</u>	<u>446,352</u>	<u>-</u>	<u>973,082</u>
	<u>(1,955,203)</u>	<u>820,745</u>	<u>903,671</u>	<u>(230,787)</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

	Note	2018	2017
Rupees in '000			
15 OTHER ASSETS			
Profit / return accrued in local currency - net of provisions		13,851,168	10,686,197
Profit / return accrued in foreign currencies - net of provisions		63,744	35,639
Advances, deposits, advance rent and other prepayments	15.1	2,327,894	1,603,846
Non-banking assets acquired in satisfaction of claims	15.3	240,607	246,201
Unrealised gain on forward foreign exchange contracts - net Acceptances	15.2	1,335,392	1,063,795
Dividends receivable		10,634,901	7,144,255
Stamps		262	21,836
Security deposits		13,037	10,815
Others		126,823	104,889
		819,595	604,766
		29,413,423	21,522,239
Provision against other assets	15.4.1	(231,530)	(256,462)
Other Assets (Net of Provision)		29,181,893	21,265,777
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	23	34,080	-
Other Assets - total		29,215,973	21,265,777

15.1 This includes prepaid rent and prepaid takaful aggregating Rs 561 million (2017: Rs 473 million) and Rs 959 million (2017: Rs 679 million) respectively which are being amortised over a period of one year.

15.2 This is net off loss on forward foreign exchange contracts of Rs 1,132 million (2017: Rs 1,529 million).

	2018	2017
Rupees in '000		
15.3 Market value of Non-banking assets acquired in satisfaction of claims	264,688	224,118

Market value of the non-banking assets acquired in satisfaction of claims has been carried out by an independent valuer, M/s Joseph Lobo (Private) Limited based on prevailing market values determined through independent market inquiries from local active realtors and adjusted for the physical condition of the property as more detailed in note 41.4.

	2018	2017
Rupees in '000		
15.3.1 Non-banking assets acquired in satisfaction of claims		
Opening Balance	246,201	284,255
Depreciation	(5,594)	(7,302)
Transfer to fixed assets	-	(30,752)
Closing Balance	240,607	246,201

	2018	2017
Rupees in '000		
15.4 Provision held against other assets		
Non-banking assets acquired in satisfaction of claims	10,000	22,084
Acceptances	35,451	35,451
Others	186,079	198,927
	231,530	256,462

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

	Note	2018	2017	
Rupees in '000				
15.4.1	Provision against other assets			
	Opening balance	256,462	291,273	
	Charge for the year	2,417	25,166	
	Reversals during the year	(27,349)	(48,726)	
	Amount adjusted / written off	-	(11,251)	
	Closing balance	<u>231,530</u>	<u>256,462</u>	
16	BILLS PAYABLE			
	In Pakistan	23,750,543	17,175,035	
	Outside Pakistan	-	-	
		<u>23,750,543</u>	<u>17,175,035</u>	
17	DUE TO FINANCIAL INSTITUTIONS			
	In Pakistan	36,407,811	36,813,295	
	Outside Pakistan	-	-	
		<u>36,407,811</u>	<u>36,813,295</u>	
17.1	Details of due to financial institutions secured / unsecured			
	Secured			
	Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	17.1.1	22,737,094	21,141,464
	Investment from the State Bank of Pakistan under Islamic Long Term Financing Facility	17.1.2	433,990	-
	Other financial institution	17.1.3	627,075	329,008
	Unsecured			
	Overdrawn nostro accounts		409,652	492,823
	Other Musharakah	17.1.4	12,200,000	14,850,000
			<u>36,407,811</u>	<u>36,813,295</u>

17.1.1 These Musharakah are on a profit and loss sharing basis maturing between January 2019 to June 2019 and are secured against demand promissory notes executed in favor of SBP. A limit of Rs 33,422 million (December 31, 2017: Rs 25,700 million) has been allocated to the Holding company by SBP under Islamic Export Refinance Scheme.

17.1.2 These Investment are on Profit Loss sharing basis which has been invested in general pool of the Holding company. A limit of Rs 11,720 million (2017: Nil) has been allocated to the Holding company by SBP under Islamic Long Term Financing Facility.

17.1.3 These Musharakah are on Profit Loss sharing basis. A limit of USD 10 million has been allocated to the Holding company under the agreement with Karandaaz.

17.1.4 These Musharakah are on profit and loss sharing basis. The expected average return on these Musharakah is around 9.54% (2017: 5.95%) per annum. These balances are maturing in January 2019 (2017: January 2018).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

	2018	2017
17.2 Particulars of due to financial institutions with respect to currencies	Rupees in '000	
In local currency	36,407,811	36,813,295
In foreign currencies	-	-
	<u>36,407,811</u>	<u>36,813,295</u>
17.3 Particulars of due to financial institutions		
Short - term	35,346,747	36,484,287
Long - term	1,061,064	329,008
	<u>36,407,811</u>	<u>36,813,295</u>

18 DEPOSITS AND OTHER ACCOUNTS

	2018			2017		
	In Local currency	In Foreign currencies	Total	In Local currency	In Foreign currencies	Total
	Rupees in '000					
Customers						
- Current accounts - non-remunerative	267,855,629	15,590,028	283,445,657	217,203,530	12,821,821	230,025,351
- Savings deposits	255,706,358	23,494,221	279,200,579	240,454,616	17,966,537	258,421,153
- Fixed deposits	197,008,707	10,109,048	207,117,755	161,145,052	6,836,065	167,981,117
- Margin	5,335,289	41,896	5,377,185	5,501,348	12,002	5,513,350
	<u>725,905,983</u>	<u>49,235,193</u>	<u>775,141,176</u>	<u>624,304,546</u>	<u>37,636,425</u>	<u>661,940,971</u>
Financial institutions						
- Current accounts - non-remunerative	597,730	-	597,730	369,336	-	369,336
- Savings deposits	4,574,956	-	4,574,956	3,205,910	-	3,205,910
- Fixed deposits	5,130,730	-	5,130,730	1,657,151	-	1,657,151
	<u>10,303,416</u>	<u>-</u>	<u>10,303,416</u>	<u>5,232,397</u>	<u>-</u>	<u>5,232,397</u>
	<u>736,209,399</u>	<u>49,235,193</u>	<u>785,444,592</u>	<u>629,536,943</u>	<u>37,636,425</u>	<u>667,173,368</u>

	2018	2017
18.1 Composition of deposits	Rupees in '000	
- Individuals	521,789,397	461,565,965
- Government (Federal and Provincial)	14,958,796	8,321,634
- Public Sector Entities	15,385,523	15,984,632
- Banking Companies	67,656	241,743
- Non-Banking Financial Institutions	10,235,759	5,017,445
- Private Sector	223,007,461	176,041,949
	<u>785,444,592</u>	<u>667,173,368</u>
18.2 Particulars of deposits and other accounts in Pakistan		
In		
- local currency		
Mudaraba based deposits	466,163,917	410,852,649
Qard based deposits	270,045,482	218,684,294
	<u>736,209,399</u>	<u>629,536,943</u>
- foreign currencies		
Mudaraba based deposits	33,603,269	24,802,602
Qard based deposits	15,631,924	12,833,823
	<u>49,235,193</u>	<u>37,636,425</u>
	<u>785,444,592</u>	<u>667,173,368</u>

18.3 Eligible deposits covered under deposit protection scheme (including call deposit receipts disclosed under bills payable) amount to Rs 628,119 million (2017: Rs 542,230 million).

Notes to and forming part of the Consolidated Financial Statements

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	Note	2018	2017
Rupees in '000			
19 SUB-ORDINATED SUKUK			
Additional Tier I Sukuk	19.1	7,000,000	-
Tier II Sukuk	19.2	7,000,000	7,000,000
		<u>14,000,000</u>	<u>7,000,000</u>

- 19.1 In August 2018, the Holding company issued regulatory Shariah compliant unsecured, subordinated privately placed Additional Tier I Sukuk based on Mudaraba of Rs. 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Additional Tier I sukuk is as follows:

Credit Rating	AA- (Double A minus) by JCR-VIS Credit Rating Company Limited.
Issue Date	August 01, 2018
Tenor	Perpetual
Profit payment frequency	Monthly in arrears
Redemption	Perpetual
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding company under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 11.10% per annum.
Call Option	The Holding company may call Additional Tier I Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Additional Tier I Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and / or redemption amount can be held back in respect of the Additional Tier I Sukuk, if such payment will result in a shortfall in the Holding company's minimum capital or capital adequacy ratio requirement.

- 19.2 In September 2016, the Holding company issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The brief description of Tier II sukuk is as follows:

Credit Rating	AA (Double A) by JCR-VIS Credit Rating Company Limited.
Issue Date	September 22, 2016
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding company under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 8.56% per annum.
Call Option	The Holding company may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and / or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Holding company's minimum capital or capital adequacy ratio requirement.

Notes to and forming part of the Consolidated Financial Statements

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20	OTHER LIABILITIES	Note	2018	2017
			Rupees in '000	
	Return on deposits and other dues			
	- payable in local currency	20.1	3,388,288	2,268,390
	- payable in foreign currencies		75,272	42,913
	Unearned income		32,521	22,146
	Accrued expenses		3,721,186	2,445,960
	Current taxation (provision less payments)		3,173,027	1,919,085
	Acceptances		10,634,901	7,144,255
	Unclaimed dividends		17,030	6,761
	Payable to defined benefit plan	38.3 & 38.15	645,340	726,369
	Charity payable	20.3	942	139
	Provision against off-balance sheet obligations	20.2	85,249	83,429
	Security deposits against Ijarah		13,623,020	9,211,429
	Payable on account of credit murabaha / ijarah		75,439	11,566
	Balances under home remittances / cash management arrangements		539,999	203,905
	Security deposits against lockers		100,532	85,147
	Retention Money		60,688	50,688
	Advance against future Diminishing Musharakah		-	55,320
	Withholding taxes payable		123,762	129,473
	Workers Welfare Fund payable	20.4	1,378,687	994,865
	Others		895,639	872,235
			<u>38,571,522</u>	<u>26,274,075</u>

20.1 This includes Rs 121 million (2017: Rs 84 million) in respect of return accrued on borrowings from SBP under the Islamic Export Refinance Scheme and Rs 2.9 million (2017: Nil) in respect of return accrued on borrowings from SBP under the Islamic Long Term Financing Facility.

	Note	2018	2017
		Rupees in '000	
20.2 Provision against off-balance sheet obligations			
Opening balance		83,429	69,947
Charge for the year		1,820	13,482
Closing balance	20.2.1	<u>85,249</u>	<u>83,429</u>

20.2.1 This includes provision recognized against guarantees of non-performing customers.

	Note	2018	2017
		Rupees in '000	
20.3 Reconciliation of charity payable			
Balance as at January 1		139	1,509
Additions during the year		36,922	31,439
Less: Transferred to charity savings account (included in deposits and other accounts)	20.3.1	(36,119)	(32,809)
Balance as at December 31		<u>942</u>	<u>139</u>

Notes to and forming part of the Consolidated Financial Statements

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20.3.1 Charity paid through saving account during the year is Rs. 38.4 million (2017: Rs 30.9 million). Charity of Rs 100,000 or higher was paid to the following organizations:

	2018	2017
	Rupees in '000	
Ihsan Trust - Related Party	28,000	25,000
Lahore Businessmen Association For Rehabilitation of the Disabled	1,000	1,000
Patients' Behbud Society for the Aga Khan University Hospital	1,000	1,000
The Indus Hospital	1,000	-
Pakistan Disabled Foundation	400	200
Burhani Medical Welfare Association	300	-
Garage School	300	-
Idara - Al Khair	300	-
Omair Sana Foundation	300	-
Pakistan Association of Blind	300	100
Helping Hands Foundation	250	-
Medical Aid Foundation (Rahat Kada)	250	-
Afzaal Memorial Thelesimia Foundation	200	-
Behbud Association Karachi	200	-
Bin Qutub Foundation Chakwal	200	-
Centre For Development of Social Services	200	-
Family Educational Services Foundation	200	350
Health and Nutrition Development Society	200	-
Khwendo Kor	200	-
Kiran Foundation	200	-
Muhammadi Blood Bank	200	-
Muslim Welfare Centre	200	200
Patients Aid Foundation - Jinnah Hospital	200	-
Rashid Memorial Walfare Organization	200	-
Sargodhian Spirit Trust	200	300
Eye Donor Organization	150	150
Patients Welfare Association	150	-
Al- Mustafa Trust Rawalpindi	100	-
Care Foundation	100	200
Child Aid Association	100	-
Frontier Foundation Welfare Hospital And Blood Transfusion Service	100	-
Health Education and Livelihood Promoter	100	200
Jamal Noor Hospital	100	-
Jinnah Foundation	100	-
Karigar Training Institute	100	100
Marie Adelaide Leprocy Centre	100	-
Markaz e Umeed	100	-
Mercy Pak	100	100
Nigaheban Trust	100	150
Noor e Ali Trust (JS Academy of Deaf)	100	100
Pakistan Association of Deaf	100	200
Saylani Welfare Trust	100	-
SINA Health, Education & Welfare Trust	100	200
Health Oriented and Preventative Education (HOPE), Karachi	100	-
SOS Children Village Islamabad	100	-
SOS Children Village Karachi	100	100
Trust Jamiat Taleem Ul Quran	100	-
Women Islamic Lawyer's Forum	100	-
Binoria Welfare Trust, Karachi	-	200
Burns Centre, Civil Hospital, Karachi	-	100
Creek General Hospital Karachi	-	200
Fatimid Foundation Peshawar Centre	-	500
Infaq Memorial Trust	-	100
National Institute of Cardiovascular Disease	-	100
	38,400	30,850

Notes to and forming part of the Consolidated Financial Statements

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20.3.2 The balance in Charity's saving account is Rs 0.144 million (2017: Rs 2.259 million).

20.3.3 Charity was not paid to any organization in which a director or his spouse had any interest at any time during the year.

20.4 The Group has made full provision for Workers Welfare Fund (WWF) based on profit for the respective years (2008-2018). In 2016, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending. Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Group continues to maintain the provision in respect of WWF.

21 SHARE CAPITAL

21.1 Authorised capital

2018 (Number of Shares)	2017 (Number of Shares)		2018 Rupees in '000	2017 Rupees in '000
2,338,380,000	2,000,000,000	Ordinary shares of Rs 10 each	23,383,800	20,000,000
516,517,908	516,517,908	Ordinary shares	5,165,179	5,165,179
652,674,492	546,384,260	Fully paid in cash	6,526,745	5,463,843
1,169,192,400	1,062,902,168	Issued as bonus shares	11,691,924	10,629,022

21.2 Shareholding held by associated companies are as follows:

Name of Shareholders	2018		2017	
	Number of shares held	Percentage of Shareholding	Number of shares held	Percentage of Shareholding
Noor Financial Investment Company - Kuwait	446,432,362	38.18%	522,033,439	49.11%
Pakistan Kuwait Investment Company (Private) Limited	350,757,710	30.00%	318,870,646	30.00%
Islamic Development Bank	109,014,771	9.32%	99,104,338	9.32%
Meezan Islamic Fund	6,950,134	0.59%	2,840,077	0.27%
Al Meezan Mutual Fund	1,331,500	0.11%	-	-
Meezan Balanced Fund	889,350	0.08%	79,819	0.01%
Meezan Asset Allocation Fund	488,951	0.04%	6,410	0.00%
Meezan Dedicated Equity Fund	430,550	0.04%	510,000	0.05%

22 RESERVES

	Note	2018 Rupees in '000	2017 Rupees in '000
Share Premium		2,406,571	2,406,571
Statutory reserve	22.1	9,570,365	7,777,925
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	3,117,547
General reserve		91,082	91,082
		15,185,565	13,393,125

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

22.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital.

23	Note	2018	2017
		Rupees in '000	
(DEFICIT) / SURPLUS ON REVALUATION OF ASSETS - NET OF TAX			
Available for sale securities			
		277,249	885,750
		(381,916)	278,553
		(104,667)	1,164,303
		34,080	-
	23.1	(70,587)	1,164,303
Non-banking assets acquired in satisfaction of claims			
Less: Deferred tax asset / (liability) on			
		36,632	(348,008)
		(11,928)	-
		24,704	(348,008)
		(45,883)	816,295

23.1 During the current year, market valuation of non-banking assets acquired in satisfaction of claims resulted in surplus of Rs 34.080 million (2017: Nil).

24		2018	2017
		Rupees in '000	
NON-CONTROLLING INTEREST			
		1,007,975	1,221,989
		176,149	161,481
		(2,690)	(995)
		(175,000)	(374,500)
		1,006,434	1,007,975

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

25	CONTINGENCIES AND COMMITMENTS	Note	2018	2017
			Rupees in '000	
	Guarantees	25.1	31,724,600	16,912,669
	Commitments	25.2	429,428,900	344,953,214
	Other contingent liabilities	25.3	1,802,000	1,802,000
			462,955,500	363,667,883
25.1	Guarantees:			
	Financial guarantees		7,561,791	369,446
	Performance guarantees		12,533,871	8,472,268
	Other guarantees		11,628,938	8,070,955
			31,724,600	16,912,669
25.2	Commitments:			
	- Documentary letters of credit		92,343,175	66,003,500
	Commitments in respect of:			
	- forward foreign exchange contracts	25.2.1	118,865,324	124,558,666
	Commitments for acquisition of:			
	- fixed assets		313,580	188,778
	- intangible assets		87,475	13,515
	Other commitments	25.2.2	217,819,346	154,188,755
			429,428,900	344,953,214
25.2.1	Commitments in respect of forward foreign exchange contracts			
	Purchase		74,321,214	75,272,094
	Sale		44,544,110	49,286,572
			118,865,324	124,558,666
25.2.2	Other Commitments			
	Commitments in respect of financing	25.2.2.1	217,819,346	154,188,755

25.2.2.1 The Group makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitments do not attract any significant penalty or the expense if the facility is unilaterally withdrawn, other than commitments in respect of syndicated / long term financing amounting to Rs 26,732 million (2017: Rs 22,245 million).

25.3 Other contingencies

The Income Tax Department has amended the deemed assessment orders of the Holding company for prior years including the tax year 2018. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Holding company has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Holding company and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Holding company, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Holding company's favour and accordingly no provision has been made in these financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

26	PROFIT / RETURN EARNED ON FINANCING, INVESTMENTS AND PLACEMENTS	Note	2018	2017
			Rupees in '000	
	On financing	26.1	30,203,441	21,495,183
	On investments in			
	- Available for sale securities		5,330,663	4,753,140
	- Held for trading securities		-	8,324
	- Held to maturity securities		1,573,470	1,565,200
	On deposits / placements with financial institutions		11,521,565	8,612,816
			<u>48,629,139</u>	<u>36,434,663</u>
26.1	The income on Ijarah under IFAS 2 is net off takaful of Rs 1,359 million (2017: Rs 914 million) recovered from customers.			
27	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED	Note	2018	2017
			Rupees in '000	
	Deposits and other accounts	27.1	18,190,697	13,796,692
	Sub-ordinated Sukuk		849,039	461,030
	Other Musharakahs / Mudarabas / Murabaha	27.2	1,413,623	1,423,919
			<u>20,453,359</u>	<u>15,681,641</u>
27.1	This includes conversion cost of Rs 638 million (2017: Rs 411 million) against foreign currency deposits.			
27.2	This includes Rs 445 million (2017: Rs 316 million) paid / payable to SBP under Islamic Export Refinance Scheme and Rs 2.9 million (2017: Nil) payable to SBP under the Islamic Long Term Financing Facility.			
28	FEE AND COMMISSION INCOME	Note	2018	2017
			Rupees in '000	
	Trade related fees and commissions		1,821,762	1,268,083
	Management fees in respect of Mutual Funds		1,565,565	1,864,037
	Commission on guarantees		90,830	88,058
	Branch banking customer fees		1,482,742	1,189,468
	Credit processing related fees		122,941	85,142
	Debit card related fees		1,127,899	809,492
	Investment banking related fees		228,653	304,340
	Cash management fees		44,625	25,675
	Home remittance related fees		151,133	99,588
	Others		186,585	296,125
			<u>6,822,735</u>	<u>6,030,008</u>
29	(LOSS) / GAIN ON SECURITIES - NET			
	Realised	29.1	(39,376)	939,266
29.1	Realised (loss) / gain on:			
	Listed Shares		23,921	385,058
	Federal Government Securities		(18,195)	306,211
	Associates		(44,551)	252,766
	Other Securities including foreign securities		(551)	(4,769)
			<u>(39,376)</u>	<u>939,266</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

30	OTHER INCOME	Note	2018	2017
			Rupees in '000	
	Gain on termination of			
	- Ijarah financing		198,793	144,205
	- Diminishing Musharakah financing		21,388	19,767
	Gain on sale of operating fixed assets		85,781	73,554
	Rental income		5,989	7,441
	Others		1,535	142,493
			<u>313,486</u>	<u>387,460</u>
31	OPERATING EXPENSES			
	Total compensation expense	31.1 & 31.2	10,656,318	8,899,267
	Property expense			
	Rent and taxes		2,086,351	1,795,067
	Takaful expense		13,149	12,450
	Utilities cost (including electricity and diesel)		723,796	666,956
	Security (including guards)		526,788	548,517
	Repair and maintenance (including janitorial charges)		598,213	514,694
	Depreciation		536,969	485,790
	Others		36,920	34,461
			4,522,186	4,057,935
	Information technology expenses			
	Software maintenance		203,423	162,482
	Hardware and related maintenance		173,151	132,531
	Depreciation		311,061	387,916
	Amortisation		230,168	177,508
	Network charges		181,381	183,571
			1,099,184	1,044,008
	Other operating expenses			
	Non-executive Directors' fee		48,542	42,843
	Shariah Board Fees		700	1,606
	Legal and professional charges		84,011	78,291
	Travelling and conveyance		98,624	88,841
	NIFT and other clearing charges		148,890	141,943
	Depreciation on vehicles, equipments, etc.		714,941	637,274
	Training and Development		84,286	53,292
	Communication (including courier)		333,315	266,315
	Stationery and printing		499,113	414,951
	Marketing, advertisement and publicity		364,136	215,541
	Auditors' Remuneration	31.4	17,998	10,882
	Donation	31.5	7,920	-
	Fees, subscription and other charges		190,988	147,477
	Local transportation and car running		408,425	330,017
	Brokerage and bank charges		175,475	166,560
	Office supplies		228,614	202,248
	Takaful expense		119,357	128,770
	Security charges - cash transportation		230,101	241,179
	Entertainment		76,910	58,444
	Others		25,420	128,158
	Reimbursement of expenses from associated funds to the subsidiary		(348,232)	(230,007)
			3,509,534	3,124,625
			<u>19,787,222</u>	<u>17,125,835</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

31.1 The Holding company 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 Holding company amounted to Rs 453 million (2017: Rs 338 million), Rs 105.76 million (2017: Rs 83.14 million) and Rs 70.47 million (2017: Rs 55.40 million).

31.2 Remuneration amounted to Rs 14.2 million (2017: Rs 11.5 million) paid to Holding company's Resident Shariah Board Member.

31.3 Total cost for the year relating to outsourced activities is Rs 1,573 million (2017: Rs 1,397 million) entirely relating to companies incorporated in Pakistan. Outsourcing cost payment were made to companies incorporated in Pakistan mainly on account of security guards, janitorial staff and courier services.

31.4 Auditors' remuneration

	2018	2017
	Rupees in '000	
Audit fee	4,279	3,985
Fee for interim review	982	872
Special certifications / reviews	9,696	3,776
Tax services	-	210
	14,957	8,843
Sindh sales tax on services	1,150	643
Out of pocket expenses	1,891	1,396
	<u>17,998</u>	<u>10,882</u>

31.5 Donation

The Supreme Court of Pakistan and the Prime Minister of Pakistan Diamer - Bhasha and Mohmand Dams Fund	7,920	-
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None of the directors, sponsor shareholders, key management personnel and their spouses had any interest in the Donee.

32 OTHER CHARGES

Note 2018 2017

Rupees in '000

Penalties imposed by the State Bank of Pakistan	16,419	10,824
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33 PROVISIONS & WRITE OFFS - NET

Provision against non-performing islamic financing and related assets - net	11.10	894,866	720,189
Provision against diminution in the value of investments	10.3	307,401	586,732
Other reversals	33.1	(15,774)	(42)
Bad debts written off directly		464	-
Recovery against written off financing	33.2	(18,906)	(23,553)
		<u>1,168,051</u>	<u>1,283,326</u>

33.1 This mainly represents takaful recoveries against operational losses incurred by the Group in prior years.

33.2 This includes recoveries against financing written off by HSBC ME prior to its acquisition by the Group.

34 TAXATION

Note 2018 2017

Rupees in '000

Current			
- for the year		6,772,179	4,599,996
- for prior year	34.1	-	373,600
		<u>6,772,179</u>	<u>4,973,596</u>
Deferred			
- for the year		(726,099)	(820,745)
		<u>6,046,080</u>	<u>4,152,851</u>

Notes to and forming part of the Consolidated Financial Statements

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34.1 The Finance Act, 2018 has revised the applicability of super tax brought into effect through Finance Act, 2015 for rehabilitation of temporary displaced persons for tax years 2019, 2020 and 2021 at the rate of 4%, 3% and 2% respectively on the taxable income for respective years. Accordingly the Holding company has recognized super tax charge of Rs 660.333 million in the current year which is determined at the applicable tax rate of 4 percent on taxable income for the year.

The Finance Supplementary (Second Amendment) Bill, 2019 proposed levy of super tax on taxable income for tax year 2018 (accounting year 2017) retrospectively at the rate of 4% upto tax year 2021. The proposed amendments were not enacted as at 31 December 2018 and therefore, the Group has not made super tax provision amounting to Rs 470.030 million for tax year 2018 (accounting year 2017) in these consolidated financial statements.

34.2 Relationship between tax expense and accounting profit	Note	2018	2017
		Rupees in '000	
Profit before taxation		15,179,990	9,932,844
Effects of:			
- Tax calculated at the applicable rate of 35%		5,312,997	3,476,495
- Super tax for the accounting year 2018 (tax year 2019)		660,333	-
- Income chargeable to tax at reduced rate		47,669	105,031
- Prior year		-	373,600
- Permanent differences		3,494	5,326
- Others		21,587	192,399
Tax charge for the year		6,046,080	4,152,851

35 BASIC AND DILUTED EARNINGS PER SHARE		2018	2017
		Rupees in '000	
Profit for the year		8,957,761	5,618,512
		(Number)	
Weighted average number of ordinary shares		1,169,192,400	1,135,477,682
		(Rupees)	
Basic earnings per share	35.1	7.66	Restated 4.95

35.1 The Holding company has issued bonus shares during the year and accordingly the earnings per share for the comparative year has been restated.

36 CASH AND CASH EQUIVALENTS	Note	2018	2017
		Rupees in '000	
Cash and balances with treasury banks	7	65,022,412	64,556,409
Balances with other banks	8	8,277,146	4,940,090
		73,299,558	69,496,499

37 STAFF STRENGTH		2018	2017
		Number of Staff	
Permanent		7,834	7,142
Contractual basis		1,345	1,489
Group's own staff strength at the end of the year		9,179	8,631
Outsourced	37.1	1,474	1,399
Total Staff Strength		10,653	10,030

37.1 This excludes outsourced security guards and janitorial staff.

Notes to and forming part of the Consolidated Financial Statements

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38 DEFINED BENEFIT PLAN

38.1 General description - Defined Benefit Plan (Gratuity Scheme) of MBL

The activities of the gratuity scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 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 MBL 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 MBL and scheme participants in accordance with the Fund's trust deed.

38.2 Number of Employees under the gratuity scheme

	2018	2017
	(Number)	
Number of Employees eligible under the gratuity scheme	7,464	6,848

38.3 Reconciliation of amount payable to defined benefit plan

	2018	2017
	Rupees in '000	
Present value of defined benefit obligations	1,386,260	1,297,029
Fair value of plan assets	(1,063,037)	(855,904)
	323,223	441,125

38.4 Plan assets consist of the following:

	2018		2017	
	Rupees in '000	%	Rupees in '000	%
Meezan Aamdan Certificates	918,936	86%	606,937	71%
Al Meezan Mutual Fund	56,293	5%	63,882	8%
Meezan Asset Allocation Plan	59,694	6%	164,157	19%
Fatima Fertilizer Company Limited - Sukuk	8,829	1%	11,772	1%
Savings account with Meezan Bank Limited	19,285	2%	9,156	1%
	1,063,037	100%	855,904	100%

Notes to and forming part of the Consolidated Financial Statements

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38.5 The movement in the defined benefit obligation over the year is as follows:

	2018		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	1,297,029	(855,904)	441,125
Current service cost	291,330	-	291,330
Return expense / (income)	115,726	(96,168)	19,558
	<u>1,704,085</u>	<u>(952,072)</u>	<u>752,013</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense	-	201,822	201,822
- Experience gains	(189,487)	-	(189,487)
	<u>(189,487)</u>	<u>201,822</u>	<u>12,335</u>
	1,514,598	(750,250)	764,348
Contribution	-	(441,125)	(441,125)
Benefit payments	(128,338)	128,338	-
At December 31	<u><u>1,386,260</u></u>	<u><u>(1,063,037)</u></u>	<u><u>323,223</u></u>
	2017		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	968,320	(844,964)	123,356
Current service cost	237,847	-	237,847
Return expense / (income)	83,547	(77,996)	5,551
	<u>1,289,714</u>	<u>(922,960)</u>	<u>366,754</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in return expense	-	110,363	110,363
- Experience losses	87,364	-	87,364
	<u>87,364</u>	<u>110,363</u>	<u>197,727</u>
	1,377,078	(812,597)	564,481
Contribution	-	(123,356)	(123,356)
Benefit payments	(80,049)	80,049	-
At December 31	<u><u>1,297,029</u></u>	<u><u>(855,904)</u></u>	<u><u>441,125</u></u>

Notes to and forming part of the Consolidated Financial Statements

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38.6 Charge for defined benefit plan (in respect of the gratuity scheme)	2018	2017
	Rupees in '000	
38.6.1 Cost recognised in consolidated profit and loss		
Current service cost	291,330	237,847
Net return cost	19,558	5,551
	<u>310,888</u>	<u>243,398</u>
38.6.2 Re-measurements recognised in Consolidated OCI during the year		
Loss / (gain) on obligation - Experience adjustment	(189,487)	87,364
Return on plan assets over interest income	201,822	110,363
Total re-measurements recognised in consolidated OCI	<u>12,335</u>	<u>197,727</u>

Total expense recognized in Consolidated Profit and Loss Account amounted to Rs 351.317 million (2017: Rs 279.078 million) of which Rs 310.888 million (2017: Rs 243.398 million) pertains to approved Gratuity funded Scheme and Rs 40.429 million (2017: Rs 35.680 million) pertains to End of Service unfunded Defined Benefit scheme. Total credit recognized in Consolidated Other Comprehensive Income amounted to Rs 1.998 million (2017: expense of Rs 189.878 million) of which expense of Rs 12.335 million (2017: Rs 197.727 million) pertains to approved Gratuity Scheme and Rs 14.333 million - Reversal (2017: reversal of Rs 7.849 million) pertains to End of Service unfunded Defined Benefit scheme.

38.7 The plan assets and defined benefit obligations (in respect of the gratuity scheme) are based in Pakistan.

38.8 Principal actuarial assumptions

	2018	2017
Discount rate	13.75% p.a	9.50% p.a
Expected rate of increase in salaries	12.75% p.a	9.50% p.a
Expected rate of return on investments	13.75% p.a	9.50% p.a
Normal retirement age	60 years	60 years

38.9 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.

38.10 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation - Increase / (Decrease)	
		Increase in assumption	Decrease in assumption
		Rupees in '000	
Discount rate	1.0%	(138,443)	163,504
Salary growth rate	1.0%	170,249	(146,144)
		Increase by 10% in assumption	Decrease by 10% in assumption
Life expectancy / Withdrawal rate		(139)	138

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 Consolidated Statement of Financial Position.

38.11 The weighted average duration of the defined benefit obligation is 10.91 years.

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For the year ended December 31, 2018

38.12 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2018	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
Gratuity	113,881	80,057	267,155	11,640,066	12,101,159

38.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 280.170 million as per the actuarial valuation report of the Holding company as of December 31, 2018.

38.14 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 to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the MBL's support, the current investment strategy manages this risk adequately.
Changes in Sukuk (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 off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the MBL on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

38.15 End of Service Unfunded Defined Benefit

The Holding company also operates an 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 net charge for the year of this benefit amounted to Rs 26.096 million. The charge of Rs 40.429 million has been recognized in the Consolidated Profit and Loss Account and the credit / reversal of Rs 14.333 million has been recognized in Consolidated Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this benefit amounts to Rs 300.854 million.

The principal actuarial assumptions comprise of discount rate of 13.75 percent and salary increase rate of 12.75 percent. The retirement age used by the actuary is 66 years. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 3.704 million (in case the discount rate is increased) and Rs 3.785 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 0.018 million (in case of ten percent increase in assumption) and higher by Rs 0.019 million (in case of ten percent decrease in assumption). These sensitivities are calculated using the same methodology as explained in note 38.10.

38.16 The disclosure made in notes 38.1 to 38.15 are based on the information included in the actuarial valuation report of the Holding company as of December 31, 2018.

39 DEFINED CONTRIBUTION PLAN

The Group also operates a recognized contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

	2018	2017
	Rupees in '000	
Contribution from the Group	286,118	249,853
Contribution from the employees	286,118	249,853
	572,236	499,706

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40 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President and Chief Executive		Directors		Executives	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Fees*	-	-	48,542	42,843	-	-
Managerial remuneration	45,280	42,717	30,171	28,463	1,002,603	797,959
Charge for gratuity fund	-	-	2,155	2,033	50,989	42,977
Contribution to defined contribution plan	-	-	1,293	2,440	63,774	53,004
House Rent	17,465	16,476	11,637	10,978	301,099	255,875
Utilities	3,881	3,661	2,586	2,440	66,912	56,862
Medical	4,184	7,758	2,763	2,751	62,054	54,934
Conveyance	1,891	1,706	1,071	1,088	-	-
Others	2,057	1,536	2,901	1,508	4,680	2,639
	<u>74,758</u>	<u>73,854</u>	<u>103,119</u>	<u>94,544</u>	<u>1,552,111</u>	<u>1,264,250</u>
Number of persons	<u>1</u>	<u>1</u>	<u>10</u>	<u>11</u>	<u>297</u>	<u>250</u>

* This includes amount charged in these financial statements as fees to nine (2017: ten) non-executive directors.

- 40.1 Executives mean employees, other than Chief Executive Officer and Directors, whose basic salary exceeds one million and two hundred rupees in a financial year. Further, the Chief Executive Officer of the subsidiary company has also been included under the head "Executives".
- 40.2 The Chief Executive, the Deputy Chief Executive Officer (the Executive Director) and certain executives have been provided with free use of the Group cars.
- 40.3 In addition to the above, all Executives of the Holding company, including the President & Chief Executive Officer and Deputy Chief Executive Officer of the Holding company are also entitled to bonus which is disclosed in note 31.1 to these consolidated financial statements. Further, End of Service Benefit for the founding President and Chief Executive Officer of the Holding company was approved in 2015 and the related expense is disclosed in note 38.15 to these consolidated financial statements.

41 FAIR VALUE OF FINANCIAL INSTRUMENTS

- 41.1 The fair value of investments in listed securities, except investments categorised as 'held to maturity', investments in 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 Group's accounting policy as stated in note 6.3.2.

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 financing and deposits are frequently repriced.

Notes to and forming part of the Consolidated Financial Statements

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41.2 Off-balance sheet financial instruments	2018		2017	
	Book value	Fair value	Book value	Fair value
	Rupees in '000			
Forward purchase of foreign exchange - net	72,163,082	74,597,244	72,953,918	75,547,124
Forward sale of foreign exchange - net	43,560,484	44,659,254	47,965,438	49,494,849

41.3 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	2018			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,347,184	-	-	4,347,184
Units of open end fund	51,483	-	-	51,483
GoP Sukuk	-	18,715,223	-	18,715,223
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	7,455,428	-	-	7,455,428
Forward purchase of foreign exchange contracts	-	74,597,243	-	74,597,243
Forward sale of foreign exchange contracts	-	44,659,254	-	44,659,254

Recurring Fair Value Measurements	2017			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,526,079	-	-	4,526,079
Units of open end fund	50,939	-	-	50,939
GoP Sukuk	-	57,151,526	-	57,151,526
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	5,055,704	-	-	5,055,704
Forward purchase of foreign exchange contracts	-	75,547,124	-	75,547,124
Forward sale of foreign exchange contracts	-	49,494,849	-	49,494,849
Held for Trading Securities				
Sukuk	100,766	-	-	100,766

Investment in associates (listed - mutual funds) have market value of Rs 4,196 million (2017: Rs 5,780 million) as disclosed in note 10.7 to these consolidated financial statements which is being valued under level 1.

The Group'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.

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(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 sukuk and PIA sukuk 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 Sukuk and PIA Sukuk	The fair value of GoP Ijarah Sukuk and PIA Sukuk 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 eight 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.

41.4 Fair value of non-financial assets

Non-banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 15. The valuations are conducted by the valuation experts appointed by the Holding company which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Group's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

41.5 Financial assets not measured at fair value

	Carrying Value	
	2018	2017
	Rupees in '000	
Cash and balances with treasury banks	65,022,412	64,556,409
Balances with other banks	8,277,146	4,940,090
Due from financial institutions - net	184,814,600	147,229,221
Investments - net	95,046,058	48,996,187
Islamic financing and related assets - net	512,564,522	419,929,149
Other assets - net	25,121,364	19,506,096

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42 SEGMENT ANALYSIS

42.1 Segment Details with respect to Business Activities.

	2018						Total
	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	
	Rupees in '000						
December 31, 2018							
Profit and Loss Account							
External Revenue	28,610,386	5,880,628	19,086,444	1,323,975	2,087,409	-	56,988,842
Inter segment revenue - net	-	39,985,198	-	-	92,553	(40,077,751)	-
Total Income	28,610,386	45,865,826	19,086,444	1,323,975	2,179,962	(40,077,751)	56,988,842
Segment direct expenses	1,802,047	36,412,638	1,262,603	614,980	548,533	-	40,640,801
Inter segment expense allocation	23,370,533	-	16,707,218	-	-	(40,077,751)	-
Total expenses	25,172,580	36,412,638	17,969,821	614,980	548,533	(40,077,751)	40,640,801
Provisions and write offs - net	(826,756)	(22,847)	(318,448)	-	-	-	(1,168,051)
Profit before tax	2,611,050	9,430,341	798,175	708,995	1,631,429	-	15,179,990
Statement of Financial Position							
Cash & Bank balances	-	70,880,687	2,396,541	22,330	-	-	73,299,558
Due from financial institutions - net	-	-	184,814,600	-	-	-	184,814,600
Investments - net	21,076,097	-	102,666,770	3,372,509	-	-	127,115,376
Net inter segment lending	-	671,148,377	-	-	297,553	(671,445,930)	-
Islamic financing and related assets - net	431,967,241	80,597,281	-	-	-	-	512,564,522
Others	16,888,683	20,233,304	6,394,201	441,163	-	-	43,957,351
Total Assets	469,932,021	842,859,649	296,272,112	3,836,002	297,553	(671,445,930)	941,751,407
Due to financial institutions	23,171,084	627,074	12,609,653	-	-	-	36,407,811
Deposits & other accounts	-	785,444,592	-	-	-	-	785,444,592
Subordinated Sukuk	14,000,000	-	-	-	-	-	14,000,000
Net inter segment borrowing	400,580,898	-	270,865,032	-	-	(671,445,930)	-
Others	11,971,613	49,403,905	56,876	592,118	297,553	-	62,322,065
Total liabilities	449,723,595	835,475,571	283,531,561	592,118	297,553	(671,445,930)	898,174,468
Equity	20,208,426	7,384,078	12,740,551	3,243,884	-	-	43,576,939
Total Equity & liabilities	469,932,021	842,859,649	296,272,112	3,836,002	297,553	(671,445,930)	941,751,407
Contingencies & Commitments	298,374,997	45,715,180	118,865,323	-	-	-	462,955,500

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	2017						Total
	Corporate and Commercial banking	Retail banking	Trading and sales	Asset Management	Others	Inter-segment Eliminations	
	Rupees in '000						
December 31, 2017							
Profit and Loss Account							
External Revenue	20,899,027	4,050,249	16,575,650	1,086,668	1,713,713	-	44,325,307
Inter segment revenue - net	-	29,894,398	-	-	27,166	(29,921,564)	-
Total Income	20,899,027	33,944,647	16,575,650	1,086,668	1,740,879	(29,921,564)	44,325,307
Segment direct expenses	1,212,545	29,214,813	1,423,765	710,684	547,330	-	33,109,137
Inter segment expense allocation	16,124,689	-	13,796,875	-	-	(29,921,564)	-
Total expenses	17,337,234	29,214,813	15,220,640	710,684	547,330	(29,921,564)	33,109,137
Provisions and write offs - net	(579,295)	(117,298)	(586,733)	-	-	-	(1,283,326)
Profit before tax	2,982,498	4,612,536	768,277	375,984	1,193,549	-	9,932,844
Balance Sheet							
Cash & Bank balances	-	68,255,547	1,196,439	44,513	-	-	69,496,499
Due from financial institutions - net	-	-	147,229,221	-	-	-	147,229,221
Investments - net	21,729,513	-	97,508,733	3,922,655	-	-	123,160,901
Net inter segment lending	-	561,652,682	-	-	505,247	(562,157,929)	-
Islamic financing and related assets - net	357,449,809	62,479,340	-	-	-	-	419,929,149
Others	11,529,100	15,859,318	5,570,980	300,965	-	-	33,260,363
Total Assets	390,708,422	708,246,887	251,505,373	4,268,133	505,247	(562,157,929)	793,076,133
Due to financial institutions	21,141,465	329,007	15,342,823	-	-	-	36,813,295
Deposits & other accounts	-	667,173,368	-	-	-	-	667,173,368
Subordinated Sukuk	7,000,000	-	-	-	-	-	7,000,000
Net inter segment borrowing	337,179,536	-	224,978,393	-	-	(562,157,929)	-
Others	8,013,062	34,225,635	-	935,953	505,247	-	43,679,897
Total liabilities	373,334,063	701,728,010	240,321,216	935,953	505,247	(562,157,929)	754,666,560
Equity	17,374,359	6,518,877	11,184,157	3,332,180	-	-	38,409,573
Total Equity & liabilities	390,708,422	708,246,887	251,505,373	4,268,133	505,247	(562,157,929)	793,076,133
Contingencies & Commitments	208,242,163	30,867,054	124,558,666	-	-	-	363,667,883

43 TRUST ACTIVITIES

The Holding company 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 Group and, therefore, are not included in the Consolidated Statement of Financial Position. The following is the list of assets held under trust:

Category	Type	2018	2017	2018	2017
		No. of IPS account		Face Value	
Rupees in '000					
Insurance Companies	Government Ijarah Sukuks	5	5	216,500	1,981,000
Asset Management Companies	Government Ijarah Sukuks	11	11	-	-
Employee Funds / NGO's	Government Ijarah Sukuks	15	13	68,000	28,000
Individuals	Government Ijarah Sukuks	19	19	9,000	12,700
Others	Government Ijarah Sukuks	8	4	12,500	40,000
Related parties - Associates	Government Ijarah Sukuks	3	3	95,000	95,000
Related parties - Others	Government Ijarah Sukuks	1	1	75,000	75,000
		62	56	476,000	2,231,700

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44 RELATED PARTY TRANSACTIONS

44.1 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 includes major shareholders, associated companies, retirement benefit funds, directors, and key management personnel and their close family members.

44.2 Transactions with related parties are entered in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Contributions to and accruals in respect of staff retirement benefits and other benefit plans are made in accordance with the actuarial valuations / terms of the contribution plan. Remuneration to the key management personnel is determined in accordance with the terms of their appointment.

44.3 Key management personnel

- President and Chief Executive Officer - Holding Company
- Deputy Chief Executive Officer - Holding Company

44.4 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end as are follows:

	Total		Associates		Directors		Key Management Personnel		Other Related Parties	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Rupees in '000										
Islamic financing and related assets										
At January 1,	676,504	2,484,365	676,504	2,484,365	-	-	-	-	-	-
Addition during the year	3,732,561	6,613,113	3,732,561	6,613,113	-	-	-	-	-	-
Deletion during the year	(3,971,537)	(8,420,974)	(3,971,537)	(8,420,974)	-	-	-	-	-	-
At December 31	437,528	676,504	437,528	676,504	-	-	-	-	-	-
Investments										
At January 1,	5,779,700	6,605,447	5,779,700	6,605,447	-	-	-	-	-	-
Addition during the year	524,448	1,848,996	524,448	1,848,996	-	-	-	-	-	-
Deletion during the year	(2,108,135)	(2,674,743)	(2,108,135)	(2,674,743)	-	-	-	-	-	-
At December 31	4,196,013	5,779,700	4,196,013	5,779,700	-	-	-	-	-	-
Deposits										
At December 31	5,222,976	4,381,811	1,125,645	1,248,619	107,304	78,613	523,483	350,554	3,466,544	2,704,025

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.

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	Total		Associates		Directors		Key Management Personnel		Other Related Parties	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Rupees in '000										
Other Assets										
Profit receivable on financing / investments	12,820	10,228	12,820	10,228	-	-	-	-	-	-
Fee and Other Receivable	4,554	1,500	1,054	1,500	-	-	-	-	3,500	-
Sub-ordinated Sukuk (Tier II)	618,000	-	618,000	-	-	-	-	-	-	-
Other Liabilities										
Payable to defined benefit plan	645,340	726,369	-	-	-	-	300,854	274,758	344,486	451,611
Contingencies and Commitments										
Letters of credit (unfunded)	27,572	29,851	27,572	29,851	-	-	-	-	-	-
Income, Expenses and Transactions										
Profit earned on financing / investments	46,657	152,697	46,657	152,697	-	-	-	-	-	-
Fees and other income earned	1,633,955	2,010,154	1,633,955	2,010,154	-	-	-	-	-	-
Dividend income earned	17,669	377,626	17,669	377,626	-	-	-	-	-	-
Capital (loss) / gain - net	(44,551)	252,766	(44,551)	252,766	-	-	-	-	-	-
Return on deposits / borrowing expensed	249,679	180,522	43,468	32,964	1,463	1,208	12,303	10,093	192,445	136,257
Charge for defined benefit plan	368,587	480,213	-	-	-	-	-	-	368,587	480,213
Contribution to defined contribution plan	286,118	249,853	-	-	-	-	-	-	286,118	249,853
Contribution to staff benevolent fund	20,000	20,000	-	-	-	-	-	-	20,000	20,000
Charity Paid	28,000	25,000	-	-	-	-	-	-	28,000	25,000
Remuneration to key management personnel										
- Salaries and benefits (excluding end of service benefit) (notes 40 & 31.1)	305,565	264,095	-	-	-	-	305,565	264,095	-	-
- End of service benefit charge for the founder president (note 38.15)	26,096	27,831	-	-	-	-	26,096	27,831	-	-
Fee to non-executive directors (note 40)	48,542	42,843	-	-	48,542	42,843	-	-	-	-
Proceeds from sale of fixed assets having net book value of Rs 0.361 million	1,984	-	-	-	-	-	1,984	-	-	-

45 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP had specified a transitional period for implementing new standards which came to its end on 31st December 2018. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

45.1 Capital structure

Under Basel III framework, the Group'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, balance in share premium account, reserve for bonus issue, general reserves, unappropriated profits (net of losses), and minority interest, etc after regulatory deductions for reciprocal crossholdings; deficit on revaluation of available for sale investments; investment in own shares; and book value of intangibles.
 - b) Additional Tier 1 capital (AT1), which includes perpetual, unsecured, subordinated, non-cumulative and contingent convertible Sukuk instrument issued by the Group.

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- Tier II capital, which includes sub-ordinated sukuk, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments, indirect holding of own capital.

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 Group 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.

45.2 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 Group to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Holding company'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 Holding company. The capital requirement of the Holding company has been determined based on the projected growth plan to be achieved in the next 3 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 Holding company 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.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.90% as of December 31, 2018 whereas CAR stood at 14.88% at the year ended December 31, 2018.

The Group 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.

Sensitivity and stress testing of the Group under different risk factors namely yield rate, forced sale value of collateral, non-performing financing and foreign exchange rate depicts that the Bank's capital adequacy ratio is above the regulatory requirements.

The Group has taken into account credit risk, market risk and operational risk when planning its assets.

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46 CAPITAL ADEQUACY AND LEVERAGE RATIOS

	2018	2017
	Rupees in '000	
Minimum Capital Requirement		
Paid-up capital (net of losses)	11,691,924	10,629,022
Capital Adequacy Ratio		
Eligible Common Equity Tier 1 Capital	42,034,961	36,272,695
Eligible Additional Tier 1 Capital	7,027,818	22,294
Total Eligible Tier 1 Capital	49,062,779	36,294,989
Eligible Tier 2 Capital	9,989,706	10,116,371
Total Eligible Capital (Tier 1 + Tier 2)	59,052,485	46,411,360
Risk Weighted Assets		
Credit Risk	323,222,054	281,851,833
Market Risk	16,845,781	17,814,020
Operational Risk	56,780,995	47,604,403
Total	396,848,830	347,270,256
Common Equity Tier 1 Capital Adequacy ratio	10.59%	10.45%
Tier 1 Capital Adequacy Ratio	12.36%	10.45%
Total Capital Adequacy Ratio	14.88%	13.36%
Leverage Ratio		
Tier-1 Capital	49,062,779	36,294,989
Total Exposures	1,109,745,157	908,746,046
Leverage Ratio	4.42%	3.99%

46.1 Full disclosure on Capital Adequacy and Leverage Ratios prepared as per SBP instructions is available at <http://www.meezanbank.com>

47 RISK MANAGEMENT

The wide variety of the Group's business activities require the Group to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Group's strategy and growth. The Group 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 Group.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Holding company's risk profile.
- The Group has set up objectives and policies to manage the risks that arise in connection with the Group's activities. The risk management framework and policies of the Group 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 Group.
- 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 Group.
- The risk management function is independent of the Group's operations.

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Risk management organisation

The Board Risk Management Committee of the Holding company comprises of two non-executive directors and one executive director. One of the non-executive directors of the Holding company 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 of the Holding company 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 of the Holding company
Asset and Liability Management Committee (ALCO)	President & CEO of the Holding company
Compliance & Operational Risk Management Committee (CORMC)	President & CEO of the Holding company

CRMC is responsible to oversee credit risk activities on MBL 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 MBL, 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 MBL is maximized without compromising on risk appetite. ALCO also ensures that the MBL overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

The CORMC is responsible for overseeing compliance risk by reviewing the adequacy of controls in place to meet regulatory requirements. The Committee is responsible for promoting compliance culture in MBL, facilitate in implementation of Compliance Program and oversee Money Laundering and Financing Terrorism risk. In addition, the Committee also oversees Operational Risk Framework by ensuring that policies and procedures are in place in all Key risk areas and by reviewing Key Risk Indicators. The Committee also monitors level of compliance of major unresolved and recurring issues pointed out in the Internal Audit, Shariah Audit and SBP Inspection Report.

The Group'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.

47.1 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 Group. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

Credit risk management and structure

The Group 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 of the Holding company. A comprehensive financing procedural manual approved by the senior management is also in place. The Group 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.

Watchlist procedure is also functioning which identifies financing 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 Board Risk Management Committee.

The Group 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 323,222.054 million (2017: Rs 281,851.833 million).

Thus, use of CRM resulted in capital adequacy ratio of the Group of 14.88%.

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47.1.1 Segmental information

47.1.1.1 Due from financial institutions

Credit risk by public / private sector

	Gross amount due from financial institution		Non-performing amount due from financial institution		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Public / Government	75,782,901	66,505,849	-	-	-	-
Private	109,073,265	80,764,938	41,566	41,566	41,566	41,566
	184,856,166	147,270,787	41,566	41,566	41,566	41,566

47.1.1.2 Investment in debt securities

Credit risk by industry sector

	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Textile	119,287	124,919	119,287	124,919	119,287	124,919
Cement	500,000	-	-	-	-	-
Chemical and Pharmaceuticals	302,955	511,537	53,648	59,063	53,648	59,063
Construction	400,000	-	-	-	-	-
Automobile and transportation equipment	697,495	1,107,334	-	-	-	-
Power (electricity), oil, gas and water	16,874,050	17,490,545	-	-	-	-
Federal Government Securities	89,420,405	84,895,331	-	-	-	-
Foreign Government Securities	4,788,337	3,376,124	-	-	-	-
Transport, Storage and Communication	2,433,333	3,366,667	-	-	-	-
Financial	2,773,756	1,072,173	-	-	-	-
	118,309,618	111,944,630	172,935	183,982	172,935	183,982

Credit risk by public / private sector

	Gross investments		Non-performing investments		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupees in '000					
Public / Government	110,137,212	104,051,992	-	-	-	-
Private	8,172,406	7,892,638	172,935	183,982	172,935	183,982
	118,309,618	111,944,630	172,935	183,982	172,935	183,982

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47.1.1.3 Islamic financing and related assets

Credit risk by industry sector

	Gross amount		Non-performing amount		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupeesin '000					
Agriculture, Food, Forestry and Fishing	100,863,987	99,347,493	337,334	115,741	337,334	115,741
Textile	80,313,835	73,154,016	4,403,537	4,381,126	4,339,569	4,295,238
Chemical and Pharmaceuticals	35,419,207	25,785,330	73,863	74,674	66,613	67,200
Cement	13,143,707	7,989,820	2,596	2,596	2,596	2,596
Sugar	9,822,896	7,677,505	108,718	108,718	108,718	108,718
Footwear and Leather garments	1,461,258	1,563,463	230,006	215,346	230,006	189,571
Automobile and transportation equipment	13,157,986	6,069,674	631,912	633,665	628,164	633,665
Electronics and electrical appliances	7,080,952	4,905,864	57,416	84,716	57,416	84,716
Construction	16,756,289	12,566,562	36,443	72,733	36,443	72,733
Power (electricity), oil, gas and water	107,787,451	82,591,525	61,571	61,571	61,571	61,571
Wholesale and Retail Trade	26,093,978	22,878,395	162,006	150,387	158,631	148,522
Exports / Imports	10,670,601	6,698,794	141,889	148,550	141,889	141,889
Paper, board and packaging	7,781,634	8,770,697	99,905	99,905	97,890	97,890
Transport, Storage and Communication	29,244,784	21,823,823	186,773	22,896	153,325	17,626
Financial	2,072,494	1,700,821	-	-	-	-
Insurance	215,174	169,317	-	-	-	-
Services	5,195,566	3,743,898	35,174	36,069	31,015	34,762
Individuals	52,091,347	38,579,854	336,155	292,416	242,726	252,629
Others	3,090,617	2,716,740	79,944	105,020	77,624	101,664
	<u>522,263,763</u>	<u>428,733,591</u>	<u>6,985,242</u>	<u>6,606,129</u>	<u>6,771,530</u>	<u>6,426,731</u>

Credit risk by public / private sector

	Gross amount		Non-performing amount		Provision held	
	2018	2017	2018	2017	2018	2017
	Rupeesin '000					
Public/ Government	135,856,834	134,951,330	-	-	-	-
Private	386,406,929	293,782,261	6,985,242	6,606,129	6,771,530	6,426,731
	<u>522,263,763</u>	<u>428,733,591</u>	<u>6,985,242</u>	<u>6,606,129</u>	<u>6,771,530</u>	<u>6,426,731</u>

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47.1.1.4 Contingencies and Commitments

Credit risk by industry sector

	2018	2017
	Rupees in '000	
Agriculture, Food, Forestry and Fishing	53,606,564	38,756,703
Textile	87,852,650	73,344,197
Chemical and Pharmaceuticals	33,391,962	14,653,168
Cement	7,360,211	9,754,650
Sugar	18,221,345	2,592,136
Footwear and Leather garments	1,923,709	1,526,181
Automobile and transportation equipment	10,106,979	7,993,863
Electronics and electrical appliances	10,741,174	2,948,147
Construction	20,621,063	9,040,615
Power (electricity), oil, gas and water	40,711,594	42,879,848
Wholesale and Retail Trade	9,470,597	10,563,245
Exports / Imports	4,873,264	6,259,977
Paper, board and packaging	6,474,923	4,524,567
Transport, Storage and Communication	3,911,071	17,175,204
Financial	114,660,376	88,762,266
Insurance	-	55,716
Services	7,452,398	5,722,847
Individuals	5,376,859	14,160,774
Others	26,198,761	12,953,779
	<u>462,955,500</u>	<u>363,667,883</u>

Credit risk by public / private sector

Public/ Government	35,103,690	19,646,280
Private	427,851,810	344,021,603
	<u>462,955,500</u>	<u>363,667,883</u>

47.1.1.5 Concentration of Top 10 exposures

Top 10 exposures on the basis of total (funded and non-funded exposures) aggregated to Rs 180,078 million (2017: Rs 138,724 million) are as following:

	2018	2017
	Rupees in '000	
Funded Exposure	145,056,016	123,155,434
Non Funded Exposure	35,655,566	15,568,755
Total Exposure	<u>180,711,582</u>	<u>138,724,189</u>

The sanctioned limits against these top 10 exposures aggregated to Rs 205,451 million (2017: Rs 151,285 million). All the exposures against these top 10 customers are classified as performing exposures.

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47.1.1.6 Islamic Financing and related assets - Province / Region-wise Disbursement & Utilization

Province / Region	2018						
	Disbursements		Utilization				
	Rupees in '000						
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	299,569,251	299,569,251	-	-	-	-	-
Sindh	297,780,172	28,501,991	252,632,490	4,084,133	11,487,367	1,073,801	390
KPK including FATA	2,476,320	-	-	2,476,320	-	-	-
Balochistan	347,823	-	-	-	347,823	-	-
Islamabad	111,318,054	-	-	-	-	111,318,054	-
AJK including Gilgit-Baltistan	747,443	-	-	-	-	-	747,443
Total	712,239,063	328,071,242	252,632,490	6,560,453	11,835,190	112,391,855	747,833

Province / Region	2017						
	Disbursements		Utilization				
	Rupees in '000						
	Punjab	Sindh	KPK including FATA	Balochistan	Islamabad	AJK including Gilgit-Baltistan	
Punjab	388,275,010	388,275,010	-	-	-	-	-
Sindh	192,484,786	4,089,940	184,682,144	3,033,842	665,336	13,460	64
KPK including FATA	2,279,993	-	-	2,279,993	-	-	-
Balochistan	21,245	-	-	-	21,245	-	-
Islamabad	25,360,086	-	-	-	-	25,360,086	-
AJK including Gilgit-Baltistan	197,918	-	-	-	-	-	197,918
Total	608,619,038	392,364,950	184,682,144	5,313,835	686,581	25,373,546	197,982

47.1.2 Credit Risk - General Disclosures

The Group has adopted Standardised Approach of Basel Accord 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 basis of standardised approach.

The Group is committed to further strengthen its risk management framework which will enable the Group to move ahead for adopting Foundation Internal Ratings Based (IRB) approach of Basel II. Meanwhile, none of the Group's assets class is subject to the Foundation IRB or advanced IRB approaches.

47.1.2.1 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 Group utilises the credit ratings assigned by ECAIs and has recognised agencies such as 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	2018				
	JCR-VIS	PACRA	Standard & Poors (S&P)	Fitch	Moody
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-

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Use of ECAI Ratings

The Group 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 III requirements.

47.1.2.2 Credit exposures subject to standardised approach

Exposures	2018			2017		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	194,042,282	143,659,107	50,383,175	151,721,981	120,907,869	30,814,112
50%	985,696	-	985,696	1,172,485	-	1,172,485
150%	83,328	-	83,328	48,780	-	48,780
Unrated	451,096	-	451,096	286,644	-	286,644
Sovereigns						
0%	173,195,662	30,719,089	142,476,573	171,965,673	42,036,396	129,929,277
20%	276,755	-	276,755	-	-	-
50%	2,051,928	-	2,051,928	1,728,346	-	1,728,346
100%	151,309	-	151,309	111,499	-	111,499
Public Sector entities						
20%	32,314,645	13,052,617	19,262,028	25,954,044	8,191,220	17,762,824
50%	-	-	-	-	-	-
Unrated (50%)	91,677,679	91,947,049	-	50,058,614	46,848,981	3,209,633
Corporate						
20%	93,937,224	1,784,000	92,153,224	46,789,540	5,342,857	41,446,683
50%	55,606,232	2,329,667	53,276,565	33,480,160	2,046,356	31,433,804
100%	3,258,718	-	3,258,718	3,515,549	-	3,515,549
150%	1,019,233	-	1,019,233	-	-	-
Unrated 1 (100%)	92,818,644	4,798,516	88,020,128	91,498,915	2,485,245	89,013,670
Unrated 2 (125%)	57,987,218	2,624,655	55,362,563	95,068,947	36,561,120	58,507,827
Retails						
75%	60,304,873	10,700,598	49,604,275	43,943,059	7,962,873	35,980,186
Total	860,162,522	301,615,298	558,816,594	717,344,236	272,382,917	444,961,319

47.1.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Group 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 Group has taken advantage of the cash collaterals available with the Group in the form of security deposits, cash margins, certificates of Islamic investment, monthly mudaraba certificate, saving accounts, guarantees, shares and Government securities.

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 Group to price risk as they are in the form of cash / cash equivalent collaterals. Since eligible collaterals for CRM purposes are all in the form of cash / cash equivalent collaterals, they generally do not pose risk to the Group 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.

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The Group mainly takes the benefit of CRM against its claims on banks, corporate and retail portfolio. Under the standardized approach for on-balance sheet exposures, Rs 195,562.402 million of exposure on banks is subject to the CRM of Rs 143,659.107 million. The corporate portfolio of Rs 304,627.269 million is subject to the CRM of Rs 11,536.838 million whereas claims on retail portfolio of Rs 60,304.873 million is subject to CRM of Rs 10,700.598 million. The total benefit of Rs 301,663.669 million was availed through CRM against total on-balance sheet exposure of Rs 923,628.897 million.

Under off-balance sheet, non-market related exposures; total benefit of Rs 17,640.547 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 385,997.643 million.

In the year 2018, total CRM benefit was Rs 319,304.216 million as against amount of Rs 281,144.077 million in year 2017.

47.1.2.4 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 Group has further defined limits to avoid excessive concentration of portfolio.

47.2 Market risk

Market risk 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.

47.2.1 Equity position in the banking and trading book

The Group classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 6.4 to these consolidated financial statements.

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 under 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 and held to maturity investments.

47.2.2 Balance sheet split by trading and banking books

	2018			2017		
	Banking Book	Trading Book	Total	Banking Book	Trading Book	Total
Rupees in '000						
Cash and balances with treasury banks	65,022,412	-	65,022,412	64,556,409	-	64,556,409
Balances with other banks	8,277,146	-	8,277,146	4,940,090	-	4,940,090
Due from financial institutions - net	184,814,600	-	184,814,600	147,229,221	-	147,229,221
Investments - net	121,881,948	5,233,428	127,115,376	116,689,122	6,471,779	123,160,901
Islamic financing and related assets - net	512,564,522	-	512,564,522	419,929,149	-	419,929,149
Fixed assets	13,228,398	-	13,228,398	11,464,973	-	11,464,973
Intangible assets	644,956	-	644,956	529,613	-	529,613
Deferred tax asset	868,024	-	868,024	-	-	-
Other assets - net	29,215,973	-	29,215,973	21,265,777	-	21,265,777
	936,517,979	5,233,428	941,751,407	786,604,354	6,471,779	793,076,133

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The Group uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Group 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 Group 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 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.

47.2.3 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. The Group's assets and liabilities in foreign currencies give rise to foreign exchange risk which has to be managed by the Group; 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 Group 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 Group's foreign currency risk for on and off balance sheet financial instruments:

	2018			Net foreign currency exposure
	Assets	Liabilities	Off-balance sheet items	
	Rupees in '000			
Pakistan Rupees	908,238,899	834,865,732	(29,777,104)	43,596,063
United States Dollars	30,482,064	55,168,119	24,656,496	(29,559)
Great Britain Pounds	677,715	3,995,066	3,330,962	13,611
Japanese Yen	34,146	45	(28,994)	5,107
Euro	1,715,095	3,876,456	2,119,253	(42,108)
Singapore Dollars	5,162	4	-	5,158
Australian Dollars	68,746	3,077	(101,482)	(35,813)
Canadian Dollars	165,561	1,387	(163,246)	928
United Arab Emirates Dirham	62,398	-	(30,244)	32,154
Swiss Francs	4,867	-	(5,641)	(774)
Saudi Riyal	18,551	-	-	18,551
Swedish Korona	436	-	-	436
Malaysian Ringgit	1,247	-	-	1,247
Hongkong Dollar	993	34	-	959
Thailand Bhat	1,086	-	-	1,086
Norwegian Krone	1,428	-	-	1,428
Danish Krone	1,046	-	-	1,046
Chinese Offshore Spot	2,019	-	-	2,019
Chinese Yuan	269,948	264,548	-	5,400
Total foreign currency exposure	33,512,508	63,308,736	29,777,104	(19,124)
Total currency exposure	941,751,407	898,174,468	-	43,576,939

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	2017			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	761,298,701	696,926,524	(25,985,522)	38,386,655
United States Dollars	28,470,828	50,008,227	21,514,920	(22,479)
Great Britain Pounds	897,203	3,707,232	2,816,966	6,937
Japanese Yen	260,286	186,571	(73,560)	155
Euro	1,717,815	3,623,082	1,921,584	16,317
Singapore Dollars	3,709	3	-	3,706
Australian Dollars	92,145	1,605	(119,868)	(29,328)
Canadian Dollars	11,324	994	(11,006)	(676)
United Arab Emirates Dirham	94,171	-	(60,120)	34,051
Swiss Francs	212,289	208,614	(3,394)	281
Saudi Riyal	7,865	3,680	-	4,185
Swedish Korona	1,942	-	-	1,942
Malaysian Ringgit	1,752	-	-	1,752
Hongkong Dollar	843	28	-	815
Thailand Bhat	311	-	-	311
Norwegian Krone	653	-	-	653
Chinese Offshore Spot	1,695	-	-	1,695
Chinese Yuan	2,601	-	-	2,601
Total foreign currency exposure	31,777,432	57,740,036	25,985,522	22,918
Total currency exposure	793,076,133	754,666,560	-	38,409,573

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 1% change in foreign exchange rates				
- Consolidated Profit and Loss Account	-	992	-	490
- Consolidated Other Comprehensive Income	-	-	-	-

47.2.4 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in value of equity portfolios of Group. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Group invests in only Shariah compliant equities as advised by the Resident Shariah Board Member.

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
	Rupees in '000			
Impact of 5% change in equity prices				
- Consolidated Profit and Loss Account	-	-	-	-
- Consolidated Other Comprehensive Income	-	205,492	-	222,537

Notes to and forming part of the Consolidated Financial Statements

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47.2.5 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 Group's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Group's income, and resultant impact is on the Group'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 Group's financial assets and liabilities to various scenarios.

The Group 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 Group by various shocks.

	2018		2017	
	Banking book	Trading book	Banking book	Trading book
Rupees in '000				
Impact of 1% change in discount rates				
- Consolidated Profit and Loss Account	854,290	-	627,006	-
- Consolidated Other Comprehensive Income	-	-	-	-

47.2.6 Mismatch of yield rate sensitive assets and liabilities

	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	-	65,022,412	-	-	-	-	-	-	-	-	-	65,022,412
Balances with other banks	0.31	8,277,146	310,375	-	-	-	-	-	-	-	-	7,966,771
Due from financial and other institutions	6.28	184,814,600	112,255,476	63,354,736	9,204,388	13,928,470	-	-	-	-	-	-
Investments	5.65	127,115,376	2,304,228	34,162,300	13,928,470	2,233,979	16,478,405	42,433,712	4,195,450	1,667,139	276,777	9,434,916
Islamic financing and related assets	7.16	512,564,522	179,575,584	92,482,198	69,817,791	11,757,760	6,274,079	9,389,053	15,009,074	2,074,916	-	126,184,067
Other assets	-	25,121,364	-	-	-	-	-	-	-	-	-	25,121,364
		922,915,420	294,445,663	189,999,234	92,950,649	13,991,739	22,752,484	51,822,765	19,204,524	3,742,055	276,777	233,729,530
Liabilities												
Bills payable	-	23,750,543	-	-	-	-	-	-	-	-	-	23,750,543
Due to financial institutions	4.01	36,407,811	35,371,084	-	-	-	-	-	-	-	-	1,036,727
Deposits and other accounts	2.54	785,444,592	470,707,108	24,158,618	4,228,460	673,000	-	-	-	-	-	285,677,406
Sub-ordinated Sukuk	8.55	14,000,000	7,000,000	7,000,000	-	-	-	-	-	-	-	-
Other liabilities	-	24,831,103	-	-	-	-	-	-	-	-	-	24,831,103
		884,434,049	513,078,192	31,158,618	4,228,460	673,000	-	-	-	-	-	335,295,779
On-balance sheet gap		38,481,371	(218,632,529)	158,840,616	88,722,189	13,318,739	22,752,484	51,822,765	19,204,524	3,742,055	276,777	(101,566,249)
Non financial assets												
- Fixed assets		13,228,398	-	-	-	-	-	-	-	-	-	-
- Intangible assets		644,956	-	-	-	-	-	-	-	-	-	-
- Deferred tax asset		868,024	-	-	-	-	-	-	-	-	-	-
- Other assets		4,094,609	-	-	-	-	-	-	-	-	-	-
		18,835,987	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
- Other liabilities		13,740,419	-	-	-	-	-	-	-	-	-	-
- Deferred tax liabilities		-	-	-	-	-	-	-	-	-	-	-
		13,740,419	-	-	-	-	-	-	-	-	-	-
Total net assets		43,576,939	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Forward Lending		74,321,214	-	-	-	-	-	-	-	-	-	74,321,214
Forward borrowings		44,544,110	-	-	-	-	-	-	-	-	-	44,544,110
Off-balance sheet gap		29,777,104	-	-	-	-	-	-	-	-	-	29,777,104
Total yield risk rate sensitivity gap			(218,632,529)	158,840,616	88,722,189	13,318,739	22,752,484	51,822,765	19,204,524	3,742,055	276,777	(101,566,249)
Cumulative yield risk rate sensitivity gap			(218,632,529)	(59,791,913)	28,930,276	42,249,015	65,001,499	116,824,264	136,028,788	139,770,843	140,047,620	38,481,371

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		2017										
		Exposed to yield risk										
Effective yield rate %	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	Non-yield bearing financial instruments	
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	64,556,409	-	-	-	-	-	-	-	-	-	64,556,409
Balances with other banks	0.18	4,940,090	111,905	-	-	-	-	-	-	-	-	4,828,185
Due from financial institutions	5.77	147,229,221	23,868,925	49,716,251	4,376,876	69,267,169	-	-	-	-	-	-
Investments	5.39	123,160,901	7,027,190	6,988,489	48,745,895	-	30,698,206	15,126,496	1,124,924	2,221,122	-	11,228,579
Islamic financing and related assets	6.57	419,929,149	41,964,180	152,729,213	83,155,120	16,726,426	3,679,676	6,921,316	13,278,112	1,016,739	-	97,768,087
Other assets	-	19,506,096	-	-	-	-	-	-	-	-	-	19,506,096
		779,321,866	72,972,200	209,433,953	136,277,891	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	197,887,356
Liabilities												
Bills payable	-	17,175,035	-	-	-	-	-	-	-	-	-	17,175,035
Due to financial institutions	4.10	36,813,295	16,390,656	8,731,443	10,869,365	-	-	-	-	-	-	821,831
Deposits and other accounts	2.30	667,173,368	435,655,251	-	-	-	-	-	-	-	-	231,518,117
Sub-ordinated Sukuk	6.73	7,000,000	-	7,000,000	-	-	-	-	-	-	-	-
Other liabilities	-	16,916,529	-	-	-	-	-	-	-	-	-	16,916,529
On-balance sheet gap		745,078,227	452,045,907	15,731,443	10,869,365	-	-	-	-	-	-	266,431,512
		34,243,639	(379,073,707)	193,702,510	125,408,526	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	(68,544,156)
Non financial assets												
- Fixed assets		11,464,973										
- Intangible assets		529,613										
- Other assets		1,759,681										
		13,754,267										
Non financial liabilities												
- Other liabilities		9,357,546										
- Deferred Tax liabilities		230,787										
		9,588,333										
Total net assets		38,409,573										
Off-balance sheet financial instruments												
Forward Lending		75,272,094	-	-	-	-	-	-	-	-	-	75,272,094
Forward borrowings		49,286,572	-	-	-	-	-	-	-	-	-	49,286,572
Off-balance sheet gap		25,985,522	-	-	-	-	-	-	-	-	-	25,985,522
Total yield risk rate sensitivity gap		(379,073,707)	193,702,510	125,408,526	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	(68,544,156)	
Cumulative yield risk rate sensitivity gap		(379,073,707)	(185,371,197)	(59,962,671)	26,030,924	60,408,806	82,456,618	96,859,654	100,097,515	102,787,795	34,243,639	

The Group 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.

47.3 Liquidity risk

Liquidity risk is the potential for loss to the Group 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 Holding company's Board of Directors sets the 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 liquidity position on a daily basis. The 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.

Notes to and forming part of the Consolidated Financial Statements

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47.3.1 Maturities of assets and liabilities based on contractual maturities

2018

	Total	Upto 1 Day	Upto 7 Day	Upto 14 Days	Upto 1 month	Upto 2 months	Upto 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	65,022,412	21,457,396	14,521,672	14,521,672	14,521,672	43,516,511	-	-	-	-	-	-	-	-
Balances with other banks	8,277,146	4,138,573	4,138,573	-	-	-	-	-	-	-	-	-	-	-
Due from financial institutions	184,814,600	-	-	53,240,917	38,808,862	3,006,352	19,838,225	9,204,387	-	-	-	-	-	-
Investments	127,115,376	908,933	866,310	1,098,195	2,704,883	3,006,352	28,341,656	11,593,534	4,320,420	18,128,237	48,530,621	7,787,206	7,770,924	1,492,055
Islamic financing and related assets	512,564,522	143,920,374	7,842,269	4,767,501	24,972,247	28,834,181	24,703,611	71,147,499	21,102,254	20,258,507	21,295,023	60,784,938	66,288,129	16,667,969
Fixed assets	13,229,338	53,058	318,350	371,409	846,934	261,616	115,691	357,132	695,914	1,277,800	1,092,355	1,493,030	1,485,685	4,867,364
Intangible assets	644,956	703	4,217	4,920	11,246	30,988	30,988	61,186	90,172	154,673	125,688	119,582	10,593	-
Deferred tax assets	866,024	2,412	14,473	16,865	38,595	72,366	72,366	217,099	433,828	702,102	691,425	1,105,087	-	-
Other assets	29,215,973	60,968	961,093	951,320	2,663,445	4,530,913	2,444,558	5,616,454	9,494,432	40,521,319	72,725,112	71,289,923	75,535,331	23,031,558
	941,751,407	170,542,417	47,872,861	74,972,819	85,568,894	80,252,987	75,547,095	87,763,291	36,127,020	40,521,319	72,725,112	71,289,923	75,535,331	23,031,558
Liabilities														
Bills payable	23,750,543	8,075,185	5,225,119	5,225,119	5,225,120	12,871,833	4,496,541	4,496,541	-	-	-	-	-	-
Due to financial institutions	36,407,811	496,366	12,470,460	110,411	404,395	29,542,966	20,294,930	20,572,571	-	-	-	-	-	-
Deposits and other accounts	785,444,592	573,339,841	32,577,225	17,472,656	29,542,966	29,421,294	20,294,930	20,572,571	27,133,880	5,496,273	6,421,521	11,814,447	11,336,798	7,000,000
Sub-ordinated Sukuk	14,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	38,571,522	127,736	1,355,971	1,413,642	3,715,092	6,102,573	3,994,553	10,462,514	9,404,967	575,195	564,506	850,396	-	3,807
	888,174,468	582,059,128	51,628,715	24,222,026	38,867,773	48,395,690	28,786,054	35,531,626	36,538,847	6,071,468	7,613,101	12,772,993	18,663,178	7,003,807
Net assets	43,576,939	(411,516,711)	(3,756,114)	50,750,791	46,682,121	31,857,277	46,761,041	52,231,665	(411,827)	34,449,851	65,112,011	58,516,930	56,872,153	16,027,751
Share capital	11,681,924													
Reserves	15,185,565													
Unappropriated profit	15,738,889													
Deficit on revaluation of investments	(45,883)													
Non-controlling interest	1,006,434													
	43,576,939													

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2017

	Rupees in '000												
	Upto 1 Day	Upto 7 Day	Upto 14 Days	Upto 1 month	Upto 2 months	Upto 3 months	Over 3 to 6 months	Over 6 months to 1 Years	Over 1 to 2 Years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years
Assets													
Cash and balances with treasury banks	64,556,409	-	-	-	-	-	4,376,676	-	-	-	-	-	-
Balances with other banks	4,940,090	-	-	3,596,003	34,386,258	15,319,883	1,924,537	41,948,167	36,297,159	19,376,073	-	-	-
Due from financial institutions	-	-	-	2,681,013	671,197	1,371,936	1,924,537	10,331,446	17,469,665	21,643,860	2,885,636	4,203,029	7,457,925
Investments	123,160,901	915,382	1,155,444	10,676,285	26,024,150	34,125,354	60,383,321	10,331,446	1,189,221	990,456	34,213,111	50,660,278	14,480,355
Islamic financing and related assets	419,929,149	3,048,178	3,540,922	68,088	255,996	127,893	376,536	681,898	1,406,221	990,456	1,406,221	1,573,235	4,735,487
Fixed assets	11,464,973	4,256	25,537	9,146	33,331	16,665	45,512	88,289	124,989	85,254	88,435	28,979	-
Intangible assets	529,613	3,400	4,001	9,146	33,331	16,665	45,512	88,289	124,989	85,254	88,435	28,979	-
Deferred tax assets	572	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	283,761	787,730	830,768	2,446,637	2,998,659	1,744,229	3,527,374	5,497,387	1,204,478	647,354	1,143,384	151,975	2,021
	793,076,133	4,780,357	25,831,850	19,681,182	64,379,561	52,706,220	70,634,156	127,615,366	96,285,512	42,742,997	39,737,073	56,617,946	26,675,788
Liabilities													
Bills payable	5,839,511	3,776,508	3,776,508	3,776,508	5,795,156	2,936,287	10,869,365	-	-	329,008	-	-	-
Due to financial institutions	1,343,378	14,361,832	747,745	430,524	12,866,019	12,294,545	16,780,284	27,012,443	7,427,059	5,450,187	12,517,600	10,335,712	-
Deposits and other accounts	667,773,368	10,321,539	19,492,575	33,009,594	12,866,019	12,294,545	16,780,284	27,012,443	7,427,059	5,450,187	12,517,600	10,335,712	-
Sub-ordinated Sukuk	7,000,000	-	-	-	-	-	-	-	-	-	7,000,000	-	-
Deferred Tax liabilities	230,787	643	4,489	10,261	19,240	19,240	57,721	115,345	-	589,944	1,026,398	151,975	-
Other liabilities	26,274,075	317,742	1,072,590	3,002,988	3,837,056	2,545,604	6,007,314	5,577,287	1,147,152	589,944	1,026,398	151,975	1,872
	754,666,560	505,067,825	29,461,870	40,231,885	22,817,471	17,795,676	35,714,684	32,705,075	8,574,211	6,369,139	20,943,998	10,487,147	1,872
Net assets	38,409,573	(29,889,550)	(24,681,013)	(20,540,703)	(41,782,090)	(34,910,544)	(34,919,472)	(35,110,291)	(47,711,301)	(36,373,858)	(19,193,075)	(46,130,349)	(26,673,916)
Share capital	10,629,022	-	-	-	-	-	-	-	-	-	-	-	-
Reserves	13,383,125	-	-	-	-	-	-	-	-	-	-	-	-
Unappropriated profit	12,563,156	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	816,295	-	-	-	-	-	-	-	-	-	-	-	-
Non-Controlling Interest	1,007,975	-	-	-	-	-	-	-	-	-	-	-	-
	38,409,573	-	-	-	-	-	-	-	-	-	-	-	-

Current and Savings deposits have been classified under maturity upto one day as these do not have any contractual maturity.

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47.3.2 Maturities of assets and liabilities based on expected maturities

		2018								
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	65,022,412	-	-	-	-	-	-	-	-	
Balances with other banks	8,277,146	-	-	-	-	-	-	-	-	
Due from financial and other institutions	184,814,600	112,255,476	63,354,736	9,204,388	-	-	-	-	-	
Investments	127,115,376	5,578,332	31,348,049	1,159,534	4,320,420	18,128,237	49,530,621	7,787,206	1,492,053	
Islamic financing and related assets	512,564,522	81,961,222	87,847,815	103,062,351	54,418,548	20,258,507	21,295,023	60,784,958	66,268,129	
Operating fixed assets	13,228,398	1,591,752	377,307	357,132	695,914	1,277,800	1,082,355	1,493,090	1,485,685	
Intangible assets	644,956	21,086	61,976	61,186	90,172	154,673	125,688	119,582	10,593	
Deferred tax assets	868,024	71,995	144,733	217,098	434,198	-	-	-	-	
Other assets	29,215,973	4,636,831	6,975,470	5,616,453	9,484,433	702,102	691,425	1,105,087	-	
	941,751,407	279,416,252	190,110,086	119,678,142	69,443,685	40,521,319	72,725,112	71,289,923	75,535,331	
Liabilities										
Bills payable	23,750,543	-	-	-	-	-	-	-	-	
Due to financial institutions	36,407,811	13,481,832	17,368,374	4,496,541	-	-	627,074	107,610	326,380	
Deposits and other accounts	785,444,592	125,678,932	86,607,369	54,888,366	75,663,743	74,127,863	59,084,393	95,325,715	214,068,211	
Sub-ordinated Sukuk	14,000,000	-	-	-	-	-	-	-	7,000,000	
Other liabilities	38,571,522	6,652,805	10,056,792	10,462,515	9,404,967	575,195	564,506	850,936	-	
	898,174,468	169,564,112	114,032,535	69,847,422	85,068,710	74,703,058	60,275,973	96,284,261	221,394,591	
Net assets	43,576,939	109,852,140	76,077,551	49,830,720	(15,625,025)	(34,181,739)	12,449,139	(24,994,338)	(145,859,260)	
Share capital	11,691,924	-	-	-	-	-	-	-	-	
Reserves	15,185,565	-	-	-	-	-	-	-	-	
Unappropriated profit	15,738,899	-	-	-	-	-	-	-	-	
Deficit on revaluation of investments	(45,883)	-	-	-	-	-	-	-	-	
Non-controlling interest	1,006,434	-	-	-	-	-	-	-	-	
	43,576,939	-	-	-	-	-	-	-	-	
2017										
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	64,556,409	-	-	-	-	-	-	-	-	
Balances with other banks	4,940,090	-	-	-	-	-	-	-	-	
Due from financial and other institutions	147,229,221	23,868,925	49,716,251	4,376,876	69,267,169	-	-	-	-	
Investments	123,160,901	10,948,094	2,042,492	1,924,442	41,943,268	36,304,069	19,375,122	2,885,494	4,202,907	
Islamic financing and related assets	419,929,149	59,846,509	93,323,046	91,240,465	37,052,061	17,469,639	21,555,865	34,301,026	50,660,205	
Fixed assets	11,464,973	1,383,506	327,944	310,409	604,869	1,110,627	940,753	1,297,752	1,291,315	
Intangible assets	529,613	16,243	47,742	47,134	69,463	119,151	129,601	92,119	8,160	
Deferred tax assets	-	-	-	-	-	-	-	-	-	
Other assets	21,265,777	3,553,189	3,682,756	4,274,803	7,595,929	913,219	369,879	724,027	151,975	
	793,076,133	169,112,965	149,140,231	102,174,129	156,532,759	55,916,705	42,371,220	39,300,418	56,314,562	
Liabilities										
Bills payable	17,175,035	-	-	-	-	-	-	-	-	
Due to financial institutions	36,813,295	16,637,068	8,977,855	10,869,364	-	-	329,008	-	-	
Deposits and other accounts	667,173,368	101,814,398	56,542,191	47,872,723	68,141,962	65,615,388	50,085,657	83,336,610	140,437,104	
Sub-ordinated Sukuk	7,000,000	-	-	-	-	-	-	-	7,000,000	
Deferred Tax liabilities	230,787	-	-	-	57,697	57,697	57,697	57,696	-	
Other liabilities	26,274,075	4,311,897	4,105,861	4,904,970	2,713,233	1,786,672	1,234,721	2,452,713	4,764,008	
	754,666,560	139,938,398	69,625,907	63,647,057	70,912,892	67,459,757	51,707,083	85,847,019	152,201,112	
Net assets	38,409,573	29,174,567	79,514,324	38,527,072	85,619,867	(11,543,052)	(9,335,863)	(46,546,601)	(95,886,550)	
Share capital	10,629,022	-	-	-	-	-	-	-	-	
Reserves	13,393,125	-	-	-	-	-	-	-	-	
Unappropriated profit	12,563,156	-	-	-	-	-	-	-	-	
Surplus on revaluation of investments	816,295	-	-	-	-	-	-	-	-	
Non-Controlling Interest	1,007,975	-	-	-	-	-	-	-	-	
	38,409,573	-	-	-	-	-	-	-	-	

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, 29.3% of current accounts and 28.6% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 70.7% of current accounts and 71.4% of savings accounts are bucketed into maturities of above 1-Year.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

47.4 Operational risk

The Group 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 Group 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.

48 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

48.1 The Holding company managed following general and specific pools during the year:

2018							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	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	7.06%	50%	13,314,826	3.91%	10%	1,388,628
USD Pool	Monthly	3.81%	75%	720,723	0.95%	-	-
GBP Pool	Monthly	1.18%	90%	20,169	0.12%	-	-
EUR Pool	Monthly	0.17%	90%	1,637	0.02%	-	-

2017							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	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	6.42%	50%	10,872,732	3.65%	14%	1,491,157
USD Pool	Monthly	3.09%	75%	424,879	0.77%	-	-
GBP Pool	Monthly	1.32%	90%	19,505	0.13%	-	-
EUR Pool	Monthly	0.66%	90%	5,885	0.06%	-	-

2018							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	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) Musharaka Pool	Monthly	5.16%	-*	-*	2.19%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	11.46% - 5.24%	-*	-*	10.70% - 5.60%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	15.55% - 5.24%	-*	-*	10.80% - 3.50%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

2017							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment ratio	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) Musharaka Pool	Monthly	4.48%	-*	-*	2.06%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	7.63% - 5.24%	-*	-*	6.35% - 4.50%	N/A	N/A
Special Sharikah Certificate Musharaka / Mudaraba borrowing Pool	As required	7.91% - 5.24%	-*	-*	6.50% - 2.40%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

48.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2018	2017	2018	2018	2017	2017
PKR Pool						
Saving Accounts	24.05%	23.37%	0.67	0.57	0.67	0.66
Meezan Bachat Account	18.69%	18.57%	0.88	0.57	0.88	0.66
Karobarī Munafa Account	10.11%	10.83%	1.36	0.57	1.34	0.66
Certificate of Islamic Investment Plus	10.39%	12.46%	1.72	0.70	1.49	1.16
Meezan Aamdān Certificate	7.80%	8.71%	1.72	1.19	1.67	1.57
USD Pool						
Saving Accounts	4.64%	3.73%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	2.33%	1.71%	1.35	1.35	1.35	0.77
GBP Pool						
Saving Accounts	0.49%	0.46%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.27%	0.29%	0.27	0.27	0.27	0.27

48.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2018	2017
	Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	46,724,070	35,375,577
Other Income (including other charges)	2,717,152	2,209,095
Directly related costs attributable to pool	(1,431,931)	(959,646)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2018

49 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary to facilitate comparison and better presentation.

50. NON-ADJUSTING EVENT

The Board of Directors of the Holding company in its meeting held on February 21, 2019 has announced final cash dividend of Rs 2 per share (20%). The financial statements for the year ended December 31, 2018, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2019.

51. RECLASSIFICATIONS

As a result of change in forms for the preparation of financial statements issues by SBP and for better presentation, corresponding figures have been rearranged wherever necessary, for purposes of comparison, which are as follows:

Transfer from	Transfer to	Rupees in '000 Aggregate
Deposits and other accounts - Current accounts (non-remunerative)	Bills payable - In Pakistan	6,006,942
Other Liabilities - Provision against off balance sheet obligations	Other assets - Provision against other assets - Acceptances	35,451
Profit / return earned on Islamic financing and related assets, investments and placements and income from dealing in foreign currencies	Profit on deposits and other dues expensed	410,908
Other income	Provisions & write offs - net	23,553
Other reversals of provision	Provisions & write offs - net	13,524

52. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 21, 2019 by the Board of Directors of the Holding company.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Noorur Rahman
Abid
Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Statement Showing Written-Off Financing or any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2018

Rupees in '000

Consolidated Statement showing written-off financing or any other financial relief of Rupees 500,000 and above during the year ended December 31, 2018.

S. No.	Name and address of the borrower	CNIC No.	Father's Name	Outstanding liabilities as at January 1, 2018				Principal written-off	Profit written-off	Other Financial Relief	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
1	Muhammad Anjum Rauf Mian House No. 161/2, Block U, Defence Housing Authority, Lahore	35202-0278894-1	M.A. Rauf Mian	11,765	17,906	913	30,584	-	18,217	913	19,130
2	Abdul Rasheed B-603, 7th Floor, Al Habib Pride, Plot # 5, CL-8, Civil Lines, Karachi	42301-5380243-9	Saleh Mohammad	637	447	139	1,223	-	447	139	586
3	Asif Haider Flat # A-202, Second floor, Sachi Tower, Muhammad Ali Jinnah Road, Karachi	42301-1275355-3	Syed Mubeen Zaidi	-	3,543	268	3,811	-	1,790	-	1,790
				12,402	21,896	1,320	35,618	-	20,454	1,052	21,506

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- No Withholding Tax on cash withdrawals
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 - Shariah-compliant return on savings
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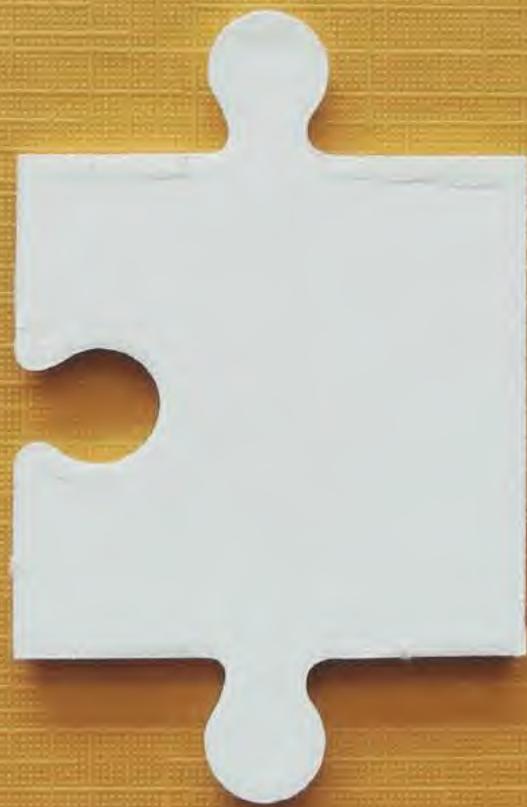
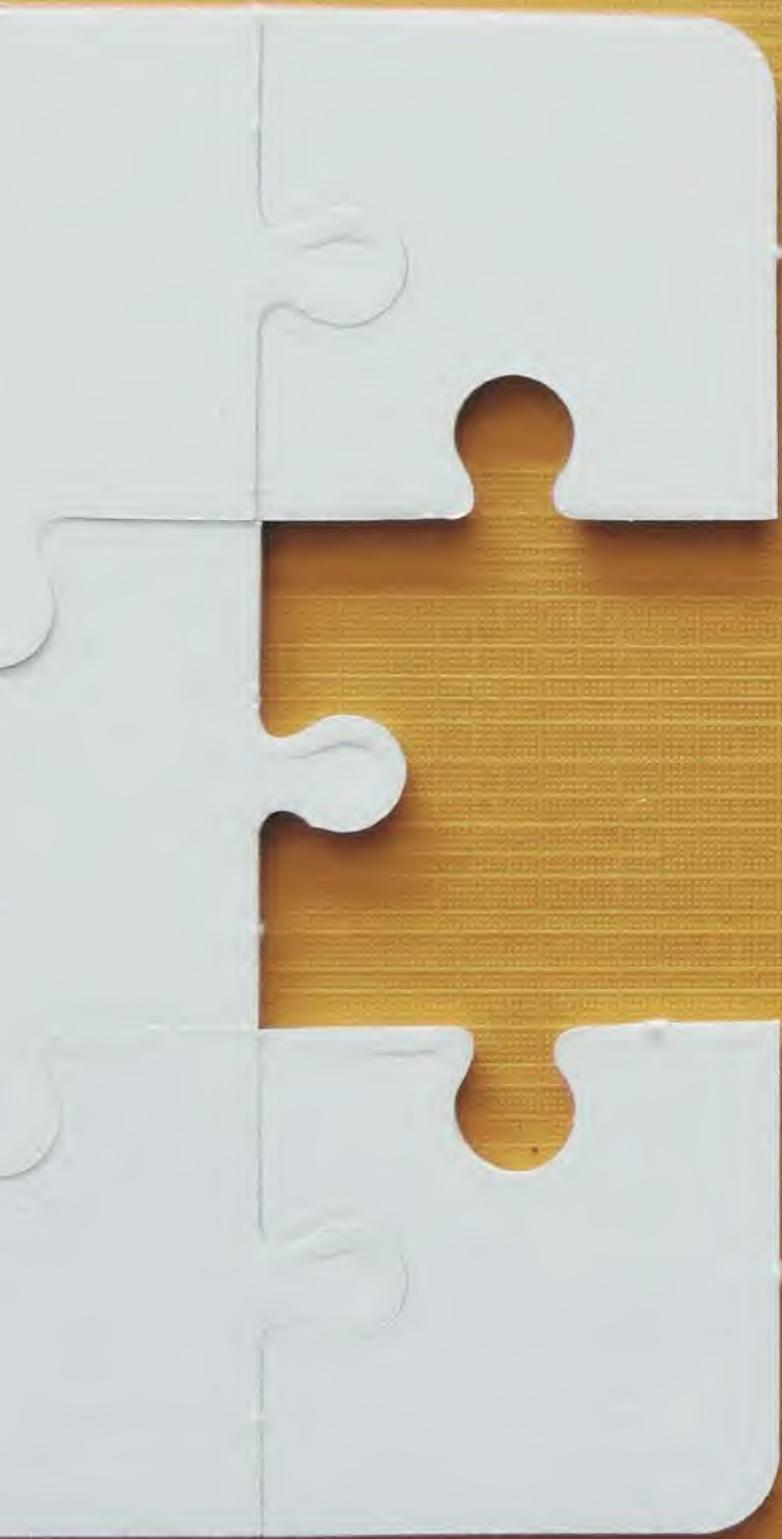


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Pattern of Shareholding

As at December 31, 2018

No. of Shareholders	No. of Shares		'Shares held'	Percentage
	From	To		
541	1	100	9,478	0.0008%
279	101	500	77,205	0.0066%
214	501	1000	151,032	0.0129%
508	1001	5000	1,236,470	0.1058%
142	5001	10000	971,296	0.0831%
81	10001	15000	966,988	0.0827%
43	15001	20000	748,864	0.0640%
39	20001	25000	890,360	0.0762%
34	25001	30000	939,571	0.0804%
15	30001	35000	483,362	0.0413%
14	35001	40000	519,900	0.0445%
12	40001	45000	504,515	0.0432%
13	45001	50000	625,361	0.0535%
9	50001	55000	472,176	0.0404%
8	55001	60000	454,063	0.0388%
5	60001	65000	308,827	0.0264%
4	65001	70000	273,106	0.0234%
7	70001	75000	508,757	0.0435%
10	75001	80000	776,397	0.0664%
6	80001	85000	492,447	0.0421%
3	85001	90000	264,068	0.0226%
5	90001	95000	465,154	0.0398%
4	95001	100000	397,115	0.0340%
4	100001	105000	408,951	0.0350%
2	110001	110000	215,680	0.0184%
7	110001	115000	788,951	0.0675%
1	115001	120000	116,800	0.0100%
3	120001	125000	365,300	0.0312%
5	125001	130000	634,907	0.0543%
3	130001	135000	401,500	0.0343%
4	135001	140000	557,157	0.0477%
1	140001	145000	142,300	0.0122%
4	145001	150000	589,196	0.0504%
1	150001	155000	150,414	0.0129%
2	155001	160000	317,063	0.0271%
2	160001	165000	325,000	0.0278%
2	165001	170000	332,347	0.0284%
1	170001	175000	174,900	0.0150%
1	180001	185000	180,730	0.0155%
2	185001	190000	375,055	0.0321%
1	195001	200000	198,000	0.0169%
1	200001	205000	204,050	0.0175%
1	205001	210000	205,500	0.0176%
2	210001	215000	428,300	0.0366%
1	215001	220000	220,000	0.0188%
3	220001	225000	665,018	0.0569%
2	230001	235000	464,497	0.0397%
1	235001	240000	235,405	0.0201%
2	245001	250000	514,710	0.0440%
1	250001	255000	268,180	0.0229%
2	270001	275000	543,924	0.0465%
3	285001	290000	860,060	0.0736%
1	290001	295000	293,250	0.0251%
1	295001	300000	295,581	0.0253%
1	330001	335000	331,420	0.0283%
1	340001	345000	340,600	0.0291%
1	350001	355000	353,152	0.0302%
1	365001	370000	365,500	0.0313%
2	380001	385000	766,439	0.0656%
1	385001	390000	389,460	0.0333%
1	400001	405000	400,200	0.0342%
1	430001	435000	430,550	0.0368%
1	440001	445000	441,551	0.0378%
1	455001	460000	455,954	0.0390%
1	460001	465000	460,715	0.0394%
1	465001	470000	466,099	0.0399%
1	480001	485000	484,309	0.0414%
2	485001	490000	978,589	0.0837%
1	495001	500000	495,550	0.0424%
1	540001	545000	543,356	0.0465%
1	545001	550000	550,000	0.0470%
1	570001	575000	570,827	0.0488%
1	575001	580000	580,000	0.0496%
1	605001	610000	605,743	0.0518%
1	645001	650000	646,115	0.0553%
1	675001	680000	677,072	0.0579%
1	715001	720000	719,203	0.0615%
1	730001	735000	734,793	0.0628%
1	750001	755000	754,761	0.0648%
1	780001	785000	783,157	0.0670%
1	790001	795000	793,081	0.0678%
1	800001	805000	802,717	0.0687%
1	815001	820000	818,156	0.0700%
1	820001	825000	821,447	0.0703%
1	825001	830000	828,964	0.0709%
2	850001	855000	1,705,482	0.1459%
1	875001	880000	875,011	0.0748%
2	885001	890000	1,776,095	0.1519%
1	910001	915000	913,000	0.0781%
1	940001	945000	941,190	0.0805%
1	1030001	1035000	1,034,550	0.0885%
2	1055001	1060000	2,114,039	0.1808%
1	1085001	1100000	1,100,000	0.0941%
1	1140001	1145000	1,140,900	0.0976%
1	1160001	1165000	1,163,900	0.0995%
1	1170001	1175000	1,175,000	0.1005%
1	1195001	1200000	1,197,446	0.1024%
1	1240001	1245000	1,242,848	0.1063%
1	1290001	1295000	1,290,011	0.1103%
2	1330001	1335000	2,664,700	0.2279%
1	1470001	1475000	1,474,100	0.1261%
1	1500001	1505000	1,504,133	0.1286%
1	1645001	1650000	1,649,187	0.1411%
1	1660001	1665000	1,660,500	0.1420%
1	1710001	1715000	1,710,039	0.1463%
1	1865001	1870000	1,867,775	0.1597%
1	1920001	1925000	1,925,000	0.1646%
1	1935001	1940000	1,939,099	0.1658%
1	1945001	1950000	1,948,513	0.1667%
1	2015001	2020000	2,015,629	0.1724%
1	2060001	2065000	2,063,350	0.1765%
1	2090001	2095000	2,094,593	0.1791%
1	2235001	2240000	2,239,000	0.1915%
1	2445001	2450000	2,445,312	0.2091%
1	2645001	2650000	2,649,152	0.2266%
1	2985001	2990000	3,000,000	0.2566%
1	3270001	3275000	3,270,899	0.2798%
1	3495001	3500000	3,498,258	0.2992%
1	3615001	3620000	3,617,755	0.3094%
1	3725001	3730000	3,725,382	0.3186%
1	3750001	3755000	3,752,263	0.3209%
1	4060001	4065000	4,061,500	0.3474%
1	4205001	4210000	4,206,019	0.3597%
1	4215001	4220000	4,218,389	0.3608%
1	5505001	5510000	5,505,711	0.4709%
1	6950001	6955000	6,950,134	0.5944%
1	7220001	7225000	7,224,454	0.6179%
1	9110001	9115000	9,111,452	0.7793%
2	9630001	9635000	19,265,212	1.6477%
1	11415001	11420000	11,418,816	0.9766%
1	12840001	12845000	12,843,474	1.0985%
1	26060001	26065000	26,064,141	2.2323%
1	33335001	33340000	33,335,610	3.3643%
1	109010001	109015000	109,014,771	9.3239%
1	350755001	350760000	350,757,710	30.0000%
1	446430001	446435000	446,432,362	38.1830%
2,152			1,169,192,384	100.0000

Categories of Shareholders

For the year ended December 31, 2018

Particulars	2018			2017		
	Number of Shareholders	Shares held	Percentage	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive, their spouse and minor children	4	9,179,415	0.79%	4	8,539,853	0.80%
Associated Companies, undertakings and related parties	8	916,295,328	78.37%	7	943,444,729	88.76%
Banks, Development Financial Institutions and Non Banking Finance Companies	5	1,099,497	0.09%	6	3,015,180	0.28%
Insurance Companies	10	30,928,748	2.65%	12	12,806,372	1.21%
Mudarabah and Mutual Funds	52	39,269,329	3.36%	39	21,281,991	2.00%
General Public						
a. Local	1,833	40,807,331	3.49%	1,775	34,663,749	3.26%
b. Foreign	104	3,261,324	0.28%	87	1,477,719	0.14%
Others	136	128,351,412	10.98%	104	37,672,575	3.55%
Total	2,152	1,169,192,384	100.00%	2,034	1,062,902,168	100.00%

Additional Information as at December 31, 2018

Particulars	2018			2017		
	Number of Shareholders	Shares held	Percentage	Number of Shareholders	Shares held	Percentage
Associated Companies & Shareholders with more than 10% shareholding						
Noor Financial Investment Co, Kuwait	1	446,432,362	38.18%	1	522,033,439	49.11%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	1	350,757,710	30.00%	1	318,870,646	30.00%
Islamic Development Bank, Jeddah	1	109,014,771	9.32%	1	99,104,338	9.32%
CDC Trustee Meezan Islamic Fund	1	6,950,134	0.59%	1	2,840,077	0.27%
CDC Trustee Meezan Balanced Fund	1	889,350	0.08%	1	79,819	0.01%
CDC Trustee Meezan Dedicated Equity Fund	1	430,550	0.03%	1	510,000	0.05%
CDC Trustee Meezan Asset Allocation Fund	1	488,951	0.04%	1	6,410	0.00%
CDC Trustee Al Meezan Mutal Fund	1	1,331,500	0.11%			
Directors, Chief Executive, their spouse and minor children						
*Mr. Mohammad Abdul Aleem	-	-	-	1	195,384	0.02%
Mr. Noorur Rahman Abid	1	3,332,057	0.28%	1	3,029,143	0.28%
Mr. Irfan Siddiqui	1	3,752,264	0.32%	1	3,411,150	0.32%
Mr. Ariful Islam	1	2,094,593	0.18%	1	1,904,176	0.18%
**Ms. Laila M. S. A. S. A. S. Abbas	1	501	0.00%	-	-	-
Executives	21	910,329	0.08%	15	339,707	0.03%
Public Sector Companies, Corporations, Banks, DFI's, NBFC's, Insurance Companies, Mudarabah, Mutual Funds and other Organizations	203	199,648,986	17.08%	161	74,776,118	7.04%
General Public	1,916	43,158,326	3.69%	1,847	35,801,761	3.37%
Total	2,152	1,169,192,384	100.00%	2,034	1,062,902,168	100.00%

*Mr. Mohammad Abdul Aleem retired on November 17, 2018

**Ms. Laila M. S. A. S. A. S. Abbas resigned on February 19, 2019

Guidelines and Policies

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, 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 disfavor 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. & Meezan Bank 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.

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.

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.

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 Meezan Bank's 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.

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.

Summary of Corporate Social Responsibility Policy

Scope of Corporate Social Responsibility Policy

The CSR Policy pertains to all corporate social responsibility activities undertaken by Meezan Bank and applies to all employees of the Bank.

Activities undertaken by the Bank may include projects being implemented independently by Meezan Bank or projects undertaken in coordination with other entities.

Objective of Meezan Bank's CSR initiatives

To contribute as a responsible corporate citizen to the community and environment in which the Bank is operating.

Areas of Focus

Meezan Bank may contribute in the form of financial assistance, providing logistic support and availability of human resources for charitable causes in various sectors including, but not limited to the ones mentioned below, as per the Management's discretion:

- Health
- Social & Environment Sustainability
- Education
- Creating awareness about the prohibition of Riba and the available alternatives

The Bank may also encourage its employees to volunteer and contribute to its own or other organizations' CSR initiatives,

Summary of Sustainability Policy

Purpose

The purpose of the Sustainability Policy is to provide a framework for incorporating sustainability into the Bank's business operations and to minimize the environmental, social, ethical and financial and Shariah risks to the Bank's stakeholders and to the organization itself.

Scope of Sustainability Policy

The Sustainability Policy shall support business decision making at all levels of the Bank and will provide a frame of

reference for dealing with direct and indirect sustainability risks.

It is applicable to all of the Bank's products and services, organizational units and departments and may include projects and activities being implemented independently by Meezan Bank or projects undertaken in coordination with other entities.

Summary of Green Banking Policy

Scope and Objective

The Green Banking Policy of Meezan Bank Limited has been prepared in light of the 'Green Banking Guidelines' issued vide IH & SMEFD Circular # 08 dated October 09, 2017 of State Bank of Pakistan. The objective of this policy is to institutionalize Green Banking across Meezan Bank by focusing on the following major aspects:

- Governance Structure and Responsibilities
- Organizational Structure
- Environmental Risk Management Framework
- Green Business Facilitation
- Own Impact Reduction/ In-house Environment Management
- General Guidelines

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 guide the consistent application of information security and ensure 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 IT System and Operation for identifying and mitigating the risk that could affect Meezan Bank's 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.

IT Governance Policy

Scope

This policy creates the governance for the Information Technology Division for the Bank under the supervision of IT Steering Committee, Board IT Committee and Board of Directors. This policy describes and create a framework that will pave the roadmap on which IT Division will provide services to Bank's business functions and to ensure that the Bank's business operations are driven based on Technology Solutions.

Objective

To put in place the policy framework for IT Governance at the Bank in order to provide services to the Bank's Business functions. This policy framework is also aligned with the IT Security Policy of the Bank which is based on the standard ISO 27001.

Executive Summary

Establish Partnership with business to enrich Business and IT alignment and by delivering cost effective technology solutions and services.

This model describes all functions of the IT Division in the form of services which results in business benefits. It consists of five core services area (IT Service Strategy, IT Service Design, IT Service Transition, IT service Operations and Continual IT Service Improvement) that covers best practices and guidelines within IT management.

Key Areas – IT Management Policy

Key areas in Meezan Bank IT Management Policy are as follows:

1. IT Capacity and Performance Management provides guidelines for maintaining scalable IT capacity and making the best and optimal use to meet the performance requirements expected by the business.
2. IT Project Management defines standard and best practice guidelines for project management to assure that they are accomplished in timely, cost effective manner. It is governed by PMO Charter.
3. Change Management emphasizes on managing all changes within the IT environment including emergency changes, fixes and patch management to minimize the disruption in services.
4. IT Helpdesk and Problem Management ensures incidents and problems related to systems are reported, tracked investigated and resolved in effective and efficient manner.
5. Service Level Agreement Management ensures the SLA's are established, agreed between vendors and IT in line with Business needs to gauge the service delivery performance.
6. IT System Acquisition Management caters the way the IT Systems should be procured in line with Bank's expenditure policy.
7. Configuration Management covers the rules for configuration of information technology devices and infrastructure for tracking and controlling all changes to information systems of the Bank.
8. IT Compliance Management defines the way ITD works under compliance guidelines
9. IT Continuity Management covers the aspect of Business Continuity Plan and Disaster Recovery Plan in case of any service disruption.
10. IT Backup and Restoration Management defines the rules for backup and storage of electronic information within the entity that are responsible for electronic data stored in archive.
11. IT Outsourcing Management defines the framework for outsourcing of IT services.
12. Software Solution Development and Maintenance Management facilitates the effective development and maintenance of Software solutions to compliment business functions.
13. IT Infrastructure Management determines the process for requirements analysis, planning, design, deployment and on-going operation management. It also ensures technology is accessible and equipped with current hardware and software for application management.
14. Network Management defines the principles covering internal and external network environment operated by the Bank including Logical Access Management, Infrastructure security, Operational Management and Bandwidth Management.
15. Database Management aims at ensuring the availability, integrity, security, consistency and accuracy of the Bank's database.
16. Virus and Malware Management ensures that systems, database and software are protected against the risk to malicious software and unauthorized code.
17. Internet and Intranet Usage Management defines the rules for Internet usage.
18. Desktop Support Management defines the principle covering the IT related Support activities and covers the Installation and configuration of desktops in branches and providing first level support.

Correspondent Banking Network

Bank	Country	Bank	Country
Afghan United Bank	AFGHANISTAN	Deutsche Bank A.G.	BELGIUM
Bakhtar Bank	AFGHANISTAN	Habib Bank Ltd.	BELGIUM
Bank of America, N.A. Sydney	AUSTRALIA	KBC Bank Nv	BELGIUM
Bank of Sydney Ltd	AUSTRALIA	First National Bank of Botswana Limited	BOTSWANA
Bankwest A Division of Commonwealth Bank of Australia	AUSTRALIA	Banco Bradesco S.A.	BRAZIL
HSBC Bank Australia Limited Industrial and Commercial	AUSTRALIA	Banco Bradesco Sa (Formerly Kirton Bank S.A. - Banco Multiplo)	BRAZIL
Bank of China Sydney Branch	AUSTRALIA	Deutsche Bank S.A.	BRAZIL
JP Morgan Chase Bank, N.A., Sydney Branch	AUSTRALIA	Banco Alemao	BRAZIL
National Australia Bank Limited	AUSTRALIA	Itau Unibanco S/A (Successor of Banco Itau Bba S.A.)	BRAZIL
Allgemeine Sparkasse Oberoesterreich	AUSTRIA	Eurobank Bulgaria Ad	BULGARIA
Bankaktiengesellschaft Commerzbank Ag, Niederlassung Wien Wien	AUSTRIA	Unicredit Bulbank Ad	BULGARIA
Deutsche Bank Aktiengesellschaft Filiale Wien (Vienna Branch)	AUSTRIA	United Bulgarian Bank	BULGARIA
Erste Group Bank Ag	AUSTRIA	Bank of America, National Association, Canada Branch	CANADA
Hypo Vorarlberg Bank Ag	AUSTRIA	Bank of Montreal	CANADA
Oberbank Ag	AUSTRIA	Canadian Imperial Bank of Commerce	CANADA
Raiffeisen Bank International Ag	AUSTRIA	Habib Canadian Bank	CANADA
Raiffeisenlandesbank Oberoesterreich Aktiengesellschaft	AUSTRIA	HSBC Bank Canada	CANADA
Unicredit Bank Austria Ag	AUSTRIA	JP Morgan Chase Bank, Toronto Branch	CANADA
Al Baraka Islamic Bank	BAHRAIN	Royal Bank of Canada	CANADA
Bank Al Habib Limited	BAHRAIN	Toronto-Dominion Bank	CANADA
Bmi Bank Bsc (C)	BAHRAIN	Itau Corpbanca (Formerly Banco Itau Chile)	CHILE
Gulf International Bank, B.S.C.	BAHRAIN	Agricultural Bank of China	CHINA
Ithmaar Bank B.S.C. (C)	BAHRAIN	Bank of Beijing	CHINA
JS Bank Limited	BAHRAIN	Bank of China	CHINA
Khaleeji Commercial Bank B.S.C. (C)	BAHRAIN	Bank of Communications	CHINA
Standard Chartered Bank	BAHRAIN	Bank of Jiangsu Co Ltd	CHINA
Turkiye Is Bankasi A.S. Bahrain Branch	BAHRAIN	Bank of Wenzhou (Formerly Wenzhou City Commercial Bank)	CHINA
United Bank Limited	BAHRAIN	China Citic Bank	CHINA
Woori Bank, Manama	BAHRAIN	China Everbright Bank	CHINA
Bank Alfalah Limited (Bangladesh Dhaka Branch)	BANGLADESH	Citibank (China) Co. Ltd.	CHINA
Eastern Bank Ltd.	BANGLADESH	Commerzbank Ag	CHINA
Export Import Bank of Bangladesh Ltd	BANGLADESH	Deutsche Bank (China) Co. Ltd.	CHINA
International Finance Investment And Commerce Bank Ltd.	BANGLADESH	HSBC Bank (China) Company Limited	CHINA
Islami Bank Bangladesh Ltd	BANGLADESH	Hua Xia Bank	CHINA
Mercantile Bank Limited	BANGLADESH	Industrial And Commercial Bank of China	CHINA
National Bank Limited	BANGLADESH	Industrial Bank Co.Ltd.	CHINA
Shahjalal Islami Bank Limited	BANGLADESH	Industrial Bank of Korea (China) Limited	CHINA
Social Islami Bank Limited	BANGLADESH	Jinan Rural Commercial Bank Co. Ltd (Formerly Shandong Jinan Co. Ltd (Formerly Shandong Jinan Runfeng Rural Cooperative Bank)	CHINA
Standard Chartered Bank	BANGLADESH	JP Morgan Chase Bank (China) Company Limited Beijing Branch	CHINA
The Hongkong And Shanghai Banking Corporation Limited	BANGLADESH	JP Morgan Chase Bank (China) Company Limited, Shanghai Branch	CHINA
Union Bank Limited	BANGLADESH	JP Morgan Chase Bank (China) Company Limited, Suzhou Branch	CHINA
Woori Bank, Dhaka	BANGLADESH	Korea Development Bank	CHINA
Belarusbank	BELARUS	Laishang Bank Co. Ltd (Formerly Laiwu City Commercial Bank Co. Ltd)	CHINA
Minsk Transit Bank	BELARUS	Mega International Commercial Bank	CHINA
Bank of America Merrill Lynch International Limited, Brussels Branch	BELGIUM	Mizuho Bank (China) Ltd.	CHINA
Belfius Bank Sa/Nv	BELGIUM	Shengjing Bank Co.Ltd	CHINA
Byblos Bank Europe S.A.	BELGIUM	Skandinaviska Enskilda Banken Ab (Publ), Shanghai Branch	CHINA
Commerzbank Ag,The,Brussels Branch	BELGIUM	Standard Chartered Bank (China) Limited	CHINA

Bank	Country	Bank	Country
Weifang Rural Commercial Bank Co. Ltd	CHINA	SEB Ag SEB Merchant Banking	GERMANY
Yantai Bank Co.Ltd.	CHINA	Sparkasse Bremen Ag	GERMANY
Zhejiang Chouzhou Commercial Bank Co.,Ltd	CHINA	Sparkasse Dortmund	GERMANY
Zhejiang Mintai Commercial Bank	CHINA	Sparkasse Koelnbonn (Former Stadtparkasse Koeln)	GERMANY
Bank of Cyprus Public Company Limited	CYPRUS	Sparkasse Westmuensterland	GERMANY
Hellenic Bank Public Company Ltd.	CYPRUS	Standard Chartered Bank Germany Branch	GERMANY
Ceskoslovenska Obchodni Banka, A.S.	CZECHIA	Unicredit Bank Ag (Hypovereinsbank)	GERMANY
Commerzbank Ag	CZECHIA	Volksbank Bielefeld-Guetersloh Eg	GERMANY
HSBC Bank Plc	CZECHIA	Volksbank Bocholt Eg	GERMANY
Komerčni Banka A.S.	CZECHIA	Vtb Bank (Deutschland) Ag	GERMANY
Unicredit Bank Czech Republic And Slovakia, A.S.	CZECHIA	Piraeus Bank Sa	GREECE
Danske Bank A/S	DENMARK	ABN Amro Bank N.V. Hong Kong Branch	HONG KONG
Nordea Danmark, Filial Af Nordea Bank Ab (Publ), Sverige	DENMARK	Axis Bank Limited	HONG KONG
Nordjyske Bank A/S	DENMARK	Bank of America, N.A. Hong Kong	HONG KONG
Skjern Bank	DENMARK	Citibank N.A.	HONG KONG
Sydbank A/S	DENMARK	Commerzbank Ag	HONG KONG
Bank of Alexandria S A E	EGYPT	DBS Bank (Hong Kong) Limited	HONG KONG
Emirates National Bank of Dubai Sae (Formerly Bnp Paribas Sae,Egypt)	EGYPT	Deutsche Bank Ag	HONG KONG
HSBC Bank Egypt S.A.E	EGYPT	Habib Bank Zurich (Hong Kong) Limited	HONG KONG
Mashreq Bank	EGYPT	Hongkong And Shanghai Banking Corporation Limited, The	HONG KONG
Versobank As	ESTONIA	Industrial And Commercial Bank of China (Asia) Limited	HONG KONG
Awash International Bank S.C.	ETHIOPIA	Intesa Sanpaolo Spa Hong Kong	HONG KONG
Commercial Bank of Ethiopia	ETHIOPIA	JP Morgan Chase Bank, N.A., Hong Kong Branch	HONG KONG
Dashen Bank S.C.	ETHIOPIA	Kbc Bank Nv, Hong Kong	HONG KONG
Danske Bank	FINLAND	Kookmin Bank, Hong Kong Branch	HONG KONG
Danske Bank Plc	FINLAND	Mashreqbank Psc., Hong Kong Branch	HONG KONG
Nordea Bank Ab (Publ), Finnish Branch	FINLAND	National Bank of Pakistan Hong Kong	HONG KONG
Op Corporate Bank Plc	FINLAND	Skandinaviska Enskilda Banken	HONG KONG
Skandinaviska Enskilda Banken	FINLAND	Standard Chartered Bank (Hong Kong) Limited	HONG KONG
Bmce Bank International Plc	FRANCE	Sumitomo Mitsui Banking Corporation	HONG KONG
Succursale En France	FRANCE	The Bank of New York Mellon, Hong Kong Branch	HONG KONG
Bnp-Paribas Sa (Formerly Banque Nationale De Paris S.A.)	FRANCE	Wells Fargo Bank, N.A., Hong Kong Branch	HONG KONG
Byblos Bank Europe S.A. (Paris Branch)	FRANCE	Woori Bank, Hong Kong	HONG KONG
CM- CIC Banques	FRANCE	Cib Bank Ltd. (Formerly Central-European Int.Bank Ltd.)	HUNGARY
Commerzbank Ag	FRANCE	Commerzbank (Budapest) Rt.	HUNGARY
Credit Du Nord	FRANCE	K And H Bank Zrt.(Formerly Kereskedelmi Es Hitelbank Rt)	HUNGARY
Credit Mutuel - Cic Banques	FRANCE	Raiffeisen Bank Zrt.	HUNGARY
Deutsche Bank Ag	FRANCE	Unicredit Bank Hungary Zrt.	HUNGARY
Habibsons Bank Limited	FRANCE	Axis Bank Limited	INDIA
HSBC France (Formerly HSBC Ccf)	FRANCE	Bank of America, N.A. Mumbai	INDIA
National Bank of Pakistan	FRANCE	Bank of Baroda	INDIA
Societe Generale	FRANCE	Bank of Ceylon	INDIA
Sumitomo Mitsui Banking Corporation Europe Limited	FRANCE	Citibank N.A.	INDIA
Union De Banques Arabes	FRANCE	Deutsche Bank Ag	INDIA
Et Francaises	FRANCE	Emirates Nbd Bank (P.J.S.C)	INDIA
Bankhaus Lampe Kg	GERMANY	Hdfc Bank Limited	INDIA
Commerzbank Ag	GERMANY	Jammu And Kashmir Bank Ltd	INDIA
Commerzbank Ag (Formerly Dresdner Bank Ag)	GERMANY	JP Morgan Chase Bank, N.A., Mumbai Branch	INDIA
Deutsche Bank Ag	GERMANY	Mashreq Bank	INDIA
DZ Bank Ag (Formerly WGZ Bank Ag)	GERMANY	Punjab National Bank	INDIA
DZ Bank Ag Deutsche Zentral-Genossenschaftsbank	GERMANY	Standard Chartered Bank	INDIA
HSBC Trinkaus Und Burkhardt Ag	GERMANY	State Bank of India	INDIA
HSH Nordbank Ag	GERMANY	Bank Central Asia	INDONESIA
Landesbank Baden-Wuerttemberg	GERMANY	Bank Mandiri (Persero), Pt	INDONESIA
Landesbank Hessen-Thueringen Girozentrale	GERMANY	Bank of America, N.A. Jakarta Branch	INDONESIA
Mainzer Volksbank E.G.	GERMANY	Bank of Tokyo-Mitsubishi Ufj, Ltd., The	INDONESIA
National Bank of Pakistan, Frankfurt	GERMANY	Deutsche Bank Ag	INDONESIA
Nordea Bank Ab Frankfurt Branch	GERMANY		

Correspondent Banking Network

Bank	Country	Bank	Country
JP Morgan Chase Bank, N.A., Jakarta Branch	INDONESIA	Woori Bank, Tokyo	JAPAN
Pt Bank HSBC Indonesia	INDONESIA	Housing Bank For Trade And Finance	JORDAN
Pt Bank Syariah Mandiri	INDONESIA	Jordan Islamic Bank	JORDAN
Pt. Bank Cimb Niaga, Tbk.	INDONESIA	Sb Sberbank Jsc	KAZAKHSTAN
Pt. Bank Sbi Indonesia	INDONESIA	Gulf African Bank Ltd	KENYA
Standard Chartered Bank	INDONESIA	Habib Bank Ag Zurich	KENYA
Woori Bank, Indonesia P.T. Jakarta	INDONESIA	KCB Bank Kenya Limited	KENYA
Rasheed Bank	IRAQ	Busan Bank	KOREA, REPUBLIC of
AIB Bank	IRELAND	Daegu Bank Ltd.	KOREA, REPUBLIC of
Bank of America Merrill Lynch International Limited	IRELAND	Deutsche Bank Ag, Seoul Branch	KOREA, REPUBLIC of
Bank of Ireland	IRELAND	Industrial Bank of Korea	KOREA, REPUBLIC of
Citibank Europe Plc	IRELAND	JP Morgan Chase Bank, N.A., Seoul Branch	KOREA, REPUBLIC of
Danske Bank A/S	IRELAND	KEB Hana Bank	KOREA, REPUBLIC of
Intesa Sanpaolo Bank Ireland Plc	IRELAND	KEB Hana Bank(Formerly Hana Bank)	KOREA, REPUBLIC of
Banca Adriatica S.P.A.	ITALY	Kookmin Bank	KOREA, REPUBLIC of
Banca Di Credito Cooperativo Di Carate Brianza S.C.A.R.L.	ITALY	Kyongnam Bank	KOREA, REPUBLIC of
Banca Di Pisa E Fornacette	ITALY	National Bank of Pakistan, Seoul Branch Korea	KOREA, REPUBLIC of
Credito Cooperativo Soc.Coop.P.A.	ITALY	Nonghyup Bank (Formerly Known As National Agricultural Cooperative Federation)	KOREA, REPUBLIC of
Banca Monte Dei Paschi Di Siena S.P.A.	ITALY	Shinhan Bank	KOREA, REPUBLIC of
Banca Nazionale Del Lavoro S.P.A.	ITALY	Standard Chartered Bank Korea Limited	KOREA, REPUBLIC of
Banca Popolare Di Milano S.P.A.	ITALY	Sumitomo Mitsui Banking Corporation The Hongkong And Shanghai Banking Corporation Limited,	KOREA, REPUBLIC of
Banca Popolare Di Sondrio	ITALY	Seoul Branch	KOREA, REPUBLIC of
Banca UBAE Spa	ITALY	U.B.A.F.-Union De Banques Arabes Et Francaises	KOREA, REPUBLIC of
Banco BPM Spa	ITALY	Wells Fargo Bank, N.A., Seoul Branch	KOREA, REPUBLIC of
Banco BPM Spa (Formerly Credito Bergamasco)	ITALY	Woori Bank, Seoul	KOREA, REPUBLIC of
Banco Di Napoli Spa	ITALY	Boubyan Bank (K.S.C)	KUWAIT
Bank of America Merrill Lynch International Limited, Milan Branch	ITALY	Burgan Bank K.P.S.C	KUWAIT
Bper Banca S.P.A.	ITALY	Citibank N.A.	KUWAIT
Cassa Di Risparmio Del Veneto S.P.A.	ITALY	Commercial Bank of Kuwait Kpsc,The Kuwait Finance House (K.S.C.)	KUWAIT
Cassa Di Risparmio Di Pistoia E Della Lucchesia Spa	ITALY	National Bank of Kuwait S.A.K.P.	KUWAIT
Cassa Di Risparmio In Bologna Spa - Carisbo Spa	ITALY	Noor Financial Investment Company	KUWAIT
Commerzbank Ag	ITALY	Luminor Bank As Latvia (Former Nordea Bank Ab Latvia)	LATVIA
Credit Agricole Cariparma Spa	ITALY	Bank of Beirut S.A.L.	LEBANON
Credito Emiliano S.P.A.	ITALY	Byblos Bank S.A.L.	LEBANON
Credito Valtellinese	ITALY	Lebanon And Gulf Bank	LEBANON
Deutsche Bank S.P.A.	ITALY	Societe Generale Bank And Trust S.A.	LUXEMBOURG
HSBC Bank Plc	ITALY	The Hongkong And Shanghai Banking Corporation Limited	MACAO
Iccrea Banca - Istituto Centrale Del Credito Cooperativo	ITALY	NLB Banka Ad Skopje	MACEDONIA,THE FORMER
Intesa Sanpaolo Spa	ITALY	YUGOSLAV REPUBL. of	
UBI Banca S.P.A.	ITALY	Al Rajhi Banking And Investment Corporation (Malaysia) Bhd	MALAYSIA
Unicredit S.P.A.	ITALY	Ambank (M) Berhad	MALAYSIA
Unipol Banca Spa	ITALY	Bank Muamalat Malaysia Berhad (6175-W)	MALAYSIA
Bank of Tokyo-Mitsubishi Ufj, Ltd., The	JAPAN	Bank of America, Malaysia Berhad	MALAYSIA
Citibank N.A., Tokyo Branch	JAPAN	Bank of Tokyo-Mitsubishi Ufj (Malaysia) Berhad	MALAYSIA
Commerzbank Ag Tokyo	JAPAN	CIMB Bank Berhad	MALAYSIA
Deutsche Bank Ag	JAPAN	CIMB Islamic Bank Berhad	MALAYSIA
JP Morgan Chase Bank, N.A., Tokyo Branch	JAPAN	Citibank Berhad	MALAYSIA
Mizuho Bank, Ltd.	JAPAN	Deutsche Bank (Malaysia) Berhad	MALAYSIA
National Bank of Pakistan	JAPAN	Hong Leong Bank Berhad	MALAYSIA
Standard Chartered Bank	JAPAN	HSBC Bank Malaysia Berhad	MALAYSIA
Sumitomo Mitsui Banking Corporation	JAPAN	Industrial And Commercial Bank	
U.B.A.F. - Union De Banques Arabes Et Francaises Tokyo Branch	JAPAN		
Wells Fargo Bank, N.A., Tokyo Branch	JAPAN		

Bank	Country	Bank	Country
of China (Malaysia) Berhad.	MALAYSIA	Samba Bank Limited	PAKISTAN
J.P.Morgan Chase Bank Berhad	MALAYSIA	Silkbank Limited	PAKISTAN
Malayan Banking Berhad (Maybank)	MALAYSIA	Sindh Bank Limited	PAKISTAN
RHB Bank Berhad	MALAYSIA	Soneri Bank Limited	PAKISTAN
Standard Chartered Bank Malaysia Berhad	MALAYSIA	Standard Chartered Bank (Pakistan) Limited	PAKISTAN
Credit Europe Bank N.V. Malta Branch	MALTA	Summit Bank Ltd	PAKISTAN
HSBC Bank Malta P.L.C.	MALTA	United Bank Limited	PAKISTAN
Banque Islamique De Mauritanie	MAURITANIA	Bank of Palestine Plc	PALESTINE, STATE of
Afrasia Bank Limited	MAURITIUS	Asian Development Bank	PHILIPPINES
Hongkong And Shanghai Banking Corporation Ltd., The	MAURITIUS	The Hongkong And Shanghai Banking Corporation Ltd - Philippine Branch	PHILIPPINES
Maubank Ltd	MAURITIUS	Alior Bank Spolka Akcyjna	POLAND
Banco Del Bajio, S.A.	MEXICO	Bank BPH Sa	POLAND
Banco Nacional De Mexico S.A.	MEXICO	Bank Polska Kasa Opieki Sa - Bank Pekao Sa	POLAND
Bank of America, Mexico S.A.	MEXICO	Bank Zachodni Wbk Sa	POLAND
Trade And Development Bank of Mongolia	MONGOLIA	Deutsche Bank Polska S.A.	POLAND
Attijariwafa Bank (Formerly Banque Commerciale Du Maroc)	MOROCCO	HSBC Bank Polska S.A.	POLAND
Banque Marocaine Du Commerce Exterieur	MOROCCO	Mbank S.A. (Formerly BRE Bank S.A.)	POLAND
Societe Generale Marocaine De Banques	MOROCCO	Societe Generale Spolka Akcyjna Oddzial W Polsce	POLAND
Kanbawza Bank Ltd	MYANMAR	Montepio Geral - Caixa Economica Novo Banco, Sa	PORTUGAL
Bank of Kathmandu Limited	NEPAL	Barwa Bank	PORTUGAL
Himalayan Bank Ltd.	NEPAL	Mashreq Bank	QATAR
Nabil Bank Limited	NEPAL	Qatar International Islamic Bank	QATAR
NIC Asia Bank Limited	NEPAL	Qatar National Bank	QATAR
ABN Amro Bank N.V.	NETHERLANDS	United Bank Limited, Doha	QATAR
Bank of America Merrill Lynch International Limited, Netherlands Branch	NETHERLANDS	Citibank Europe Plc, Dublin-Sucursala Romania	ROMANIA
Commerzbank Ag Kantoor Amsterdam	NETHERLANDS	Unicredit Bank Sa	ROMANIA
Credit Europe Bank N.V.	NETHERLANDS	Alef-Bank	RUSSIAN FEDERATION
Deutsche Bank Ag	NETHERLANDS	Asian-Pacific Bank	RUSSIAN FEDERATION
Deutsche Bank Ag (Formerly Deutsche Bank Nederland N.V.)	NETHERLANDS	Bank of America, N.A. (Moscow)	RUSSIAN FEDERATION
Habib Bank Ltd.	NETHERLANDS	Bank Otkritie Financial Corporation (Public Joint-Stock Company)	RUSSIAN FEDERATION
HSBC Bank Plc.	NETHERLANDS	Credit Bank of Moscow (Public Joint Stock Company)	RUSSIAN FEDERATION
Rabobank	NETHERLANDS	HSBC Bank (Rr)	RUSSIAN FEDERATION
Bank of New Zealand	NEW ZEALAND	Unicredit Bank Ao	RUSSIAN FEDERATION
Hongkong And Shanghai Banking Corporation Limited, The	NEW ZEALAND	Vnesheconombank (VEB)	RUSSIAN FEDERATION
Danske Bank A/S	NORWAY	VTB Bank (Pjsc)	RUSSIAN FEDERATION
DNB Bank Asa	NORWAY	Al Inma Bank	SAUDI ARABIA
Nordea Bank Ab (Publ), Filial I Norge	NORWAY	Al Rajhi Bank	SAUDI ARABIA
Skandinaviska Enskilda Banken	NORWAY	Alawwal Bank	SAUDI ARABIA
Bank Dhofar (S.A.O.G.)	OMAN	Bank Al Bilad	SAUDI ARABIA
Bank Nizwa	OMAN	Bank Al-Jazira	SAUDI ARABIA
Bank Sohar S.A.O.G	OMAN	Banque Saudi Fransi	SAUDI ARABIA
Bankmuscat Saog	OMAN	Deutsche Bank Ag, Riyadh Branch	SAUDI ARABIA
Habib Bank Oman	OMAN	Emirates Nbd Pjsc	SAUDI ARABIA
Albaraka Bank (Pakistan)Limited	PAKISTAN	Gulf International Bank B.S.C., Riyadh	SAUDI ARABIA
Allied Bank Limited	PAKISTAN	Islamic Development Bank	SAUDI ARABIA
Askari bank Limited	PAKISTAN	JP Morgan Chase Bank, N.A. Riyadh	SAUDI ARABIA
Bank Al Habib Limited	PAKISTAN	National Bank of Pakistan	SAUDI ARABIA
Bank Alfalah Limited	PAKISTAN	National Commercial Bank	SAUDI ARABIA
Bank of Khyber, The	PAKISTAN	Riyadh Bank	SAUDI ARABIA
Bank of Punjab, The	PAKISTAN	Saudi British Bank	SAUDI ARABIA
Bankislami Pakistan Limited	PAKISTAN	ABN Amro Bank N.V. Singapore Branch	SINGAPORE
Citibank N.A.	PAKISTAN	Axis Bank Limited	SINGAPORE
Deutsche Bank Ag, Karachi Branch	PAKISTAN	Bank Mandiri (Persero)Tbk. Pt	SINGAPORE
Dubai Islamic Bank Pakistan Limited	PAKISTAN	Bank of America, N.A. Singapore	SINGAPORE
Faysal Bank Limited	PAKISTAN	Bank of Tokyo-Mitsubishi Ufj, Ltd.	SINGAPORE
Habib Bank Limited	PAKISTAN	Citibank,N.A.	SINGAPORE
Habib Metropolitan Bank Limited	PAKISTAN	Commerzbank Ag, Singapore Branch	SINGAPORE
Industrial And Commercial Bank of China, Karachi Branch	PAKISTAN	DBS Bank Ltd.	SINGAPORE
JS Bank Limited	PAKISTAN	Deutsche Bank Ag	SINGAPORE
MCB Bank Limited	PAKISTAN	Emirates Nbd Bank Pjsc (Enbd)	SINGAPORE
MCB Islamic Bank Limited	PAKISTAN	First Abu Dhabi Bank Pjsc (Formerly National Bank of Abu Dhabi)	SINGAPORE
National Bank of Pakistan	PAKISTAN	Habib Bank Limited	SINGAPORE

Correspondent Banking Network

Bank	Country	Bank	Country
JP Morgan Chase Bank, N.A.	SINGAPORE	Banque De Commerce Et De Placements S.A.	SWITZERLAND
KBC Bank Singapore Branch	SINGAPORE	Barclays Bank (Suisse) S.A.	SWITZERLAND
Keb Hana Bank Singapore Branch (Formerly Hana Bank)	SINGAPORE	Commerzbank Ag	SWITZERLAND
Mizuho Bank, Ltd. Singapore Branch	SINGAPORE	Credit Europe Bank (Suisse) S.A.	SWITZERLAND
Nordea Bank Ab Singapore Branch	SINGAPORE	Deutsche Bank Ag Zurich Branch	SWITZERLAND
Oversea-Chinese Banking Corporation Limited	SINGAPORE	Habib Bank Ag Zurich	SWITZERLAND
Qatar National Bank Qnb	SINGAPORE	HSBC Bank Plc	SWITZERLAND
Rabobank Singapore	SINGAPORE	Nordea Bank S.A., Luxemburg, Zweigniederlassung, Zuerich.	SWITZERLAND
Shinhan Bank, Singapore Branch	SINGAPORE	Ubl (Switzerland) Ag	SWITZERLAND
Skandinaviska Enskilda Banken Ab (Publ)	SINGAPORE	Zuercher Kantonalbank	SWITZERLAND
Standard Chartered Bank	SINGAPORE	Bank of America, N.A. Taipei	TAIWAN
Standard Chartered Bank (Singapore) Limited	SINGAPORE	Citibank Taiwan Limited	TAIWAN
Sumitomo Mitsui Banking Corporation	SINGAPORE	Deutsche Bank Ag, Taipei Branch	TAIWAN
The Hongkong And Shanghai Banking Corporation Limited	SINGAPORE	JP Morgan Chase Bank, N.A., Taipei Branch	TAIWAN
Toronto Dominion Bank	SINGAPORE	King's Town Bank	TAIWAN
U.B.A.F. - Union De Banques Arabes Et Francaises	SINGAPORE	Mega International Commercial Bank Co., Ltd.	TAIWAN
Unicredit Bank Ag Singapore Branch (Hypovereinsbank Ag Singapore Branch)	SINGAPORE	Standard Chartered Bank (Taiwan) Limited	TAIWAN
Wells Fargo Bank, Na	SINGAPORE	Sumitomo Mitsui Banking Corporation Taipei Branch	TAIWAN
Woori Bank, Singapore	SINGAPORE	Taiwan Cooperative Bank Ltd	TAIWAN
Ceskoslovenska Obchodna Banka, A.S.	SLOVAKIA	The Bank of New York Mellon, Taipei Branch	TAIWAN
Commerzbank Ag	SLOVAKIA	Union Bank of Taiwan	TAIWAN
Unicredit Banka Slovenija D.D.	SLOVENIA	Amana Bank Limited	TANZANIA, UNITED
Citibank South Africa	SOUTH AFRICA	REPUBLIC of	TANZANIA, UNITED
Firststrand Bank Limited	SOUTH AFRICA	Habib African Bank	TANZANIA, UNITED
Habib Overseas Bank Limited	SOUTH AFRICA	REPUBLIC of	TANZANIA, UNITED
HBZ Bank Limited	SOUTH AFRICA	Bangkok Bank Public Company Limited	THAILAND
Standard Chartered Bank	SOUTH AFRICA	Bank of America, N.A. Bangkok	THAILAND
Abanca Corporacion Bancaria, S.A.	SPAIN	Citibank N.A.	THAILAND
Aresbank, S.A.	SPAIN	Deutsche Bank Ag, Bangkok Branch	THAILAND
Banco Bilbao Vizcaya Argentaria S.A.	SPAIN	JP Morgan Chase Bank, N.A., Bangkok Branch	THAILAND
Banco De Sabadell, S.A.	SPAIN	Krung Thai Bank Public Company Limited	THAILAND
Bank of America Merrill Lynch International Limited	SPAIN	Mizuho Bank, Ltd., Bangkok Branch	THAILAND
Bankia S.A.	SPAIN	Siam Commercial Bank Pcl., The	THAILAND
Caixabank, S.A.	SPAIN	Standard Chartered Bank (Thai) Pcl	THAILAND
Commerzbank Ag	SPAIN	Sumitomo Mitsui Banking Corporation	THAILAND
HSBC Bank Plc	SPAIN	Arab Tunisian Bank	TUNISIA
Kutxabank, S.A.	SPAIN	Citibank N.A.	TUNISIA
Amana Bank Plc	SRI LANKA	Societe Tunisienne De Banque	TUNISIA
Axis Bank Ltd.	SRI LANKA	Aktif Yatirim Bankasi A.S.	TURKEY
Bank of Ceylon	SRI LANKA	Albaraka Turk Participation Bank	TURKEY
Habib Bank Ltd.	SRI LANKA	Citibank A.S.	TURKEY
Hatton National Bank Plc	SRI LANKA	Denizbank A.S.	TURKEY
Hongkong And Shanghai Banking Corporation Limited, The	SRI LANKA	Habib Bank Ltd.	TURKEY
Mcb Bank Ltd.	SRI LANKA	HSBC Bank A.S.	TURKEY
Nations Trust Bank Plc	SRI LANKA	Icbc Turkey Bank A.S. (Formerly Tekstil Bankasi A.S.)	TURKEY
People's Bank, Head office	SRI LANKA	Kuveyt Turk Katilim Bankasi A.S.	TURKEY
Public Bank Berhad	SRI LANKA	Odeabank A.S.	TURKEY
Sampath Bank Plc	SRI LANKA	Sekerbank T.A.S.	TURKEY
Standard Chartered Bank	SRI LANKA	Turkiye Cumhuriyeti Ziraat Bankasi A.S.	TURKEY
Danske Bank	SWEDEN	Turkiye Finans Katilim Bankasi A.S.	TURKEY
Nordea Bank Ab (Publ)	SWEDEN	Turkiye Garanti Bankasi A.S.	TURKEY
Skandinaviska Enskilda Banken	SWEDEN	Turkiye Halk Bankasi A.S. (Head office)	TURKEY
Svenska Handelsbanken	SWEDEN	Turkiye Is Bankasi A.S.	TURKEY
Arab Bank (Switzerland) Ltd	SWITZERLAND	Turkiye Vakiflar Bankasi T.A.O.	TURKEY
Banca Popolare Di Sondrio (Suisse)	SWITZERLAND		
Banque Cantonale Vaudoise	SWITZERLAND		

Bank	Country	Bank	Country
Turkland Bank A.S. (T-Bank)	TURKEY	Bank of Tokyo-Mitsubishi Ufj, Ltd.	UNITED STATES of AMERICA
Yapi Ve Kredi Bankasi A.S.	TURKEY	BNP Paribas U.S.A - New York	UNITED STATES of AMERICA
Ziraat Katilim Bankasi A.S.	TURKEY	Branch	UNITED STATES of AMERICA
Jsc The State Export-Import	UKRAINE	Branch Banking and Trust Company	UNITED STATES of AMERICA
Bank of Ukraine	UKRAINE	Capital One, N.A.	UNITED STATES of AMERICA
Pjsc 'Bank Credit Dnepr'	UKRAINE	Cathay Bank	UNITED STATES of AMERICA
Prominvestbank	UKRAINE	Citibank N.A.	UNITED STATES of AMERICA
Abu Dhabi Commercial Bank	UNITED ARAB EMIRATES	Continental Exchange Solutions, Inc.	UNITED STATES of AMERICA
Abu Dhabi Islamic Bank	UNITED ARAB EMIRATES	Deutsche Bank Ag	UNITED STATES of AMERICA
Ajman Bank Pjsc	UNITED ARAB EMIRATES	Deutsche Bank Trust	UNITED STATES of AMERICA
Axis Bank Limited, Difc Branch	UNITED ARAB EMIRATES	Company Americas	UNITED STATES of AMERICA
(Regulated By Dfsa)	UNITED ARAB EMIRATES	First Tennessee Bank N.A.	UNITED STATES of AMERICA
Banque De Commerce Et De	UNITED ARAB EMIRATES	Gulf International Bank	UNITED STATES of AMERICA
Placements Sa-Difc Branch	UNITED ARAB EMIRATES	Habib American Bank	UNITED STATES of AMERICA
Citibank N.A.	UNITED ARAB EMIRATES	Hanmi Bank	UNITED STATES of AMERICA
Deutsche Bank Ag	UNITED ARAB EMIRATES	HSBC Bank Usa, N.A.	UNITED STATES of AMERICA
Dubai Islamic Bank	UNITED ARAB EMIRATES	International Finance Corporation	UNITED STATES of AMERICA
Emirates Islamic Bank	UNITED ARAB EMIRATES	Intesa Sanpaolo Spa (Formerly	UNITED STATES of AMERICA
Emirates Nbd Bank Pjsc	UNITED ARAB EMIRATES	Banca Intesa Spa New York)	UNITED STATES of AMERICA
First Abu Dhabi Bank Pjsc	UNITED ARAB EMIRATES	Israel Discount Bank of New York	UNITED STATES of AMERICA
Habib Bank Ag Zurich	UNITED ARAB EMIRATES	JP Morgan Chase Bank, N.A.	UNITED STATES of AMERICA
Habib Bank Limited	UNITED ARAB EMIRATES	Keb Hana Bank. New York	UNITED STATES of AMERICA
HSBC Bank Middle East Limited	UNITED ARAB EMIRATES	Agency (Formerly Hana Bank	UNITED STATES of AMERICA
Keb Hana Bank Abudhabi Branch	UNITED ARAB EMIRATES	New York Agency)	UNITED STATES of AMERICA
Mashreqbank Psc.	UNITED ARAB EMIRATES	Keybank National Association	UNITED STATES of AMERICA
MCB Bank Limited	UNITED ARAB EMIRATES	Malayan Banking Berhad	UNITED STATES of AMERICA
National Bank of Fujairah	UNITED ARAB EMIRATES	Mashreqbank Psc., New York Branch	UNITED STATES of AMERICA
National Bank of Kuwait (S.A.K.)	UNITED ARAB EMIRATES	Mizuho Bank, Ltd. New York Branch	UNITED STATES of AMERICA
National Bank of Ras Al-Khaimah, The	UNITED ARAB EMIRATES	National Bank of Pakistan	UNITED STATES of AMERICA
Noor Bank P.J.S.C.	UNITED ARAB EMIRATES	New York Commercial Bank	UNITED STATES of AMERICA
Standard Chartered Bank	UNITED ARAB EMIRATES	Nonghyup Bank, New York Branch	UNITED STATES of AMERICA
Unicredit S.P.A.	UNITED ARAB EMIRATES	Nordea Bank Ab (Publ),	UNITED STATES of AMERICA
Union National Bank	UNITED ARAB EMIRATES	New York Branch	UNITED STATES of AMERICA
United Arab Bank	UNITED ARAB EMIRATES	Pnc Bank, N.A.	UNITED STATES of AMERICA
United Bank Ltd.	UNITED ARAB EMIRATES	Regions Bank	UNITED STATES of AMERICA
Allied Irish Bank (Gb) (Aib Group	UNITED KINGDOM	Societe Generale	UNITED STATES of AMERICA
(Uk) Plc T/A)	UNITED KINGDOM	Standard Chartered Bank	UNITED STATES of AMERICA
Bank Mandiri (Europe) Limited	UNITED KINGDOM	State Bank of India (California)	UNITED STATES of AMERICA
Bank of America, N.A. London	UNITED KINGDOM	Sumitomo Mitsui Banking Corporation	UNITED STATES of AMERICA
Bank of China	UNITED KINGDOM	Suntrust Bank	UNITED STATES of AMERICA
British Arab Commercial Bank Plc	UNITED KINGDOM	The Bank of New York Mellon	UNITED STATES of AMERICA
Byblos Bank Europe S.A.	UNITED KINGDOM	U.S. Bank	UNITED STATES of AMERICA
(London Branch)	UNITED KINGDOM	Unicredit Bank Ag (Hypovereinsbank)	UNITED STATES of AMERICA
Citibank N.A.	UNITED KINGDOM	Unitibank	UNITED STATES of AMERICA
Commerzbank Ag	UNITED KINGDOM	Wells Fargo Bank, N.A.	UNITED STATES of AMERICA
Deutsche Bank Ag	UNITED KINGDOM	Woori Bank, Los Angeles	UNITED STATES of AMERICA
Emirates Nbd Pjsc	UNITED KINGDOM	Woori Bank, New York	UNITED STATES of AMERICA
Gulf International Bank B.S.C.	UNITED KINGDOM	Banco Itau	URUGUAY
Habib Bank Uk	UNITED KINGDOM	Citibank N.A.	VIETNAM
Habib Bank Zurich Plc	UNITED KINGDOM	Deutsche Bank, Ho Chi Minh	VIETNAM
HSBC Bank Plc	UNITED KINGDOM	City Branch	VIETNAM
HSBC Bank Plc (Rfb)	UNITED KINGDOM	JP Morgan Chase Bank, N.A.,	VIETNAM
Intesa Sanpaolo Spa London	UNITED KINGDOM	Ho Chi Minh City Branch	VIETNAM
(Formerly Banca Intesa S.P.A. London)	UNITED KINGDOM	Southeast Asia Commercial Joint	VIETNAM
JP Morgan Chase Bank, N.A.	UNITED KINGDOM	Stock Bank	VIETNAM
Keb Hana Bank	UNITED KINGDOM	Vietnam Bank for Agriculture and	VIETNAM
Mashreq Bank Psc	UNITED KINGDOM	Rural Development	VIETNAM
Mizuho Bank, Ltd. London Branch	UNITED KINGDOM	Vietnam Public Joint Stock	VIETNAM
National Westminster Bank Plc	UNITED KINGDOM	Commercial Bank (Pvcombank)	VIETNAM
Nordea Bank Ab (Publ)	UNITED KINGDOM	Woori Bank Vietnam Limited	VIETNAM
London Branch	UNITED KINGDOM	Woori Bank Hochiminh	VIETNAM
Northern Bank Limited (Trading	UNITED KINGDOM	Saba Islamic Bank	YEMEN
As Danske Bank)	UNITED KINGDOM	Shamii Bank of Yemen and Bahrain	YEMEN
Skandinaviska Enskilda Banken	UNITED KINGDOM	United Bank Limited	YEMEN
London	UNITED KINGDOM		
Standard Chartered Bank	UNITED KINGDOM		
United National Bank	UNITED KINGDOM		
Woori Bank, London	UNITED KINGDOM		
Abacus Federal Savings Bank	UNITED STATES of AMERICA		
Abn Amro Capital Usa Llc	UNITED STATES of AMERICA		
American First National Bank	UNITED STATES of AMERICA		
Banco Do Brasil S.A	UNITED STATES of AMERICA		
Bangkok Bank Public Company	UNITED STATES of AMERICA		
Limited, New York	UNITED STATES of AMERICA		
Bank of America, N.A.	UNITED STATES of AMERICA		

Branch Network

Alhamdulillah, Meezan Bank has established 660 branches in 181 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	Jacobabad	Nawabshah
Ahmedpur East	Jalalpur Jattan	Nowshera
Alipur	Jahanian	Okara
Alipur Chattha	Jampur	Pabbi
Arifwala	Jaranwala	Pakpattan
Athara Hazari	Jauharabad	Panjgoor
Attock	Jehangira	Pasrur
Badin	Jhang	Pattoki
Bahawalnagar	Jhelum	Peshawar
Bahawalpur	Kabirwala	Phalia
Balakot	Kahrur Pakka	Pirmahal
Bannu	Kahuta	Pishin
Batagram	Kamalia	Qalanderabad
Bhalwal	Kamoki	Qila Saifullah
Bhakkar	Karachi	Quaidabad
Burewala	Karak	Quetta
Chakwal	Kasur	Rahim Yar Khan
Chamman	Khairpur	Raiwind
Charsadda	Khairpur Tamewali	Rajanpur
Chichawatni	Khanbela	Rashidabad
Chiniot	Khanewal	Rawalakot
Chishtian	Khanpur	Rawalpindi
Chitral	Khar	Rawat
Choa Saidan Shah	Kharian	Renala Khurd
Chowk Sarwar Shaheed	Khushab	Sadiqabad
Chung	Khuzdar	Sahiwal
Dalowali	Kohat	Sakrand
Dadu	Kot Addu	Sambrial
Dadyal	Kot Radha Kishan	Samundri
Daharki	Kotla Arab Ali Khan	Sanawan
Daska	Kotli	Sanghar
Depalpur	Kunri	Sara-e-Alamgir
Dera Ghazi Khan	Lahore	Sargodha
Dera Ismail Khan	Lalamusa	Shahdadpur
Digri	Lalian	Shahdadkot
Dina	Larkana	Shakargarh
Dinga	Layyah	Sheikhupura
Dukki	Liaquatpur	Shikarpur
Dunyapur	Lodhran	Sialkot
Ellahabad	Loralai	Shahkot
Faisalabad	Mailsi	Shorkot
Fatehpur	Manawala	Shujabad
Fazilpur	Mandi Bahauddin	Skardu
Fort Abbas	Malakwal	Sukkur
Gaggo Mandi	Manga Mandi	Swabi
Gawadar	Mansehra	Swari
Ghakar Mandi	Mardan	Swat
Ghotki	Matta	Talagang
Gilgit	Mehar	Tando Adam
Gojra	Mehrabpur	Tando Allahyar
Gujar Khan	Mian Channu	Tando Mohammad Khan
Gujranwala	Mianwali	Tarlai
Gujrat	Mirpur Azad Kashmir	Taunsa
Hafizabad	Mirpurkhas	Taxila
Hariपुर	Moro	Timergara
Haroonabad	Multan	Toba Tek Singh
Hasilpur	Muridkay	Turbat
Hassanabdal	Muslim Bagh	Umerkot
Havelian	Muzaffarabad	Vehari
Haveli Lakha	Muzaffargarh	Wah Cantt
Hub (Lasbela)	Nankana Sahib	Wazirabad
Hyderabad	Narowal	Yazman
Islamabad	Naushahro Feroz	Zhob

For 2019, Meezan Bank has planned to expand its Branch Network by 125 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

Nawan Shehr Branch
Mandi Ali Khan Baba, Murree Road
Nawan Shehr Abbottabad

Ahmedpur East

Ahmedpur East Branch
Property No. 338, Block-IV, Kutchery
Road, Ahmedpur East
Tel: (92-62) 2273261-2

Alipur

Alipur Branch
Khata No.230, Khasra No.13714, Ward
No.18, Near College Chowk, Multan
Road, Alipur
Tel: (92-066) 2700731-34

Alipur Chatha

Alipur Chatha Branch
Khewat No.743, Khatoni No.1129,
Khasra No.3577/1694, Alipur Chatha
Tel: (92-055) 6333405-6

Arifwala

Arifwala Branch
Shop No.68-69-A, Main City road,
Timber Market, Arifwala
Tel: (0457) 834502-3

Athara Hazari

Dargahi Shah Branch
Khatooni No.493, 505, Khewat No.121,
Layyah Road, Adjacent Siraj Sugar Mills,
Dargahi Shah, Tehsil Athara Hazari,
District Jhang

Attock

Attock Branch
G-4, Block G, Siddiqui Road, Attock City.
Tel: (92-57) 2700811-12

Badin

Badin Branch
Survey No.206, Ward No.4, Agro Dal
Area Civil Hospital Road, Badin

Bahawalnagar

Bahawalnagar Branch
Shop No. 12, Grain Market,
Minchanabad Road, Bahawalnagar
Tel: (92-63) 2271611-2

Bahawalnagar II Branch

Khatooni No.1996, Block No.22, Khan
Baba Road , Bahawalnagar.

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

Balakot

Balakot Branch
Khasra No. 3727/1882 Opposite Police
station, Naran Road, Balakot

Bannu

Bannu Branch
Property No. 322-D, 322-D/A, Outside
Qasayban Gate Hospital Road, Bannu
Tel: (92-928) 620841-3

Bannu II Branch

Khata No.332, Khasra No.2093, Moza
Fatima Khell, Salami Chowk, Dera Ismail
Khan Road Bannu
Tel: (92-928) 610341-3

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

Bhalwal

Bhalwal Branch
Property No. 941/935/20, Khewat
No.770, Khatooni No.791, Block-04,
Main Liaqat Shaheed Road, Bhalwal
Tel: (92-48) 6642383-4

Bhakkar

Bhakkar Branch
Plot No.203, Shops No.203/1, 203/2,
203/3, Jhang Road, Chisti Chowk,
Bhakkar

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

Shabqadar Branch

Khasra No.3976/339-340-401, Khata
No.656/1780, 663/1789, Shabqadar

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,
Sharah-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

Chitral

Chitral Branch
Ataleeq Bazar, Main By-Pass Road
Chitral

Chilas

Chilas Branch
Abu Bakar Siddique Chowk, Main Bazar
Chilas
Tel: (92-05812) 450673-74

Choa Saidan Shah

Choa Saidan Shah Branch
Khasra No.3125,5440/3124, Khewat
No.438/1295, 189/363, Chakwal Road,
Choa Saidan Shah
Tel: (92-543) 579108-9

Chowk Sarwar Shaheed

Chowk Sarwar Shaheed Branch
Khata No.18, Multan Road, Chowk
Sarwar Shaheed, Tehsil Kot Addu
District Muzaffargarh
Tel: (92-066) 2210117-19

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

Daharki

Daharki Branch
Survey No.446, Deh Daharki, Tappo
Daharki, Taluka Daharki
Tel: (92-723) 641385-7

Dalowali

Dalowali Branch
Khewat No.34, Khatooni No.77-83,
Dalowali Jammu Road Sialkot
Tel: (92-052) 3206033-5

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
Plot No.04, Shops No. 168-170, Circular
Road Bazar Area cantt 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

Dinga Branch
Khewat No.1246, Khatooni No.2599,
Khasra # 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

Ellahabad
Ellahabad Branch
Khewat No.443, Khatooni No.707-740,
Main Depalpur Road, Ellahabad, Tehsil
Chunian, District Kasur
Tel: (92-49) 4751371-73

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

D-Type Colony Branch
P-755-756, Bukhari Chowk, D-Type
Colony, Faisalabad
Tel: (92-41) 2668806-07

Dijkot Road Branch
Shop # 85, Dijkot Road, Adjacent to
Grain Market, Faisalabad
Tel: (92-41) 2416141-3

Fawara Chowk Faisalabad Branch
301-A, Nalka Stop, Main Road, Peoples
Colony No. 2, Fawara Chowk Faisalabad
Tel: (92-41) 8710523-24

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

Kotwali Road Branch
P-66, Kotwali Road Faisalabad
Tel: (92-41) 2602586-8

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
B-165, Gulistan colony #2,
Millat Chowk Faisalabad
Tel: (92-41) 8784346-47

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
718-I, Batala Colony Main Satyana Road
Faisalabad
Tel: (92-41) 8500719-20

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
Fatehpur Branch
Khewat No.14, Karor Lal Eisan Road,
Fatehpur
Tel: (92-0606) 841135-37

Fazilpur
Fazilpur Branch
Khata No.18, Mauza 571/TDA, Rajanpur
Road, Fazilpur, Tehsil & District Rajanpur

Fort Abbas
Fort Abbas Branch
Khewat No.347/348, Khatooni No.347,
Qasba Mandi, Zia-ul-Haq Shaheed Road
Fort Abbas
Tel: (92-063) 2510584-85

Gaggo Mandi
Gaggo Mandi Branch
Khasra No.59/3, Khewat No. 56/52,
Khatooni No. 218, Opposite Grain
Market, Sheikh Fazal Road, Gaggo
Mandi
Tel: (92-067) 3500574-75

Gwadar
Airport Road Gwadar Branch
Khasra No.575.593-596, Khewat No.202,
Airport Road Gawadar.
Tel: (92-86) 4210124-25

Ghakhar Mandi
Ghakhar Mandi Branch
Khewat No.1959, Khatooni No.2726, G. T
Road Ghakhar Mandi
Tel: (92-055) 3832743-744

Ghotki
Ghotki Branch
Survey No.10, Deh Odharwali Tappo
Ghotki
Tel: (92-0723) 600134-36

Gilgit
Gilgit Branch
Shop No. 433/102, Northern Light
Infantry, Welfare Complex Gilgit Baltistan
Tel: (92-0581) 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-II, 215-E, G.T. Road, Gujar Khan
Tel: (92-51) 3515679-83

Gujranwala
Awan Chowk Branch
Pindi Bypass Road, Awan Chowk,
Gujranwala
Tel: (92-55) 3412251-53

Citi Housing Society Gujranwala Branch
Plot No.31, Block PH-1-C, Phase-1, Citi
Housing Society, Gujranwala
Tel: (92-55) 4287480-1

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, PGECBS, D.C
Colony, Gujranwala
Tel: (92-55) 3782805-07

D.C Road Branch
Khewat No.391, Khatooni No.407,
Khasra No.970, D.C Road, Gujranwala
Tel: (92-55) 3848019-21

Gondlanwala Road Gujranwala Branch
Khewat No.76, Khatooni No.79, Khasra
No.7818, Gondlanwala Road Gujranwala
Tel: (92-55) 3842303-05

G.T Road Gujranwala Branch
Khasra No.2503, Khewat No.2925,
Khatooni No.3341, G.T Road,
Gujranwala
Tel: (92-55) 4242717

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

Master City Branch
Plot No.159 / COM, Block C, Sector
Azka, Master City, Gujranwala

Model Town Gujranwala Branch
Property No.BXIV-18AS-18/A, Waqia Plot
No.1-L/B, Model Town Gujranwala
Tel: (92-55) 3857314-16

More Eminabad Branch
Khasra No.1282, Khatooni No.8-17, G.T
Road, More Eminabad, Gujranwala
Tel: (92-55) 3261180-82

Peoples Colony Branch
13-Y/ 7-SITE-1, Peoples Colony
Gujranwala
Tel: (92-55) 4240571-3

Qila Didar Singh, Gujranwala
Khasra No.4215 / 184 , Khatooni
No.1736, Khewat No.1394, Mohallah
Qasurian, Moza Qila Didar Singh, Tehsil
& District Gujranwala
Tel: (92-55) 4711103-5

Shaheenabad Branch
Near Gulshan-e-Iqbal Park, GT Road,
Gujranwala
Tel: (92-55) 3252041-43

Sheikhupura Road Branch
Khewat No. 42, Khatoni 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

Haronabad
Haronabad Branch
14-C, Grain Market, Haroonabad
Tel: (92-63) 2251751-2

Hassanabdal
Hassanabdal Branch
Khewat No.1756, Khatooni No.2201,
Khasra No.1956 Near Bus Stand Main
G.T Road Hassanabdal
Tel: (92-057) 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

Haveli Lakha
Haveli Lakha Branch
Khewat No. 697/695, Khatooni No. 1065,
Pakpattan Road, Near Grain Market,
Haveli Lakha.

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

Defence Branch
Shop No. 07, 08 ,09, Block A, Defence
Plaza, Thandi Sarak, Hyderabad

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

SITE Hyderabad Branch
Plot No. A/3, Fateh Chowk, SITE Area,
Hyderabad
Tel: (92-22) 3880202-03

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

Bahria Enclave Branch
Plot No. 10 – A , Al-Sultan Arcade Main
Enclave Avenue, Bahria Enclave
Islamabad
Tel: (92-51) 5191801-2

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

B-17 Islambad Branch
Mumtaz Plaza Plot No. 43 Commercial
Area Sector B-17 Block B, Multi
Gardens, Main G.T Road Islamabad
Tel: (92-51) 5203240-3

DHA Phase II Branch
Plot No. 7, Sector A, Near Gate No-3,
Kalsum Plaza, DHA Phase-II, Islamabad
Tel: (92-51) 5161562-4

D-17 Islamabad Branch
Plot No.A-1, Shop Nos.G 01-04, 06, 24,
Prime Arcade Main Markaz Margalla
View Housing Society, D-17/2 Islamabad
Tel: (92-51) 2229996-98

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

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-10 Markaz Islamabad Branch
Plot No.20-E, G-10 Markaz, Islamabad
Tel: (92-51) 2351953-4

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

Ghuri Town Branch
Plot No. 11-12 Sadiq Center Phase V-A
Ghuri Town Islamabad
Tel: (92-51) 2157680-83

Jinnah Garden Branch
Plot No.15-16, Twin Tower, Jinnah
Commercial Centre-1 , Naval Anchorage
Road, Main Gate Jinnah Garden,
Islamabad
Tel: (92-51) 5959977-78

Islamabad Stock Exchange Branch
Room No. 218, 2nd Floor, 55-B,
Islamabad Stock Exchange Towers,
Jinnah Avenue, Islamabad
Tel: (92-51) 2894671-4

Jinnah Super Branch
Plot # Q-13, College Road F-7 Jinnah
Super Market Islamabad
Tel: (92-51) 2656501-5

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

Naval Complex E-8 Branch
Naval Shopping Centre, Naval Complex,
E-8, Islamabad
Tel: (92-51) 2261192-93

PWD Branch
Plot No. 786-G, Block-C, Pakistan PWD
Employees Co-operative Housing
Society, Lohi Bher, Islamabad
Tel: (92-51) 5170756-8

Soan Garden Branch
Plot No. SC-17, Iftikhar Shopping Mall,
Main Double Road, Soan Garden
Islamabad
Tel: (92-51) 5739501 - 2

74-E Blue Area Branch
Unit No. 03-04, Plot No.74-East Ajaib
Plaza, Blue Area Islamabad
Tel: (92-51) 2605693-97

Jacobabad
Jacobabad Branch
Survey No.764/1, Old College
Road Ward No.02, Jacobabad
Tel: (92-0722) 650276-78

Jahanian
Main Bazar Jahanian Branch
Khewat No. 71, Khatooni No. 73, Khasra
No. 139, Main Bazar Jahanian

Jehangira
Jehangira Branch
Khata No.121/126 Khasra No.896/629/2
Moza Dheri Khattak, G.T Road
Jehangira

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
Jaranwala Branch
P-92, Main Hassan Road, Jaranwala City
Tel: (92-041) 4312084-85-86

Jauharabad
Jauharabad Branch
Plot No.191, Khewat No.681, Khatooni
No.1101, Block No.14, Main Bazar
Jauharabad
Tel: (0454) 720683-84

Jhang
Rail Bazar Chowk Branch
P-864, Block-9, Circular Road,
Rail Bazar Chowk, Jhang
Tel: (92-47) 7652203-4

Yousaf Shah Road Branch
Khata # 709 Civil Station Near Katachery
Chowk Yousaf Shah Road Tehsil and
District Jhang
Tel: (92-47) 7652101-104

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

Kahrur Pakka
Kahrur Pakka Branch
Plot No.107/C/4, Khewat No.27, Dunya
Pur Road, Kahrur 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
Plot # 15-C, Badar Commercial Street
No. 1, D.H.A Phase V, Karachi, Tel:
(92-21) 35161361-65

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

Alaska Residency Branch
Shop Number 11-13 Plot No.A, K.D.A
Scheme No.33 Safora Goth Scheme-33,
Gulistan-e-Johar Karachi

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

Bahria Town Branch
Shop No. 07, Plot Old Customer support
centre, Bahria Town Karachi, Main super
highway Karachi, Pakistan.
Cell: 0304 1927363 - 64 0304-0920612

Bahadurabad Branch
Plot No.28, Adam Arcade, Bihar Muslim
co-operative Housing Society,
Bahadurabad Karachi
Tel: (92-21) 34145018-21

Baitul Mulk Masjed 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

Banaras Branch
Plot No.3, Bacha Khan Chowk Karachi
Tel: (92-21) 36414571-4

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-4 Clifton Branch
Plot No. COM-2/A, Block 4, Scheme No.
5, Kehkashan, Clifton, Karachi
Tel: (92-21) 35879531-35

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
Nazimabad 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 Chowranghi, 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-1, Serai Quarters, Boulton
Market, M.A. Jinnah Road, Karachi
Tel: (92-21) 32467811-5

Bombay Bazar Branch
Shop No. G-2, Survey No. 7 Sheet No.
03 (Old No. A-15/10, Bunder Quarters,
Karachi)
Tel: (92-21) 32468701-05

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

Chawla Market Nazimabad No.1 Branch
Shop No.1-4, Bukshi Residency, Plot
No.3, Sub-Block-K, Chawla Market
Nazimabad No.1, Karachi

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,
Karachi
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

Denso Hall Branch
Plot No. 21 Ward No. W-07, Denso Hall
M.A. Jinnah Road Karachi
Tel: (92-21) 32776731-5

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

Do Talwar Clifton Branch
The Plaza Plot No.G-7, Showroom No.
24, 25, 26,27, KDA Scheme 5, Clifton Do
Talwar Block-9, Karachi
Tel: (92-21) 3530-8762-3

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

Queens Road Branch
Plot No. 1-A, Sheet QR-9, Queens
Quarters, Queens Road, Karachi

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
Khaliq-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
Chowranghi, 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-Iqbal Block-5 Branch
Plot No. 9/ FL-3 KDA Scheme No. 24,
Gulshan-e-Iqbal Block-5, Main Rashid
Minhas Road, Karachi.

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

Gulistan-e-Jauhar Block-1 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 Chowranghi 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 Cooperative 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.Chundrigar Road Karachi
Tel: (92-21) 32423676

**Indus Mehran Cooperative Housing
Society Branch**
Plot No.14-A , Naiclass 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

Kaghzi Bazar Branch
Shop No. 7,G-1 & S-1 Old Town, Main
Kaghzi Bazar Karachi

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

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

Khayaban-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

Kokan Colony Baldia Town Branch

Plot No. 328 Deh Moach Kokan Colony Baldia Town Karachi.
Tel: (92-21) 32591300-04

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

Lasbella Branch

Plot No.460, G-2, Garden East Lasbella, Karachi
Tel: (92-21) 32244290-294

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

No.14, Thatia Compound Street, Township Liaquat Market Malir, Karachi
Tel: (92-21) 34502880-84

Light House Branch

Plot No. 57, Jahangir Mansion, Shop No.14, Thatia Compound Street, Wadhmal 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

Malir Cantt II Branch

Army Defence Centre, New Chowk Road, Near Check Post No.06, Malir Cantonment Karachi
021-34900543-47

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

Muhammad Ali Society Branch

Plot No 5/F, Muhammad Ali Memorial Co-Operative Housing Society, Karachi
Tel: (92-21) 34301864-67

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

Nayabad Branch

Plot No. No. 113/A, Shop No.1-6, 18-29, Shah Waliullah Road Nayabad Lyari, Karachi
Tel: (92-21) 32385631-5

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

Nishtar Road Branch

Property No.26A, S4/B, S-5A,S-5/5B/6, Plot # 31/1/15, SHEET NO L.R.9, Lawrence Quarters, Nishtar Road, Karachi

Nishat Commercial Branch

Plot No. 1-C/I, Nishat Lane No. 6, Phase VI, DHA, Karachi

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 Township 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

Orangi Town Sector 10 Branch

Plot No.LS-06-07, Sector No.10, Orangi Town Karachi

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

Port Qasim Branch
Plot No. W2/1-3, North Western Industrial
Zone, Port Qasim, Authority Karachi
Tel: (92-21) 34154304 - 9

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
Showroom No.4-7, Ibrahim Trade Tower,
Plot No.1, Survey Sheet No.35-P/1,
Block-7-8, Maqbool Co-Operative
Housing Society, Shahrah-e-Faisal,
Karachi
Tel: (92-21) 34322183-9

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

South Asia Pakistan Terminal Branch
Plot No.1, South Asia Pakistan Terminal
Building, Container Port Road Keamari,
Karachi

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
Muhammad 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

Steel Market Branch
Plot No.5, Shop No12, Al-Hamd Centre,
Ranchore Quarter Steel Market,
Baba-e-Urdu Road Karachi

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 Chowrangi Branch
Plot No. 74/1, Block 5, Tahir Villa
Chowrangi, 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

University Road Branch
Plot No. SB-25, S-1, S-2 & S-3, Block-1
Gulistan-e-Jauhar, Main University Road,
Karachi.
Tel: (92-21) 34170471-5

UP Auto Market Branch
Plot No.LS-54 & 49 ST-10 Sector 11- I
North Karachi
Tel: (92-21) 6900681-87

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
Karak Branch
Khasra Nos.615-616-243-236-233-235,
Tehsil Road, Karak
Tel: (092) 7211032-34

Kahuta
Kahuta Branch
Khewat # 15-16 Khatooni # 17-20, Gul
Siraj Plaza Rawalpindi Road Kahuta
Tel: (92-051) 3313015-16

Kamalia
Kamalia Branch
Khasra No. 4169-4191, Muhallah
Mitianwala, Railway Road, Kamalia
Tel: (92-046) 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

Khairpur Tamewali
Khairpur Tamewali Branch
Khairpur Adda, Hasilpur Road, Khairpur
Tamewali

Khanewal
Civil Club Road Branch
Khewat No.13, Khatooni No.13, Civil
Club Road, 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
Khan Bela Branch
Main K.L.P Road, Khan Bela
Tel: (92-068) 5580100-101

Khar Bajour
Khar Bajour Branch
Madina Market, Main Munda Road,
Opposite Tanki Market, Khar Bazaar,
District Bajour

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

Khuzdar
Khuzdar Branch
Khasra No. 3042/1569, Sultan Ibrahim
Road, Khuzdar

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
Kot Radha Kishan Branch
Shop No. 9, Grand City Center, Main
Raiwind Pattoki Road, Kot Radha Kishan
Tel: (92-049) 2382011

Kotli AJ&K
Kotli AJ&K Branch
Mouza Pang Piran, Pindi Road, Kotli AJK
Tel: (92-05826) 444673-4-5

Kotla Arab Ali Khan
Kotla Arab Ali Khan Branch
Khewat No.123/119, Khatooni
No.571.573, Kotla Arab Ali Khan, Tehsil
Kharian, District Gujrat
Tel: (92-053) 7575703-704

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

Akbari Mandi Branch
Outside Akbari Mandi, Circular Road,
Lahore
Tel: (92-42) 37660969-70

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

Allama Iqbal Town Branch
06 Asif Block Main Boulevard Allama
Iqbal Town Lahore
Tel: (92-42) 37806882 - 37806887

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

Badami Bagh Branch
35-Peco Road, Badami Bagh, Lahore
Tel: (92-42) 37369610-3

Bahria Town Branch
Plot No.68/69-B, Sector-C, Bahria Town
Lahore
Tel: (92-42) 35976270-72

K-Block, Model Town Branch
Plot No. 8 & 9, Commercial Market,
K-Block, 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

Bilal Gunj Lahore Branch
Khewat No.1611 Khatooni No.2842
Khasra No.3807, Bilal Gunj Sheesh
Mahal Road, Lahore
Tel: (92-42) 3716657-58

Bhubtian Branch
Khasra No.4202/711, Bhubtian Chowk,
Raiwind Road Lahore
Tel: (92-42) 35320413-15

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
Mughalpurah Lahore Branch PlotNo. 125,
StNo. 33, Naya Pul, Punj Pir Road, Canal
Bank Road, Mughalpurah, Lahore
Tel: (92-42) 365543-44

Canal View Housing Society Branch
Plot No.16, Commercial Area, Canal
View Housing Society, Lahore
Tel: 0304-1927540, 0304-1927541,
0304-1927542

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
133-Circular Road Near PTCL Exchange
Lahore
Tel: (92-42) 37642001-05

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
Tel: (92-42) 7380461-65

CMA Society Branch
Plot No. 29, Block-A, Military Accounts
Co-operative Housing Society, Lahore
Tel: (92-42) 35460863-66

College Road Branch
House # 15, Block 2, Sector C-1,
Township College Road Lahore
Tel: (92-42) 35157181-85

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

Eden City Branch
Plot No 19, Block A, Eden City Lahore
Cantt
Tel: (92-42) 37185438-39, 37185443

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

Falcon Complex Gulberg III Branch
Emporium No. 3, Upper Ground Floor,
PAF Falcon Complex, Gulberg III Lahore
Tel: (92-42) 35925093-94, 35925288

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

G.T Road Daroghawala Branch
Plot No. 329-F, Main G.T Road,
Daroghawala, Lahore
Tel: (92-42) 36550501-3

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 Sheikhupura 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,
Khayaban-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

L.D.A Scheme Tajpura Branch
Plot No.425 A, L.D.A Scheme Tajpura
Lahore
Tel: (92-42) 36631463-5

Main Boulevard Branch
E-44-1-4-COM, Iqbal Park Commercial,
Main Boulevard DHA, Lahore
Tel: (92-42) 36621482-4

Main G.T Road UET Branch
Opposite To Sabzi Mandi , Singhpura
Stop Main Gt Road, Near UET, Lahore

Maulana Shaukat Ali Road Branch
Plot No. 4-E Jauhar Town, Adjacent
BOR, Main Maulana Shaukat Ali Road
Lahore
Tel: (92-42) 35202067-69

McLeod Road Branch
SE-10-R-2/12, Nihal Chand Building,
Mc'Leod 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 Nos.16-17-18, Central Commercial
Market, C-Block Model Town Lahore

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

Nishat Colony Branch
Khasra No 296 Nishat Colony Lahore
Cantt
Tel: (92-42) 35896011-13

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, Riwaz 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

Shahdra Town Branch
Property No.N-130-R-32/26/1, Jahangir
Park, Shahdra Town Lahore

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

Shah Jamal Branch
Property No.158, Shah Jamal Road,
Lahore
Tel: (92-42) 35912954-56

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

State Life Society Branch
Plot No.1011, Sector F, State Life
Society, Lahore
Tel: (92-42) 35474180-81-82

Sultan Pura Branch
Property No. 16, Hide Market Sultan Pura
Lahore
Tel: (92-42) 36862452-58

Sunder Industrial Estate Branch
Khawat No.331, Khatooni No.338, Near
Sunder Industrial Estate Gate-1,Sunder
-Raiwind Road ,Tehsil Raiwind, Lahore
Tel: 0304-1927540, 0304-1927541,
0304-1927542

T Block Phase II Branch
Plot No. 07, 2-C, CCA-T Block Phase -II
Lalok Jan Chowk DHA Lahore
Tel: (92-42) 5707383-86

Thokar Niaz Baig Branch
171-A, Ali Town Raiwind Road, Lahore
Tel: (92-42) 7516128-30

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

Main Bazar Lalamusa Branch
Property No.B-9/18/R.H & B-9/26/Shop &
B-9/27/Shop,Main Bazar Lalamusa
Tel: (92-53) 7511803-04

Lalian
Lalian Branch
Sargodha Road, Lalian District Chiniot

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
Liaquatpur Branch
Plot No.150, Rest House Road,
Liaquatpur
Tel: (92-068) 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
Mailsi Branch
Khewat No.75/73, Khatooni No.99,
Colony Road, Mailsi
Tel: (92-67) 3750704- 05

Manawala
Manawala Branch
Khatooni No. 1931-1933, Main Bazar,
near Union Council Office, Old Nankana
Road, Manawala

Manga Mandi
Manga Mandi Branch
Kasra No.11809, Khewat No.49 Manga
Mandi bypass Main Multan Road

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

Malakwal
Malakwal Branch
Khewat No.448, Khatooni No.779-789,
Badshah Pur Road, Malakwal
Tel: (92-546) 581591-2

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
Bank Road Mardan Branch
Khewat No.1643, Khatooni No.2393,
Khasra No. 2126-2128, Bicket Gunj,
Bank Road Mardan.
Tel: (92-937) 9230561-3

Par Hoti Branch
Khata No 367 neher chowk Main Bazar
Par Hoti Mardan
Tel: (92-937) 560013-14

Matta Swat
Matta Branch
Khasra No.2879, Main Bazar, Baghderai
Road, Matta, District Swat

Mehar
Mehar Branch
Plot No. 151, Khairpur Nathan Shah
Road, Mehar
Tel: (92-25)4730913-4

Mehrabpur
Mehrabpur Branch
Land Bearing No.12/111-A, Thari Road
Mehrabpur, Taluka Kandyaro, District
Nowsheroferoz

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 Fawara Branch
Khewat No.140, Property No.
1925/26/27/28, Mouza Taraf Ismail, Near
Chowk Fawara, Abdali Road Multan
Tel: (92-61) 4570334-38

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

Model Town Branch
Property No.110/A-111/A, Model Town,
Multan
Tel: (92-61) 6522183-185

Nawan Shaher Branch
Plot No.92,93,94, LMQ Road,
Chowk Nawan Shaher, Multan
Tel: (92-61) 4785604-07

Old Shujabad Road Multan Branch
Khewat No.332, Mouza Qutabpur , Old
Shujabad Road, Multan
Tel: (92-61) 6303731-34

Qadafi Chowk 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

Sameejabad Multan Branch
Khasra No.10/7/1, Khewat No.04, Peeran
Ghaib Road, Sameejabad Multan.

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
Commercial Center, Near Vehari Chowk,
Multan
Tel: (92-61) 6241201-3

Vehari Road Branch
Al Hamd Centre Plot No. 2228/10 Vehari
Road Grain Market Multan
Tel: (92-61) 6244153-5

Willayat abad Branch
Building No.728, Near Willayat abad Gate
01, Willayat abad Colony, Vehari Road,
Multan

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

Nankana Sahib
Nankana Sahib Branch
P-66, Guru Bazar Ghalla mandi
Nankana Sahib
Tel: (92-56) 2877023-24

Narowal
Kutchary Road Narowal Branch
Building No.B-IV/ 4B/ 7, Kutchary Road
Narowal
Tel: (92-054) 2411703-6

Naushahro Feroz
Naushahro Feroz Branch
Plot No.1 , Survey No.331, National
Highway Naushahro Feroz

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: (92-923) 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

Panjgoor
Panjgoor Branch
Chitkan Bazar, Panjgoor

Pasrur
Timber Market Pasrur Branch
Property No. 369-BI-327/GODOWN ,
Timber Market Pasrur, Tehsil Pasrur
District Sialkot
Tel: (92-052) 6441934-6

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
Taxation # 3845,3846, Main G.T Road
Kirashan Pura, Mouza, Tukrah # 1,
Peshawar
Tel: (92-91) 2612020-3

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
Property No.417/D, Rehman Baba
Colony, Mohallah Akara Mufti Abdul Latif
Khan, Outside Bajori Gate, Khyber Bazar
Peshawar
Tel: (92-91) 2564019-20

Kohat Road Branch
Khasra No.1493 & 1953, Mauza Achar
Hadbast No.254, Opposite Small
Industrial Estate, Kohat
Road Peshawar
Tel: (92-91) 2320676-576

Ring Road Peshawar Branch
Khasra No.4628/3253, Khata No.
186/549, Near Pashtakhara Chowk, Ring
Road, Peshawar
Tel: (92-91) 5230581-3

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
Phalia Branch
Khewat # 174, Khatooni # 436, Khasra #
106 Helan Road, Phalia
Tel: (92-0546) 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
Pishin Branch
Khasra No.649-653, Block-1, Bund Road
Pishin
Tel: (92-826) 421015-17

Qalanderabad
Qalanderabad Branch
Khata No.206, Khatoni No.290, Khasra
No.329/2, Shahrah-e-Resham Road,
Qalanderabad
Tel: (0992) 370600-02

Qilla Saifullah
Qilla Saifullah Branch
Khasra No.27, Intiqal No.59, Jahangir
Market Quetta Road, Qilla Saifullah
Tel: (92-0823) 610206-207,
0823-610234-235

Quaidabad
Quaidabad Branch
Khewat No. 1054, Khatooni No.1433,
Khasra No. 13/2, 14/2 Main Sargodha
Mianwali Road, Quaidabad

Quetta
Alamdar Road Branch
Khasra # 11690/5518, Alamdar 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: (92-81) 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

Kawari Road Branch
Kawari Road, Near Children Hospital,
Quetta

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

**New Grain Market, Rahim Yar Khan
Branch**
Khata No.16/16, Khatooni No.135/137
New Grain Market, By Pass Road, Rahim
Yar Khan
Tel: (92-68) 5708103-04

Rahim Yar Khan Branch
23 - Model Town, 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
Rawat Branch**
Khokhar Mall Plaza, Main G.T Road,
Rawat, Islamabad
Tel: (92-51) 4612346-47

**Renala Khurd
Renala Khurd Branch**
Plot No. 26-27, 58-60 Khewat No.3,
Khatooni No.4, Khasra No.34/26/2/26,
Welcome Road, Renala Khurd
Tel: (92-044) 2622336-37

**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

Committee Chowk Branch
Plot No.1, Regent Hotel, Shero-pao
Colony, Committee Chowk, Chaklala
Road, Rawalpindi

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) 5786435-8

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

DHA Phase I Branch
DHA Avenue Mall, Main Boulevard DHA
Phase-I, Rawalpindi
Tel: (92-51) 5788316-17

Fateh Jhang Road Branch
Faisal Town Fateh Jhang Road Rawalpindi
Tel: (92-51) 4342707-8

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,
Turnol, Rawalpindi
Tel: (92-51) 2226406

Gulrez Rawalpindi Branch
Plot No. 471 Asghar Mall Plaza 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,
Mohar 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

Liaquat Road Rawalpindi Branch
Plot No.B-541-542, Liaquat Road
Rawalpindi
Tel: (92-51) 5559121-23

Muslim Town Branch
B-IV, 628-629, Chirah Road, Muslim
Town, Rawalpindi
Tel: (92-51) 4476013

Peshawar Road Branch
Khasra No. 2573 Peshawar Road
Rawalpindi.
Tel: (92-51) 5167368-70

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
Tel: (92-51) 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
Farid Town Branch**
Khewat No. 7126, Khatooni No. 7198,
Plot No.357, Block-H, Farid Town
Sahiwal

G.T. Road Sahiwal Branch
Property No. IV-343/334, 343/335, Ghalla
Mandi G.T Road, Sahiwal
Tel: (92-40) 4224911-2

High Street Branch
Khewat # 146, Khatooni # 146, Mission
Chowk, High Street Sahiwal
Tel: (92-40) 4222661-62

Pakpattan Road Branch
Khewat No.115, Khatooni No.386, 97/9L,
Pakpattan Road, Besides Engro Foods,
Sahiwal

Sahiwal Branch
276-B-I, Alpha Tower, High Street, Sahiwal
Tel: (92-40) 4465009, 4466592

**Sakrand
Sakrand Branch**
Deh.18, Taluka City Sakrand, District,
Nawabshah
Tel: (92-244) 322054-57

**Sambrial
Sambrial Branch**
Property No. B-II-382, street No 4,
Wazirabad Road, Tehsil Sambrial District
Sialkot
Tel: (92-052) 6524061-3

Samundri
Samundri Branch
Plot No 1, Commercial Area Development
Scheme, Gojra Road, Samundri
Tel: (92-041) 3420181-85

Sanghar
Sanghar Branch
Property No.124 / A-1, Housing Society
Town, Sanghar
Tel: (92-235) 543662-3

Sanawan
Sanawan Branch
G.T Road, Sanawan, District Muzaffargarh

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

New Satellite Town Branch
Property No.01, Khasra No.14380,
Khatooni No.371/392, Block Z, New
Satellite Town Sargodha

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

Shahdadkot
Shahdadkot Branch
Survey No.1357/1, Ward-B Kotoo Motoo
Chowk Shahdadkot
Tel: (92-074) 4012895-7

Shakargarh
Shakargarh Branch
B-IV-942/RH-SH, Railway Road
Shakargarh
Tel: (92-54) 2452180-2

Shorkot
Shorkot Branch
Sabir Chowk, Jhang Road, Shorkot
District Jhang

Skardu
Skardu Branch
Khewat No.62/189/63, Main Bazar Skardu
Tel: (05-815) 456457 to 459

Sheikhupura
Sheikhupura Branch
Civic Center, Sargodha Road,
Sheikhupura
Tel: (92-56) 3813360-2

Sheikhupura II Branch
Khata No 465, Khatoni No.903,
Property No.BIX-7-5, Chowk Pir Bahar Shah,
Batti Chowk, Lahore Road Sheikhupura

Sialkot
Aziz Shaheed Road Branch
Qayyum Trade Center, Aziz Shaheed
Road, Sialkot Cantt
Tel: (92-52) 111 852 852

Circular Road Sialkot
Property No. XXIII - 4S- 17 / RH Circular
Road Sialkot
Tel: (92-52) 4586601-03

Gohad Pur Branch
Building No. BI - 25 S-304, Airport Road
Gohad Pur Sialkot
Tel: (92-52) 4296054-6

Haji Pura Road Sialkot Branch
Khatooni No.322-324, Khewat No.106,
Haji Pura Road Sialkot
Tel: (92-52) 3574763-65

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

Shahkot
Shahkot Branch
Property No. 518, Jaranwala Bazar,
Corner Circular Road, Sultan Baho
Chowk, Shahkot

Shujabad
Shujabad Branch
Property No.323-A, Ward No.06,
Jalalpur Road, Shujabad
Tel: (92-61) 4425574-76

Shikarpur
Shikarpur Branch
Plot Survey No.5/142, 5/143, 5/144 & 5/158
Circular Road Sturt 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

Talagang
Talagang Branch
Khasra No.529, Khewat No.909 Traffic
Chowk, Old Rawalpindi Road Talagang
Tel: (0543) 410460-61

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 Branch
P-103, Farooq Road, Toba Tek Singh
Tel: (92-46) 2513765-6

Turbat
Main Road Turbat Branch
Khasra No. 32, Khewat No. 32, Main
Road Branch Turbat

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

Yazman
Yazman Branch
Khatooni No.166-177 Bahawalpur Road,
Yazman

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. 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.

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.

Accrued Profit

Profit earned but not received from the customer.

Acquirer

Acquirers are banks and financial institutions that collaborate with businesses to accept credit/debit card payments.

Additional Unit Purchase

Purchase of units in excess of initially agreed schedule in Diminishing Musharakah to reduce bank's share in the asset.

Advance Booking

Booking of vehicle with the manufacturer through advance payment.

Advance Rental

Payment of rent after lease agreement before utilization of usufruct.

Agreement Stamping Charges

Charges paid by the customer for stamping of financing agreement.

Al-'Aqd

Legal contract implying an enforceable act involving a bilateral declaration, namely, the offer ('Ejab) and the acceptance (qabul).

Al-Bai

A contract of sale. Tech: Sale of definite goods or property with the free consent of parties for a definite price. It involves offer (Ejab) and acceptance (qabul). It has many types.

Al-Bai' Al-Batil

An agreement of sale which is unlawful in respect of its substance and description.

Al-Bai' Al-Mu'ajjal

A financing technique adopted by Islamic banks. It is a contract in which the seller allows the buyer to pay the price of a commodity at a future date in lump sum or in instalments.

Al-Gharar

Gharar is a state of uncertainty that exists when the process of concluding a transaction involves an unknown aspect.

Al-'Ijma'

Consensus of the Islamic jurists (mujtahidwn) on a certain Shariah issue after the demise of the Holy Prophet (P.B.U.H.)

Al-'Ijtihad

Endeavour of an Islamic jurist to derive or formulate a rule of law pertaining due to a matter not explicitly mentioned in the Shariah sources on the basis of evidence found in the Shariah sources.

Al-Kafalah

A contract of surety in which a person adds to his responsibility or liability on behalf of another person in respect of a demand for a loan or debt.

Al-Mudarabah Al-Muqayyadah

A contract of Mudarabah in which certain conditions like place, season, commodities, credit and techniques of trade are stipulated by the provider of the capital (rabb al-mal).

Al-Mudarabah Al-Mutlaqah

A contact of Mudarabah that does not bind the entrepreneur about the place, time, season, commodities, credit or techniques of trade. These matters are left to the option of the entrepreneur. The Mudarabah contract defines merely the profit-sharing ratio.

Al-Musha'

Mixing up of the proprietary rights of more than one person in a thing, such as in joint ownership where each co-owner has a right until the entire property is distributed.

Al-Qard Al-Hasan

A loan with the stipulation to return the principal sum in the future without any increase.

Al-Qimar

An agreement in which ownership of a property is contingent upon the happening of an uncertain event. By implication it applies to those commutative agreements in which gain of one party is linked with the loss of other party.

Al-Qiyas

Derivation of the law on the analogy of another law if the basis ('illah) of the two is the same. It is one of the primary sources of Islamic law including Islamic economics.

Al-Rahn

To pledge or lodge a real or corporeal property of material value, in accordance with the law, as security for a debt or financial obligation, so as to make it possible for the creditor to regain the debt or some portion of the goods or property.

Al-Tabarru'

It means the right of complete and unfettered disposition over joint property. This right has not been conceded by the jurists to any partner. However, one has the right of tabarru' with personal property.

Amortization Schedule

Information of Equal Monthly Installments (EMI) with breakup of unit price & rental along with balance outstanding.

Annual Fee / Renewal Fee

An annual fee typically charged to customers with debt cards.

Applicable rate

Profit rate applied on the facility.

Application form

A form to be filled in and signed as per the Bank's requirements to avail Banking facilities. Requirement of details to be filled in will vary for each facility. Applications may also require certain specified documents also to be attached.

Appraisal Agency

Agency used for assessing market value of an Asset.

ATM

An automated teller machine or any card-operated machine or device whether belonging to the Bank or other participating banks or financial institutions or concerns or to the Visa Card or MasterCard global ATM Network, or the affiliated networks thereof, as the case may be, which accepts the Card.

Bai' Al-'Amanah

A sale whereby both parties express trust in each other. Examples: bai' al-wafa, bai' al-talji'ah, bai' al-wadWyah, Murabaha, etc.

Bai' Al-Dain

Sale of debt.

Bai' Al-'Inah

It refers to the process of purchasing the commodity to a deferred price, and selling it for a lower spot price to the same party from whom the commodity was purchased.

Bai' Al-'Istijrar

A form of sale whereby the buyer keeps on taking the goods from the seller as and when needed with or without settling the price and then settles the account later on.

Bai' Al-Kali Bil Kali

A sale in which both the delivery of the object of the sale and the payment of its price are delayed.

Bai' Al-Khiyar

A sale contract that provides an option to conclude or rescind the deal.

Bai' Al-Muqayadah

Selling a commodity for another commodity/Barter sale.

Bai' Al-Murabahah

Sale of goods with an agreed price with profit on the cost.

Bai' Al-Musawamah

Sale of goods at a price on which the buyer and seller agree after haggling without mentioning the cost to the seller.

Bai Al-Salam

This term refers to advance payment for specifically defined goods which are to be delivered later.

Bai' Al-Tawliyah

A contract of sale in which the seller agrees to sell a product at his cost.

Bai' Al-Wad'iyah

A sales contract in which a seller informs the buyer his actual cost and then gives a further discount on it.

Balloon Payment

Payment by customer in addition/additional/excess to the installment amount to reduce the number of outstanding units.

Bank Investment Ratio (BIR)

Ratio of bank's investment in an asset against the value of that asset.

Banker's lien

Bank's charge on the asset.

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.

Base rate

Benchmark rate for driving the pricing of product/service.

Billing cycle

Date of a month when bill/statement is generated.

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.

BOQ

Bill of quantity - Break up of amount in construction cases.

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.

BRP (Bankers Ratio of Profit-Sharing)

Percentage share of profit due to financier in the profit of an enterprise financed on the basis of Mudarabah or Musharakah.

Business Person

Individual having his own business.

Buy-Back

A non-permissible transaction where Bank purchases goods, equipment or property from the client with the agreement that the client would buy it back from the bank at a higher price, to be paid later by the client.

Capital Adequacy Ratio (CAR)

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

Capital Contributions

Relating to an Islamic Fund, they are additional funds collected from investors in the fund to finance needs that may arise in the future as the fund manager considers appropriate. New shares/units are not issued in exchange of these capital contributions.

Capital Transactions

With reference to an Islamic Fund, they include the sale of units/shares, and the number of units/shares issued on reinvestment of distributions/dividends less the value of units/shares returned.

Card

The applicable Visa Card, MasterCard and / or any other card including but not limited to co-branded cards, e-card, debit card the second card as issued by the Bank, from time to time, to the Card member and shall include Supplementary and subsequently issued, renewal or replacement Cards.

Card Account

Visa/Master Card account or any account pertaining to the Card(s) issued by the Bank from time to time, as the case may be, opened by the Bank for the purpose of entering debits / charges incurred by or for the account of, and credits received by or for the Card member and Supplementary Card member.

Card Issuer

A bank, financial institution, credit union, or agency that issues a card to public or its members is called a card issuer.

Card member

A person to whom the Card is issued by the Bank and shall also include every Supplementary Card member.

Card Replacement Fee

Fees to be charged by the bank for replacement of lost/stolen or damage card.

Card Transaction

Any payment made or any amount to be debited from the Card Account or any amount charged by the Bank or any Merchant for any goods, services and other benefits by or through the use of the Card.

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.

CAGR

An abbreviation for Compound Annual Growth Rate.

CDs (Central Deposits)

One of the proposed monetary policy tools for the Islamic economy. The central bank may open investment accounts in member banks in which it deposits whatever money it creates and from which it withdraws whatever money it retires. Member banks may invest these deposits in the real sector in accordance with the investment policy of each bank. Profits earned on such deposits may be used to cover the cost of central bank operations.

Certificate of Musharakah

An Islamic financial instrument approved by the Corporate Law Authority of Pakistan in April 1995.

Charges

The amount payable by the customer to the Bank under the Terms and Conditions, including but not limited to any transactions, Annual Membership , Services Fee, Charity and other fees / charges.

Charity

Means monetarily helping those in need. In IBIs in order to mitigate the risk of delayed payment customer is asked to undertake, that if he/she fails to pay dues on due date, he/she will pay certain amount to a charity, which will be administered through the Islamic Bank. Such amount is not the income of IB.

Clean Limit

Financing Limit which has been granted by the bank without any collateral/liquid/non-liquid securities.

Clear Title

When the property in question is free from any doubt is not disputed and is not having any encumbrances and it is said to have a clear title.

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.

Closing Balance

The amount payable (or available) as of last working day of the certain period/month.

Co-Applicant

A co-applicant is a person who signs a finance contract with the primary applicant, pledging to be responsible for paying off financed amount in the event the applicant is unable to pay.

Collateral

An asset pledged to a financier/creditor to guarantee payment/repayment. Collateral could include savings, Sukuks, takaful policies, jewelry, property or other items that are pledged to pay off financing/rentals/balance outstanding if payments are not made according to the contract.

Collector

Bank employee responsible for collection/recovery.

Commingled Mudarabah

Relating to Islamic banks, a form of Mudarabah in which a bank accepts funds for investment and contributes its own funds as well. The profit and loss are shared in agreed proportions and the bank also receives a share of the profit from out of the share of investors for its role as mudarib.

Commitment to Extend Credit

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

Commodity Mudarabah

A contract of Mudarabah wherein the owner of capital provides capital in the form of stock-in-trade ('urwd) and not cash.

Constant Musharakah

It is a Musharakah in which the proportionate shares of partners in the equity remain unchanged within the currency of the agreement.

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.

Contract Price

Total amount payable by the Customer to the Bank for the Asset pursuant to the Musawamah / Mudarabah Transaction.

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.

Credit History

A financial profile of any person based on how he pays his bills, clears his debt and the amount a person owes to various banks and other financial intuitions.

Credit Limit

It is the maximum amount of money one can draw on his account based on prior sanction or approval from the bank. In other words, drawing limit fixed by a bank for a customer depending on his credit history, paying capacity and relationship with bank.

Credit Murabahah

A sale agreement on the basis of determined profit over the purchase price of the seller with the condition that the buyer will pay the sale price in future.

Credit Rating / Score

A credit rating is an evaluation of the credit risk of a prospective customer, predicting his ability to pay the financed amount, and an implicit forecast of the likelihood of the customer defaulting.

Credit Risk

Credit risk involves the risk that a counter-party to a contractual obligation, be it Murabahah, Mudarabah, 'Ijarah, qard hasan, 'Ijarah wa 'iqatina' or shirkah, would default on the promised date of payment.

Cross sell

Selling of product to already existing customer.

Current

Customer making all the payments on time.

Customer

A person who is availing any facility or products of a bank.

Dealership

Vehicle is provided through dealership.

Debt Ratio/Debt Burden

A ratio of amount of money customer owe to banks or credit issuers against total monthly income of a customer. It reflects the percentage of income that goes to paying customer debts every month. Islamic banks calculate Debt Ratio to assess the amount of financing that can be provided.

Default/ Delinquency

When a customer fails to make any payment(s) due towards the bank as per the terms and conditions agreed or otherwise is termed as default. Furthermore, a breach of contract/terms and conditions may also be categorized as an event of default. Account is classified as delinquent when rentals are not paid according to the contractually agreed upon terms or when due.

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.

Delivery Acceptance Form

In the context of auto finance, this is a mandatory document which the customer signs acknowledging acceptance and possession of vehicle from the dealer.

Desired Financing Amount

Amount required by the customer.

Desired Financing Tenure

Tenure required by the customer.

Diminishing Musharakah

Bank and customer participate in joint ownership of a property. The share of the bank is divided into number of units and the units owned by the Bank are rented to the customer. Customer purchases these units from bank at periodic intervals, thereby increasing his/her share in the undivided property until all the units are purchased by the customer.

Direct Debit / Auto Debit Facility

A facility offered by the bank to customer against which monthly full payment or minimum payment will be debited from his/her account on the due date.

Disbursement

Payment made in the name of the customer.

Discrepancy

Incomplete or missing documents, or alternatively incomplete, illegible or contradictory information in the customer's financing application or documentation provided by customer.

Dishonored/Returned Cheque

A Cheque which is returned by the payer's Bank due any number of possible reasons including but not limited "insufficient funds, amounts' mismatch, illegible signature, overwriting, date-barring etc."

Disputed transaction

A cardholder posted transaction which is not accepted by him/her and requires clarification.

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.

DPD

Number of days past the due date after the customer's payment became due as per the contractually agreed upon terms and conditions.

Due Date /Payment Due Date /Installment due date

Date specified in the statement of account for monthly payments/schedule for the payment of the Current Balance or Installment to be made to the Bank for the facility availed by the customer.

E-Alerts

Electronic Alerts to be sent to customer via email / SMS.

E-Banking / Internet Banking

Banking transactions which can be conducted on internet after accessing Bank's application with unique password.

E-CIB /Credit Bureau

Electronic Credit Information Bureau-eCIB has been established by the State Bank of Pakistan which requires all banks and financial institutions to report all financings and advances, to the State Bank.

Early Settlement

Payment of entire financed amount before the agreed upon maturity of financing as per payment schedule.

Early Termination Price

If the customer wishes to terminate the Ijarah/Diminishing Musharakah Agreement before the agreed period, the customer has an option to buy the asset on the pre-agreed purchase price.

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.

EMI

Equal Monthly Installments.

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).

Equity/down payment

Customer's stake in the vehicle, customer pays a vehicle value's part before financing.

Expiry Date

The date of expiry specified by the Bank on the Card.

External agencies

Agencies providing services to customers which are on Bank's panel.

Facility Rate / Pricing

Profit rate charged on the product/service.

Fatwa

A decree by a competent Shariah scholar qualified to issue decrees (mufti) on a matter giving an opinion about the position of a matter in the light of the Shariah rules and principles.

FCY

Foreign Currency.

FED

Federal Excise Duty.

Financing Agreement

Document used for agreement between the customer and the bank.

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.

Fixed Rate

Facilities where the profit rate defined at the time of financing is fixed for the tenure of the facility or until facility is closed.

Fixed Term

This applies to products and services, which have a set lifetime.

Floating Rate

Profit rate renewable after certain defined period of time. The profit rate is linked with KIBOR plus a fixed percentage of profit margins.

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.

FX Conversion Charges

Foreign Currency Transactions charges to be borne by customer to convert into Pakistani Rupees.

GCAS

Global Customer Assistance Service.

General Takaful

A form of Islamic insurance to cover losses of fire, theft or natural calamities. The scheme or concept follows the principles of mutual insurance.

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.

Guarantee

A promise given by a person called 'the guarantor' to pay another person's installment/outstanding balance if that person does not pay them.

Hiba

Gift/Transfer of ownership of an asset without any consideration.

Historical Cost Convention

Recording transactions at the actual value received or paid.

Hypothecation

Process of placing a charge / lien on vehicle financed by the Bank.

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.

Ijarah Expense

Installment of rent paid for leasing an asset are shown as 'Ijarah expense in the books of the lessee.

Ijarah Revenue

Installments of rent received on leased assets by the financial institutions.

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 Estimation Agency

Agency used for assessing customer's income.

Income Spread

Represents the difference between the average rate of income earned and the average rate of cost paid on funds.

Investment Assets

With reference to Islamic banks, they are investments in financial instruments using any of the suitable Islamic financial instruments.

Investment Risk Reserve

With reference to Islamic banks, it is the amount appropriated out of the income of investment account holders, after allocating the mudarib's share, in order to provide a cushion against future losses for investment account holders.

Islamic Banking

Banking in consonance with the ethics and value system of Islam as compared to conventional banking that conducts its business of borrowing and lending on the basis of interest.

Islamic Credit Card

It is an Islamic alternative to the conventional credit card.

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.

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 under takes 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.

IVR

Interactive voice response (IVR) is a technology that allows a computer to interact with humans through the use of voice and DTMF (Dual Tone Multi Frequency) tones input via keypad.

KIBOR

Karachi Interbank Offer Rate as directed by SBP on daily basis.

Lawyer appraisal agency

Agency used to verify and appraise the property document.

Leasing Certificate

Leasing certificate is an Islamic financial instrument. The certificate is offered by Islamic banks to savers when the latter want to invest their funds in lease operations.

Lease Facility

A lease is a contractual arrangement calling for the lessee (user) to pay the lessor (owner) for use of an asset.

Liabilities

Any or all amounts payable whatsoever by the customer to the Bank.

Linked Account

Account opened for making monthly payments/installments.

Litigation charges

Charges which will be incurred at the time of filling a suit by the bank against a defaulted customer.

Liquid Assets

The assets which are readily convertible into cash without recourse to a court of law.

LOU

Letter of understanding between the bank and the customer mentioning some of the important terms & conditions related to the financed product usage.

Market Capitalization

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.

Maturity

Financing payment completion.

Merchant

Any person / entity supplying goods and / or services and / or other benefits who accepts the Card as a means of payment.

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.

Month

Calendar month.

Mortgages

Mortgage is the transfer of an interest in specific immovable property for the purpose of securing the payments by the customer.

Mudarabah

An agreement between two or more persons whereby one or more of them provide finance, while the other provides entrepreneur ship 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.

Mudarabah Certificate

A financial instrument devised by Islamic investment companies to mobilize funds for investment. A Mudarabah certificate can be for a specific purpose or for a general purpose. The former is related to financing of specific projects and matures only on the completion of the project. The latter can have a specific or indefinite duration but proceeds can be invested in any halal business. Both the types can be issued in negotiable form and can be either registered or bearer.

Mudarabah Shares

Normally issued by the state, they are instruments for obtaining funds from the private sector on the basis of Mudarabah. The state issues a share certificate, indicating the price, the period and the terms of the contract. The funds thus collected are invested in some profit-yielding project so that the state can share profit or loss with the public.

Mudarib

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

Musharakah

A partnership contract where all the partners invest funds and are not restricted from working for the partnership.

NCCA/ Non Checking Account

A type of account where a customer can only make deposits but cannot withdraw funds from the account. As such, no instruments (debit card, Cheque book, internet banking etc.) are provided to the customer when opening this type of account.

Net Assets Value per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Dividends

Dividends net of withholding tax.

NOC

No Objection Certificate issued in favor of the customer after financing clearance.

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.

Object deferred sale

An alternate term for bai' al-salam, where money is paid in advance and the goods are delivered later.

Off Us ATM

Transaction conducted on other bank ATM.

On Us ATM

Transaction conducted on issuer's bank ATM.

Open-END Fund

A regulated investment company with a pool of assets that regularly sells and redeems its shares.

Operating 'ijarah

An operating lease that does not include a promise to transfer the title of the leased asset to the lessee at the end of the lease.

Outstanding balance

Any unpaid amount with respect to a financing facility.

Overdue rentals/ late payments

Amount of rentals which has not been paid as of its due date (or maturity) date. All financial arrangements become overdue one business day after their due date. A customer who is past due may be subject to charity.

Parallel istisna

Another form of Istisna'a, known in modern custom as Parallel Istisna'a 'M-Istisnab at-Mu'wazi", takes effect through two separate contracts. In the first contract, the Islamic Financial Institution acts in the capacity) of a manufacturer, builder or supplier and concludes a contract with the customer. In the second contract, the Institution acts in the capacity of a purchaser and concludes another contract with a manufacturer, builder or supplier in order to fulfill its contractual obligations towards the customer in the first contract. By this process, a profit is realized through the difference in price between the two contracts and, in most cases, one of the two contracts is concluded immediately, (i.e. The Istisna'a contract entered into with the manufacturer, builder or supplier), while the second contract (i.e. The contract entered into with the customer) is concluded later.

Parallel Salam

If the seller enters into another separate Salam contract with a third party to acquire goods, the specification of which corresponds to that of the commodity specified in the first Salam contract, so that he (the seller) can fulfil his obligation under that contract, then this second contract is called, in contemporary custom, Parallel Salam. The following is an example of such a contract. An Institution on one hand buys a specified quantity of

cotton from farmers on a Salam basis and, in turn, the buyer in the first Salam contract enters into a new separate Salam contract with textile mills so as to provide them, by means of that new Salam contract, with cotton, the specifications of which are similar to the specifications of the cotton to be acquired under the first Salam contract, without making the execution of the second Salam contract contingent on the execution of the first Salam contract.

Payment Facility

To pay any amount(s) to any person / party for any purpose settlement of any bills or for any other purpose approved by the Bank from time to time.

Payment Period

Tenure of the facility.

Pension Fund

A fund from which pensions are paid, accumulated from contributions from employers, employees, or both.

PIN/ ATM PIN

The Personal Identification Number issued to a Card member to enable the Card member or a Supplementary Card member or selected by a Card member or a Supplementary Card member and generated through IVR (Interactive Voice Recording) to use the Card at an ATM for a Cash Advance.

Pre-Payment/ Early Settlement

A one off payment along with FED charges which customer may be asked to make if customer decide to pay off financing facility early before maturity.

Pre-Payment Price

Price applied on pre-payment of facility.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Principal

The amount of financing by the bank.

Processing Fee

Onetime Fee charged on approved amount only for processing.

Profit-Sharing Deposits

Financial instrument of riba-free economy. Indicates deposits with commercial banks on the basis of profit sharing.

Progressive Letter

The detailed information/events/picture provided by the cardholder for continuing his/her dispute with the bank against disputed transaction evidences.

Provision

With reference to Islamic banks, a provision is essentially a contra-asset in the statement of financial position and is constituted by charges made as expenses to the banks' income statement.

Rabb-ul-Maal

A person who invests capital in a Mudarabah.

Rate revision letter

Letter for customer when the applicable rate is revised annually.

Ready Delivery

Vehicle available at the dealer for delivery after payment.

Ready Delivery used

Used vehicle available at dealer's end for delivery after payment.

Receivables

With reference to Islamic banks, receivables are amounts due from clients as a result of sale transactions through the financial instruments of Murabahah, Salam or 'istisna'.

Registration charges

Amount required for registering the vehicle with Excise and Taxation Office.

Rental Payment

Amount paid by a lessee to a lessor for the use of an asset.

Reserves

A reserve is essentially a component of equity (of either investment account holders and/or shareholders) and is constituted by appropriations out of income.

Residual Value

Value of the asset after completion of the ljarah period.

Restricted investment account

Relating to Islamic banking, refers to an investment account in which the bank has the authority to invest the account holder's funds on the basis of Mudarabah contract or agency based contract for investment, but has certain restrictions as to where, how and for what purpose the funds are to be invested. Further, the Islamic bank may be restricted from commingling its own funds with the restricted investment account funds for purposes of investment.

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.

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 in a loan contract.

Riba Al-Fadl

A sale transaction of the 'amwal al-ribawiyah (commodities where the injunction relating to Riba is applicable) in which a commodity is exchanged for the same commodity but unequal in amount and the delivery of at least one commodity is postponed. To avoid riba al-fadl, the exchange of commodities from both sides should be equal and instant.

Riba Al-Nasi'ah

Increment on the principal of a loan payable by the borrower. It refers to the practice of lending money for any length of time on the understanding that the borrower would return to the lender at the end of this period the amount originally lent together with an increment.

Right of Set Off

In an event of default or otherwise, bank has the right of set off i.e. bank at its discretion or otherwise and without giving notice to the customer, reserves the right to recover outstanding amount(s) from any of Customer's Account(s) maintained with the bank.

Risk Weighted Assets

On Balance Sheet, assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

Rupee/PKR

Pakistani Rupee Currency.

Salaried Individual

Person employed on a salaried basis.

Sale Order

Confirmation document sent to the customers before delivering Vehicle.

Schedule of Charges

The document prescribing Service Fee(s), charges and other fee(s) applicable to the Card/ BTF, Card Transactions and / or Card Account, issued by the Bank bi-annually to the Card members.

Secured Limit

Financing Limit which has been granted by bank and is secured against collateral/liquid/non-liquid securities. In an event of default, or otherwise, bank has the right to recover the amount(s) outstanding against the said security.

Self-Employed Professional

Individual having his own professional business.

Service Establishment

Merchant acquiring bank who authorize it's merchant to accept card transaction as per agreement and able to respond disputes queries.

Service Fee/ Annualized Percentage Rate (APR)

Fee as determined by the Bank and prescribed in the Schedule of Charges and payable by the customer on the outstanding Liabilities and other amounts.

Shareholders' Funds

Total of issued and fully paid share capital and capital and revenue reserves.

Shariah Audit

Audit of the operations of an Islamic financial institution to assess the extent to which the institution adhered to the requirements of the Shariah.

Shariah Supervisory Board

Committee of Islamic scholars in Islamic Banks for guidance and supervision and whose decisions are binding upon the bank.

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.

Shirkah

A contract between two or more persons who launch a business or financial enterprise with the purpose of making a profit.

Shirkah al-'aqd

Two or more persons may continue to carry on business on the condition that capital and profit will be shared among them. This is distinguished from shirkah al-milk, which is partnership in joint property without common commercial intention.

Shirkah al-milk

A proprietary partnership occurs when two persons inherit or purchase something together without common commercial intention. Neither of them is permitted to dispose off the other's portion except with the other's permission. Each of them is considered a stranger in regard to the other's portion.

Shukuk/Sukook/Sukuk

Sukuk are certificates of equal value representing undivided shares in ownership of tangible asset, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity.

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.

SMS Fee

SMS - Short Message Service Charges

Statement of Account

The Bank's monthly or other periodic statement of account send to its customers showing particulars of the transactions carried out.

Suit

Legal case filing.

Takaful

Islamic Insurance. A scheme of mutual support that provides insurance to individuals against hazards of falling into unexpected and dire need.

Takaful Contribution

The amount payable to a waqf based takaful company in order to become Takaful participant for the coverage of a risk at a pre-determined takaful rate.

Takaful Products

The products designed to cover the customers' liability / assets to any unforeseen circumstances which customer may face in future.

TAT – Turn Around Time

Time required for application processing.

Temporary credit

A limited period of credit posted by bank into cardholder's card account for disputed transaction.

Tenure

The length of time for which a term finance/loan has been approved and is typically structured in 12-month multiples.

Tijarah Financing

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.

Time barred Transactions

A posted transaction which is disputed after 120 days' time-limit or MasterCard/Visa allowable time-limits by cardholder.

Title of the property

Documents identifying the owner of the property.

Title of vehicle

Documents identifying the owner of vehicle such as excise file and registration book in Autos.

Top - Up

Top Up means line replenishment/enhancement.

Total Cash Outlay (TCO)

An amount including down payment, takaful, processing fee etc. which is paid after Auto finance approval.

Total Monthly Payment (TMP)

Equal monthly amount payable including installment (Principal + profit) and takaful contribution amount.

Trenches

Financing/Loan disbursed in parts are called trenches.

Undertaking

Unilateral promise/Indemnity provided by the customer.

Units

Undivided portions in an asset.

Unrestricted investment account

Relating to Islamic banking, refers to an investment account where the account holder authorizes the Islamic bank to invest the account holder's funds on the basis of Mudarabah contract in a manner which the Islamic bank deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested.

Unsatisfactory Credit History

Customer is not making payments against availed cross sell facility/product resultantly bank has right to close either temporary or permanently said product/facility.

US Dollar

Currency of the United States of America.

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

Contract of agency in which a person delegates his rights/authorities/business to another and substitutes the other in his own place. The latter is called the wakil, or agent, and the former is called muwakkil, or principal.

Waqf

In Arabic language the word Waqf means preventing something from movement. In Shariah terminology, Waqf refers to making a property invulnerable to any disposition that leads to transfer of ownership, and donating the usufruct of that property to beneficiaries.

Waqif

Relating to the law of waqf, refers to the person who establishes or donates his property by way of waqf.

Weighted Average Cost of Deposits

Percentage of the total cost expensed on average deposits of the bank for the period.

Withdrawal Facility

To withdraw cash either through the Automated Teller Machines ("ATMs") or through use of a Debit Card held by the Customer ("Debit Card").

Zakah (zakat)

A certain portion of wealth levied on Muslims having wealth above an exemption limit (nisab) at a rate fixed by the Shariah to purify wealth. Zakat is one of the five pillars of Islam. The object is to take away a part of the wealth of the well-to-do and to distribute it among the poor and the needy.



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-  Online Quizzes

-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
-  Financial calculator
-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
-  Jamapunji application for
mobile device



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*Mobile apps are also available for download for android
and ios devices

Meezan Bank Limited

Dividend Mandate Form

According to section 242 of Companies Act, 2017 and Circular No. 18/2017 dated August 1, 2017 issued by Securities and Exchange Commission of Pakistan (SECP) has directed all listed companies to pay dividend only through electronic mode directly into the bank accounts designated by the entitled shareholders with effect from November 1, 2017.

In view of above, Shareholder(s) are advised to provide their complete bank account / IBAN detail as per format given below required under clause 7,8 and 9 (ii) of the Companies (Distribution of Dividends) Regulations, 2017 issued under S.R.O.1145 (I) / 2017 dated November 06, 2017 by SECP enabling us to comply with above Section/Circular.

For physical Shareholder(s):

THK Associates (Pvt) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S.
Karachi 75400.

For CDC Accountholder (s)

in case of CDC account holder/ Sub-acountholder, please provide said details to CDC / to respective member Stock Exchange
OR
directly update IBAN detail on CDC portal through given link:
<https://eipo.cdcaccess.com.pk/public/index.xhtml>

Company Secretary

Dividend Mandate Details

It is requested that all my cash Dividend amounts declared by the Bank, may be credited into the following bank account:

Folio Number / CDC Participants ID A/c No.	
Name of Shareholder	
Title of the Bank Account	
Bank Account Number (Complete) / IBAN	
Bank's Name, Branch Name, Code and Address	
Cell Number	
Landline Number, if any	
Email Address	
CNIC Number/ Passport Number (in case of foreign Shareholder) (attach copy)	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company and the concerned Share Registrar as soon as these occur.

Shareholder's Signature

میزان بینک لمیٹڈ

ڈیویڈنڈ مینڈیٹ فارم

کمپنیز ایکٹ، 2017 کی شق 242 اور سیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 18/2017 بتاریخ یکم اگست، 2017 کے ذریعے تمام لسٹڈ کمپنیوں کو ہدایت کی گئی ہے کہ یکم نومبر، 2017 کے بعد سے ادا ہونے والے ڈیویڈنڈ کی رقم الیکٹرانک طریقہ کار سے براہ راست شیئر ہولڈرز کی طرف سے فراہم کردہ بینک اکاؤنٹ میں منتقل کی جائے۔

درج بالا ہدایات کے پیش نظر، آپ سے گزارش کی جاتی ہے کہ اپنے مکمل ”انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)“ کی تفصیل درج ذیل نمونہ کے مطابق کمپنی کو فراہم کریں۔ جس کی ہدایت 6 نومبر، 2017 کو SECP نے جاری کردہ SRO1145(1)/2007 میں Companies (Distribution of Dividends) Regulations, 2017 کے مطابق کی ہے، تاہم درج بالا شق پر عمل پیرا ہو سکیں۔ سی ڈی سی اکاؤنٹ ہولڈر/ سب اکاؤنٹ ہولڈر یہ تفصیل متعلقہ ممبر اسٹاک ایکسچینج کو مہیا کریں۔ 8، 7 اور 9(ii) کے مطابق کی ہے، تاہم درج بالا شق پر عمل پیرا ہو سکیں۔ سی ڈی سی اکاؤنٹ ہولڈر/ سب اکاؤنٹ ہولڈر یہ تفصیل متعلقہ ممبر اسٹاک ایکسچینج کو مہیا کریں۔

ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، بلاک-6، پی. ای. سی. ایچ. ایس. کراچی-75400

اگر آپ سی ڈی سی اکاؤنٹ ہولڈر/ سب اکاؤنٹ ہولڈر ہیں تو برائے مہربانی نیچے دی گئی تفصیلات سی ڈی سی/ اسٹاک ایکسچینج کے معزز ممبر کو فراہم کریں۔

IBAN کی تفصیلات درج ذیل لنک کے ذریعے براہ راست سی ڈی سی پورٹل پر اپڈیٹ کریں:

<https://eipo.cdcaccess.com.pk/public/index.xhtml>

کمپنی سیکریٹری

فزیکل شیئر ہولڈرز کے لئے

سی ڈی سی اکاؤنٹ ہولڈرز کے لئے

ڈیویڈنڈ مینڈیٹ کی تفصیل:

درخواست کی جاتی ہے کہ بینک کی جانب سے اعلان کردہ میرے ڈیویڈنڈ کی تمام رقم مندرجہ ذیل بینک اکاؤنٹ میں منتقل کی جائے:

فولیو نمبر/ سی ڈی سی پارٹیشنس آئی ڈی نمبر:	
شیئر ہولڈر کا نام:	
بینک اکاؤنٹ جس نام سے ہے:	
مکمل بینک اکاؤنٹ نمبر (IBAN):	
بینک کا نام، برانچ کا نام، کوڈ اور پتہ:	
موبائل نمبر:	
فون نمبر (اگر ہے):	
ای میل:	
کمپیوٹرائزڈ شناختی کارڈ نمبر/ پاسپورٹ نمبر (اگر غیر ملکی شیئر ہولڈر ہوتو) (کاپی منسلک کریں):	

بیان کیا جاتا ہے کہ درج بالا معلومات درست ہیں اور یہ کہ میں درج بالا معلومات کی تبدیلی کی صورت میں کمپنی اور متعلقہ شیئر رجسٹرار کو فوری مطلع کروں گا/ گی۔

دستخط شیئر ہولڈر

**MEEZAN BANK LIMITED
FORM OF PROXY**

The Company Secretary
Meezan Bank Limited
Meezan House C-25,
Estate Avenue S.I.T.E,
Karachi, Pakistan.

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. / Participant I.D No. _____ and Sub Account No. _____ do hereby appoint _____ of _____ as my/our proxy to vote and act for me/us on my/our behalf at the 23rd Annual General Meeting of Meezan Bank Ltd. to be held on Thursday, March 28, 2019 at 9:30 a.m. at Meezan House, C-25, Estate Avenue, S.I.T.E., Karachi, Pakistan and at any adjournment thereof.

Signed this _____ day of _____ 2019.

Please affix
Rupees five
revenue
stamp

Signature of Member(s)/Attorney
The Signature should agree
with the specimen registered
with the Company

Witness 1

Witness 2

Signature: _____

Signature: _____

Name: _____

Name: _____

Address: _____

Address: _____

CNIC or Passport No: _____

CNIC or Passport No: _____

NOTES:

- Proxies in order to be effective must be received by the Company not later than 48 hours before the time of the meeting.
- A member entitled to attend and vote at the Meeting may appoint another person as his/her proxy to exercise all or any of his rights to attend, speak and vote for him/her.
- Members are required to timely notify any change in their address to Bank's Shares Registrar THK Associates (Pvt.) Ltd. 1st Floor , 40-C, Block-6, P.E.C.H.S., Karachi.
- Shareholders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.
- If any member appoints more than one proxy and more than one instruments of proxies for any one meeting are deposited with the Company, all such instruments of proxy shall be rendered invalid.

- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of Meeting.

For Appointing Proxies:

For Attending the Meeting:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting.

- The Proxy form be signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or any attorney duly authorized by it.
- In case of individuals, the account holder or sub-account holder and /or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per the above requirement.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted alongwith proxy form to the Company.
- The proxy form shall be witnessed by two persons whose name, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the Meeting.

Please affix
correct
postage

The Company Secretary
Meezan Bank Limited
Meezan House, C-25,
Estate Avenue, SITE,
Karachi, Pakistan.

نمائندگی فارم

میزان بینک لمیٹڈ

کمپنی سیکریٹری

میزان بینک لمیٹڈ

میزان ہاؤس، ۲۵-C

اسٹیٹ ایونیو، سائٹ، کراچی، پاکستان۔

میں/ہم _____ کا/کے _____ بحیثیت رکن میزبان بینک
 لمیٹڈ اور شیئر رجسٹر فولیو نمبر _____ یا سی ڈی سی انویسٹر اکاؤنٹ نمبر/سی ڈی سی پارٹنر شپ آئی ڈی نمبر
 اور ذیلی اکاؤنٹ نمبر _____ کے مطابق _____ عمومی حصص کا/کے
 مالک، _____ کے/کی _____

کو اپنا/ہمارا نمائندہ مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں اور
 میزبان بینک لمیٹڈ کے ۲۸ مارچ ۲۰۱۹ بروز جمعرات بوقت ۹:۳۰ بجے صبح کو میزبان ہاؤس، ۲۵-C، اسٹیٹ ایونیو، سائٹ، کراچی میں منعقد ہونے والے ۲۳ ویں سالانہ اجلاس عام یا اس
 کے ملتوی شدہ اجلاس میں شرکت کرنے اور اپنی/ہماری جگہ ووٹ دینے کا اہل قرار دیتا ہوں/دیتی ہوں/دیتے ہیں۔

برائے مہربانی پانچ روپے
 کاربونیو اسٹیپ چپاں کریں
 رکن (رائٹن) کے دستخط

دستخط _____ ویں روز _____ ۲۰۱۹ کو کئے گئے۔

گواہ 2:

گواہ 1:

دستخط _____

دستخط _____

نام _____

نام _____

پتہ _____

پتہ _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

2 کارپوریٹ ادارے کی صورت میں، اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی ذیل شخص دستخط
 کے پیش کرنا ہوں گی (تا وقتیکہ پہلے فراہم نہ کی گئی ہوں)۔

نوٹس:
 1- نمائندگی کا تقرر نامہ مؤثر ہونے کے لئے اجلاس سے کم از کم 48 گھنٹے پہلے کمپنی کو موصول ہونا چاہئے۔

نمائندوں کی تقرری کے لئے (Proxies):

2- سالانہ اجلاس میں حاضر ہونے اور ووٹ دینے کا حق دار کوئی بھی ممبر کسی دوسرے ممبر کو اجلاس میں حاضر ہونے اور ووٹ دینے کے لئے کسی ایک یا تمام حقوق استعمال کرنے کے لئے اپنی/اپنا نمائندہ مقرر کر سکتا ہے۔

1- نمائندگی فارم تقرر کنندہ یا اس کے اٹارنی کی جانب سے دستخط شدہ اور تحریری طور پر تصدیق شدہ ہو، یا اگر تقرر کنندہ کوئی
 کاروباری ادارہ ہو تو فارم پراس کی مہر ثبت ہو اور اس کی جانب سے قانونی طور پر مقررہ مجاز افسر یا اٹارنی کے دستخط ہوں۔

3- ممبران سے درخواست ہے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی کی صورت میں بینک کے شیئر رجسٹرار THK
 ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، بلاک-6، پی ای سی ایچ ایس، کراچی کو فوراً مطلع کریں۔

2- انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور
 ان کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق آپ لوڈ ہوں، مندرجہ بالا شرائط کے مطابق پراس فارم جمع
 کرائیں گے۔

4- مزید برآں، شیئر ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکلر 1 مجریہ 26 جنوری
 2000 میں فراہم کردہ ہدایات کی پیروی کرنی ہوگی۔

3- کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی امیدوار کے شخصی دستخط کے ساتھ
 کئی کو پراس فارم کے ساتھ جمع کروانی ہوگی (تا وقتیکہ پہلے فراہم نہ کی گئی ہو)۔

5- اگر کوئی ممبر ایک سے زائد نمائندے مقرر کرتا ہے اور کسی ایک اجلاس کے لئے ایک سے زائد پراس فارم موصول
 ہوتے ہیں، ایسی صورت میں تمام پراس فارم غیر مؤثر سمجھے جائیں گے۔

4- جن دو افراد سے پراس فارم کی تصدیق کروائی جائے گی ان کے نام، پتے، کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم
 میں درج کیے جائیں گے۔

اجلاس میں شرکت کرنے کے لئے:

5- اصل مالکان اور ان کے نمائندوں کی کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقل پراس فارم کے ساتھ
 منسلک کی جائیں گی۔

1 انفرادی صورت میں، اکاؤنٹ ہولڈر یا ذیلی اکاؤنٹ ہولڈر اور/یا جن کی سیکورٹیز گروپ اکاؤنٹ میں ہوں اور ان
 کی رجسٹریشن کی تفصیلات قواعد و ضوابط کے مطابق آپ لوڈ ہوں، کو اجلاس میں شرکت کے وقت اصل قومی شناختی کارڈ
 (CNIC) یا اصل پاسپورٹ دکھانا ہوگا۔

6- نامزد شخص کو اجلاس میں شرکت کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوں گے۔

برائے مہربانی
درست ڈاک ٹکٹ
چسپاں کریں

دی کمپنی سیکریٹری
میزان بینک لمیٹڈ
میزان ہاؤس C-25، اسٹیٹ ایونیو
سائٹ، کراچی، پاکستان



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



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