

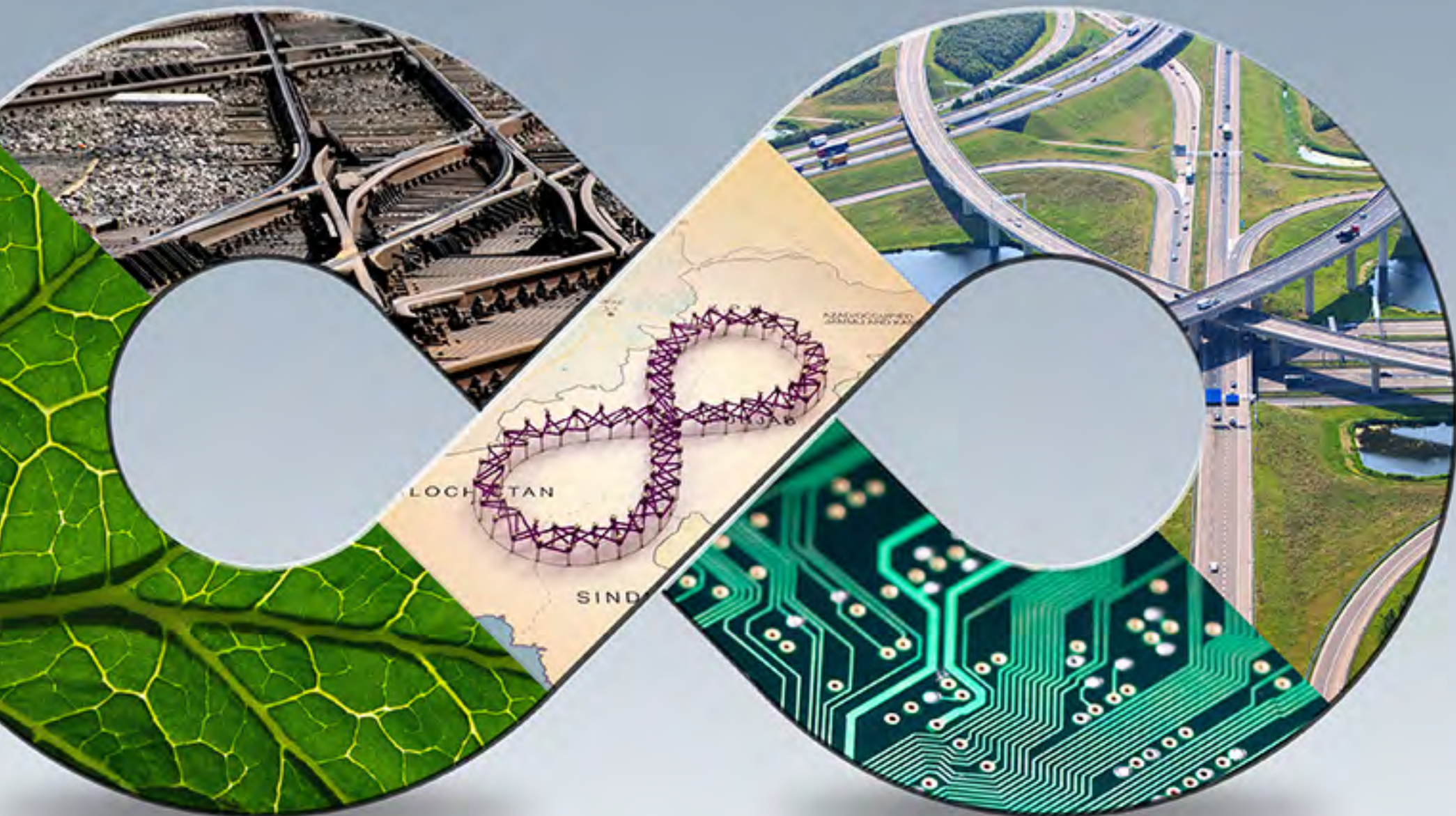
*More than*  
**500**  
*Branches*  
*Infinite Possibilities*

ANNUAL REPORT 2015



**Meezan Bank**  
The Premier Islamic Bank





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

# Celebrating The Power of **Networks** with over 500 Branches

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

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

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



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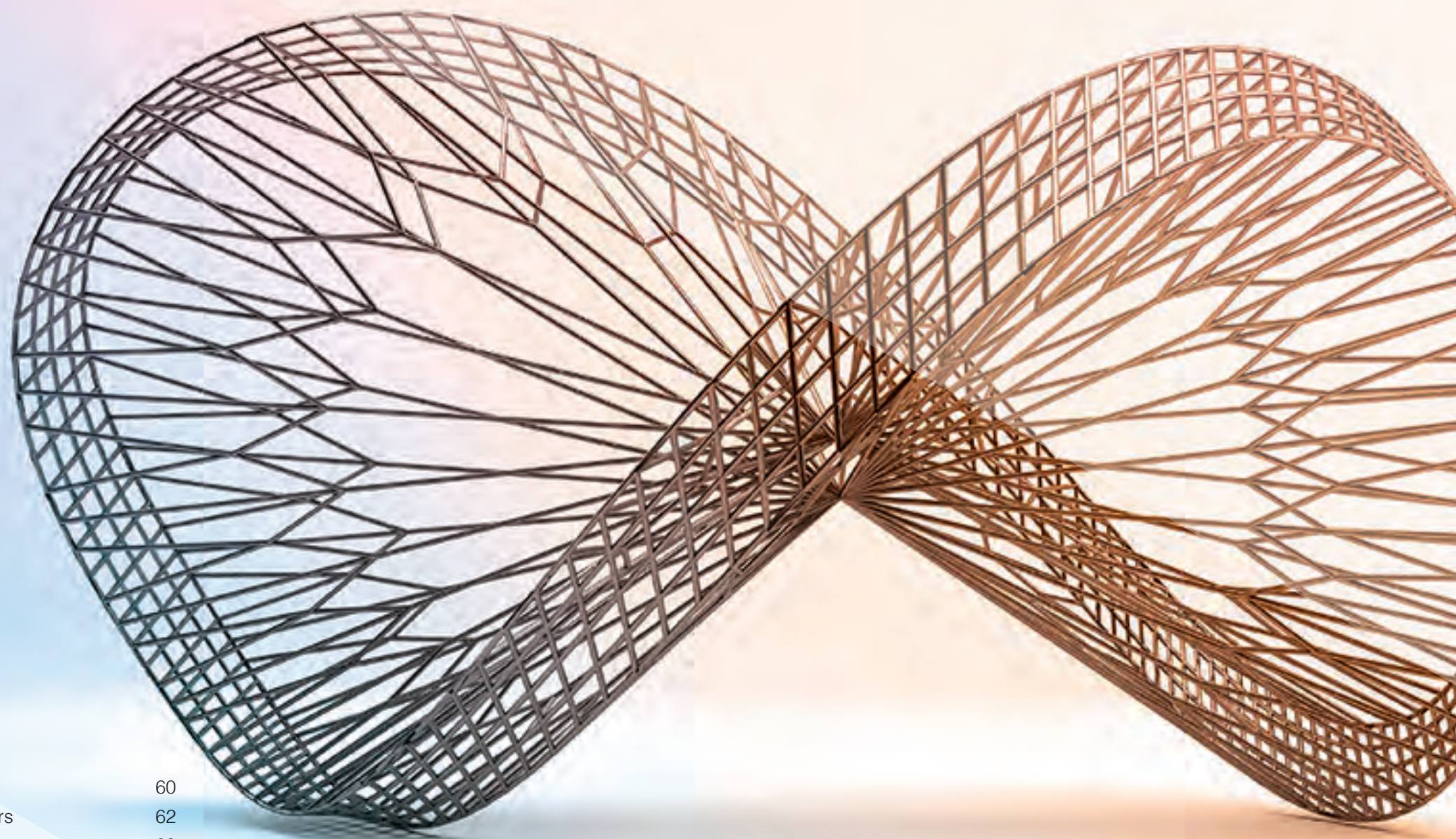
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# Vision

Establish Islamic banking as banking of first choice...

# Mission

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





# Our Values

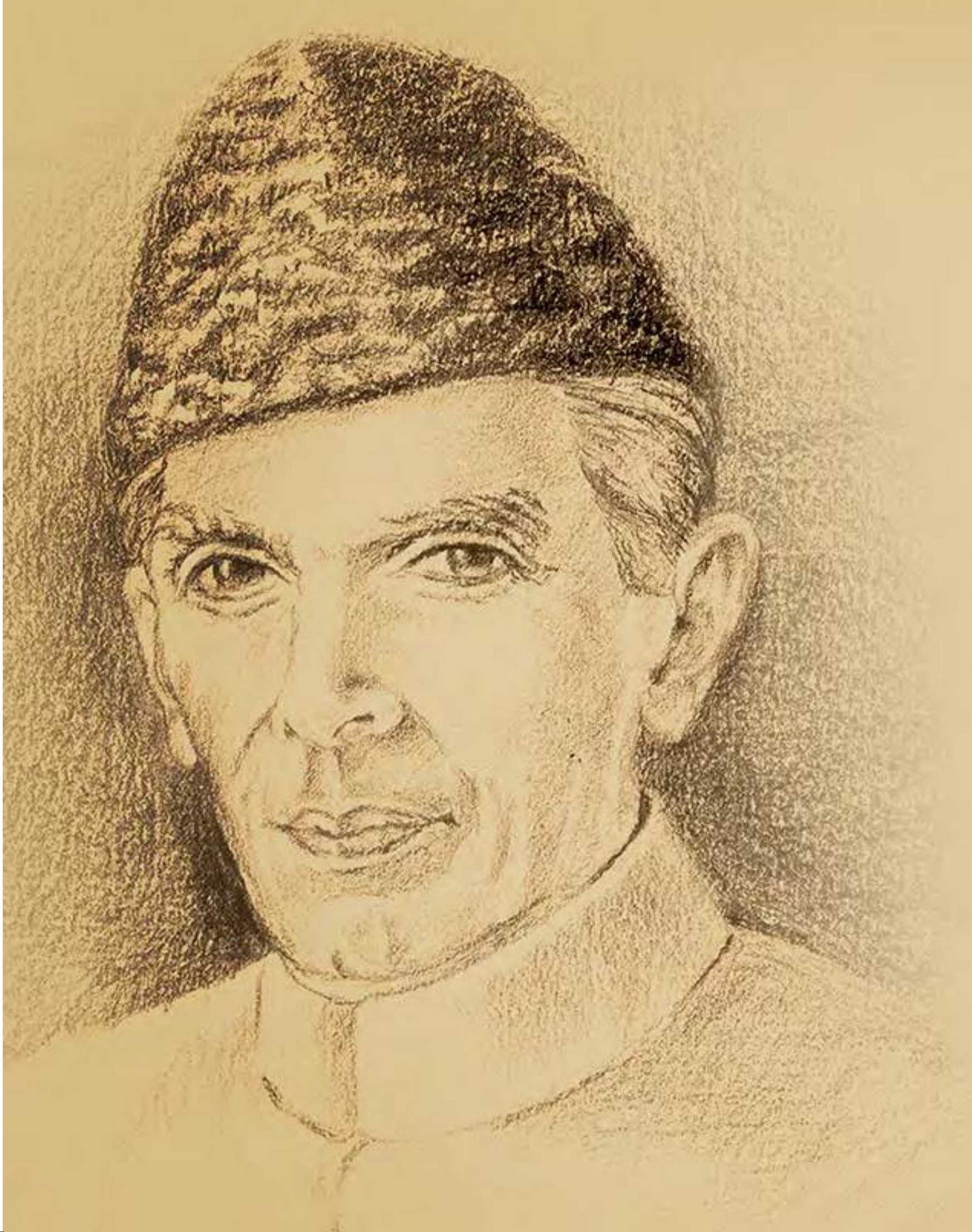
**Core Values:** Shariah-compliance, Integrity, Professionalism, Innovation, Service Excellence, Social Responsibility.

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

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

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





# Quaid's Concept of Islamic Banking

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

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

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

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



# Leaf Network

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





# Railway Network

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



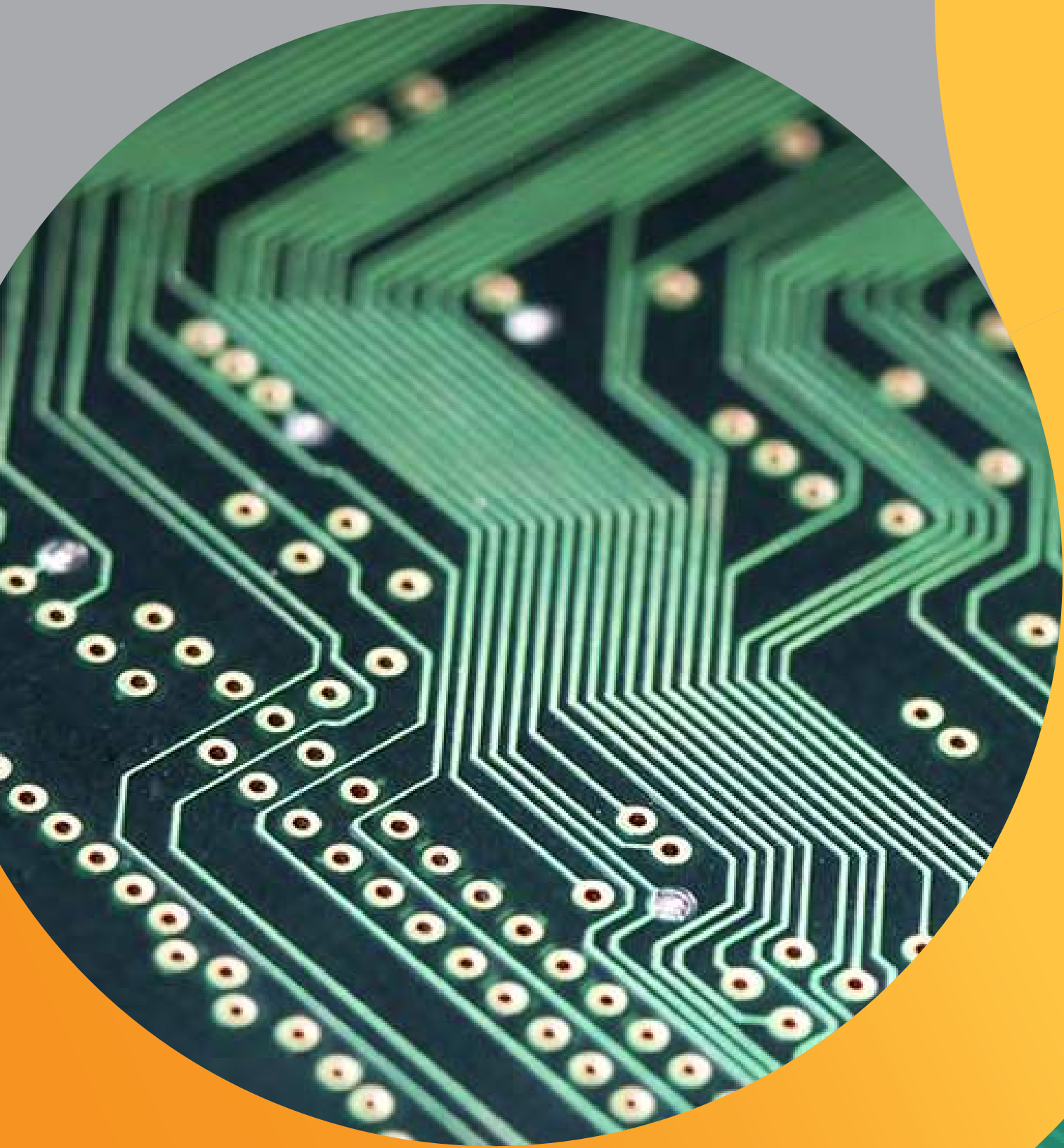


# Road Network

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







# PC Board Network

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



# Meezan Bank's Network

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





# The Year 2015 in numbers

Profit after Tax

Rs. **5.02** Billion

Deposit Growth

**24%**

Earning per share

Rs. **5.01**

Deposits

Rs. **472** Billion

Total Assets

Rs. **532** Billion

Trade Business

Rs. **461** Billion

Rating

**AA**  
(Long Term)

Rating

**A1+**  
(Short Term)

Employees

**8500+**

Cities

**143**  
in Pakistan

Branches

**551**

Corporate Assets

Rs. **179** Billion



## Key Figures at a Glance

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





Rupees in Million

2009	2008	2007	2006	2005
10,102	6,803	4,574	2,704	1,459
4,970	3,088	2,452	1,464	690
<b>5,132</b>	<b>3,715</b>	<b>2,122</b>	<b>1,240</b>	<b>769</b>
(1,443)	(428)	(435)	(122)	(69)
(89)	(289)	(1)	(1)	30
<b>3,600</b>	<b>2,998</b>	<b>1,686</b>	<b>1,117</b>	<b>730</b>
1,332	802	742	441	262
266	(95)	606	250	360
<b>5,198</b>	<b>3,705</b>	<b>3,034</b>	<b>1,808</b>	<b>1,352</b>
3,458	2,713	1,765	1,028	719
<b>1,740</b>	<b>992</b>	<b>1,269</b>	<b>780</b>	<b>633</b>
715	371	306	176	214
<b>1,025</b>	<b>621</b>	<b>963</b>	<b>604</b>	<b>419</b>

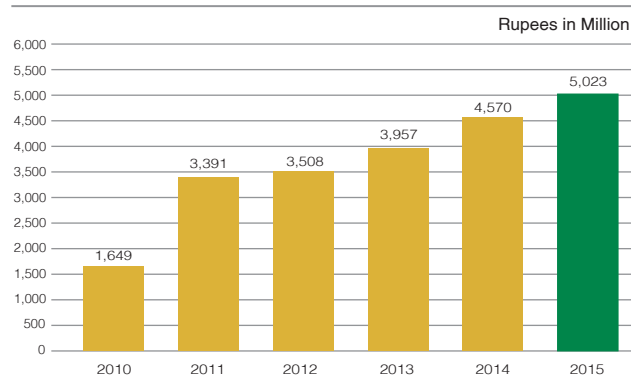
46,985	41,521	36,053	28,326	20,493
124,169	85,276	67,179	46,439	30,676
100,333	70,234	54,582	34,449	22,769
6,650	4,926	3,780	3,780	2,037
9,091	6,341	5,720	4,763	3,025
10,467	10,581	14,572	7,465	4,736
3,669	3,170	2,205	1,389	786
201	166	100	62	28

13.67	12.87	15.13	12.6	14.85
15.74	21.48	38.55	19.5	23.25
1.15	1.67	2.55	1.55	1.57
-	-	-	-	-
5.00	8.60	20.00	10.00	16.00
-	35	-	50	20
9.2	17.6	15.1	10.5	15.9

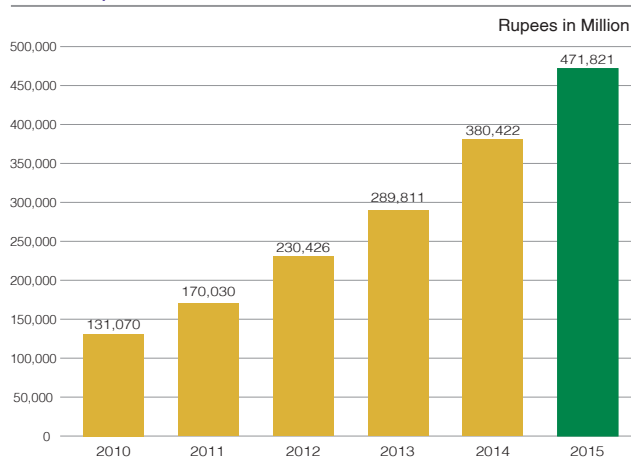
1.62	1.22	1.96	1.88	1.46
50.80	54.61	46.39	45.86	52.69
14.87	13.21	21.43	22.98	30.42
8.76	8.27	16.27	17.80	20.15
51.38	61.35	50.86	53.23	51.68

46.8	59.1	66.1	82.2	90.0
23.21	20.68	19.30	8.35	7.05
12.77	9.58	10.71	12.80	10.67
0.98	0.82	1.70	1.57	1.67
13.29	10.30	18.39	15.64	16.70

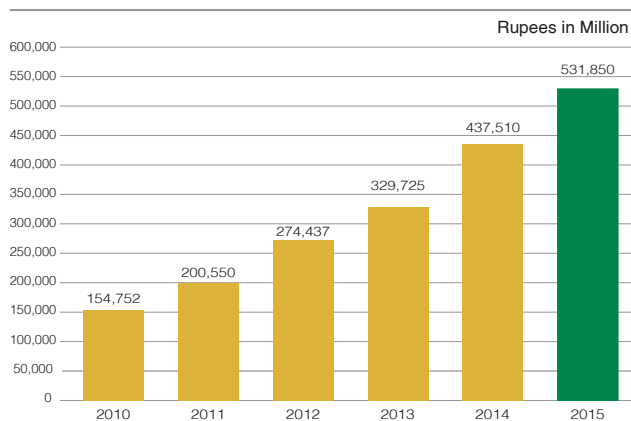
Profit After Taxation



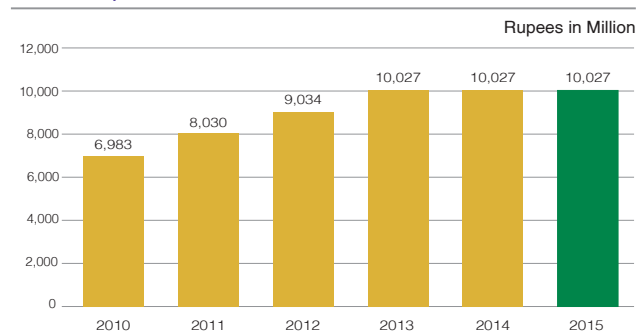
Total Deposits



Total Assets



Share Capital





# Six Years' Horizontal Analysis

## Statement of Financial Position / Profit & Loss Account

Rupees in Million

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





# Six Years' Vertical Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
Assets	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
Cash and balances with treasury banks	43,686	8	29,729	7	28,583	9	19,125	7	16,641	8	12,781	8
Balances with other banks	11,175	2	5,501	1	3,554	1	3,851	1	2,348	1	9,940	6
Due from financial & other institutions	170,474	32	90,766	21	7,443	2	500	-	4,065	2	10,512	7
Investments	76,910	14	114,089	26	151,614	46	152,460	56	98,489	49	54,967	36
Islamic financings and related assets	207,569	39	175,712	40	127,623	39	88,678	32	70,377	34	60,264	39
Operating fixed assets	8,057	2	6,273	1	5,595	2	4,898	2	3,985	3	3,066	2
Deferred tax asset	-	-	815	-	131	-	546	-	801	-	342	-
Other assets	13,979	3	14,625	4	5,182	1	4,378	2	3,843	2	2,880	2
	<b>531,850</b>	<b>100</b>	<b>437,510</b>	<b>100</b>	<b>329,725</b>	<b>100</b>	<b>274,436</b>	<b>100</b>	<b>200,549</b>	<b>100</b>	<b>154,752</b>	<b>100</b>
Liabilities												
Bills payable	6,560	1	5,620	1	3,615	1	3,059	1	2,282	1	1,767	1
Due to financial institutions	13,610	3	15,465	4	11,375	3	18,461	7	9,236	5	5,829	4
Deposits and other accounts	471,821	89	380,422	87	289,811	88	230,426	84	170,030	84	131,070	85
Deferred tax liabilities	393	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	13,119	2	12,113	3	6,011	2	5,928	2	5,220	3	5,006	3
	<b>505,503</b>	<b>95</b>	<b>413,620</b>	<b>95</b>	<b>310,812</b>	<b>94</b>	<b>257,874</b>	<b>94</b>	<b>186,768</b>	<b>93</b>	<b>143,672</b>	<b>93</b>
Net Assets	<b>26,347</b>	<b>5</b>	<b>23,890</b>	<b>5</b>	<b>18,913</b>	<b>6</b>	<b>16,563</b>	<b>6</b>	<b>13,781</b>	<b>7</b>	<b>11,080</b>	<b>7</b>
Represented by:												
Share capital	10,027	2	10,027	2	10,027	3	9,034	3	8,030	4	6,983	5
Reserves	8,588	2	7,289	2	3,551	1	2,760	1	2,058	1	1,380	1
Unappropriate profit	6,942	1	5,958	1	4,330	2	3,700	2	3,235	2	2,377	1
Surplus on revaluation of investment	790	-	616	-	1,005	-	1,069	-	458	-	340	-
	<b>26,347</b>	<b>5</b>	<b>23,890</b>	<b>5</b>	<b>18,913</b>	<b>6</b>	<b>16,563</b>	<b>6</b>	<b>13,781</b>	<b>7</b>	<b>11,080</b>	<b>7</b>
Profit & Loss Account												
	2015	%	2014	%	2013	%	2012	%	2011	%	2010	%
Return on financings/investments and placements	33,114	88	28,803	86	23,171	87	21,837	90	18,032	88	12,290	83
Return to deposits and other dues expensed	(14,897)	(40)	(15,440)	(46)	(12,526)	(47)	(11,385)	(47)	(8,666)	(42)	(6,606)	(45)
<b>Net Spread Earned</b>	<b>18,217</b>	<b>48</b>	<b>13,363</b>	<b>40</b>	<b>10,645</b>	<b>40</b>	<b>10,452</b>	<b>43</b>	<b>9,366</b>	<b>46</b>	<b>5,684</b>	<b>38</b>
Provisions	(563)	(1)	(467)	(1)	(93)	-	(451)	(2)	(1,389)	(7)	(1,497)	(10)
<b>Net Spread after Provision</b>	<b>17,654</b>	<b>47</b>	<b>12,896</b>	<b>39</b>	<b>10,552</b>	<b>40</b>	<b>10,001</b>	<b>41</b>	<b>7,977</b>	<b>39</b>	<b>4,187</b>	<b>28</b>
Fee, commission, forex and other income	3,626	10	3,323	10	1,962	7	1,413	6	1,347	6	2,056	14
Dividend income and capital gain	971	2	1,432	4	1,539	6	986	4	1,158	6	419	3
<b>Income before operating expenses</b>	<b>22,251</b>	<b>59</b>	<b>17,651</b>	<b>53</b>	<b>14,053</b>	<b>53</b>	<b>12,400</b>	<b>51</b>	<b>10,482</b>	<b>51</b>	<b>6,662</b>	<b>46</b>
Administrative and operating expenses	(13,799)	(37)	(10,753)	(32)	(8,406)	(32)	(7,170)	(30)	(6,126)	(30)	(4,536)	(31)
<b>Profit before taxation</b>	<b>8,452</b>	<b>22</b>	<b>6,898</b>	<b>21</b>	<b>5,647</b>	<b>21</b>	<b>5,230</b>	<b>21</b>	<b>4,356</b>	<b>21</b>	<b>2,126</b>	<b>14</b>
Taxation	(3,429)	(9)	(2,328)	(7)	(1,690)	(6)	(1,722)	(7)	(965)	(5)	(477)	(3)
<b>Profit after taxation</b>	<b>5,023</b>	<b>13</b>	<b>4,570</b>	<b>14</b>	<b>3,957</b>	<b>15</b>	<b>3,508</b>	<b>14</b>	<b>3,391</b>	<b>16</b>	<b>1,649</b>	<b>11</b>



# Financial Analysis

## Statement of Financial Position

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

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

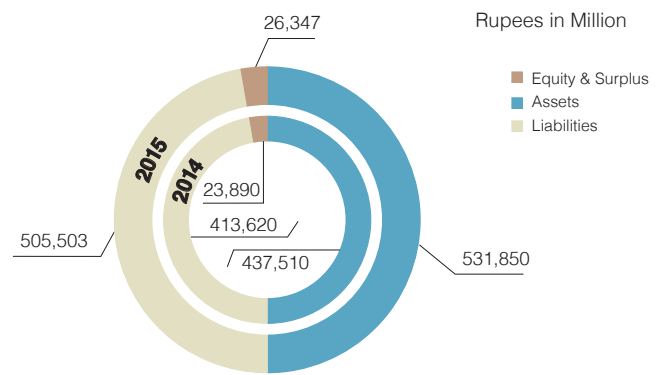
Notwithstanding the low demand for financing, both short and long term, the Bank was able to increase its financing portfolio by Rs 32 billion to register a growth of 18% during the year. This was more than twice the average financing growth in the banking industry, which was 7% only. The portfolio is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

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

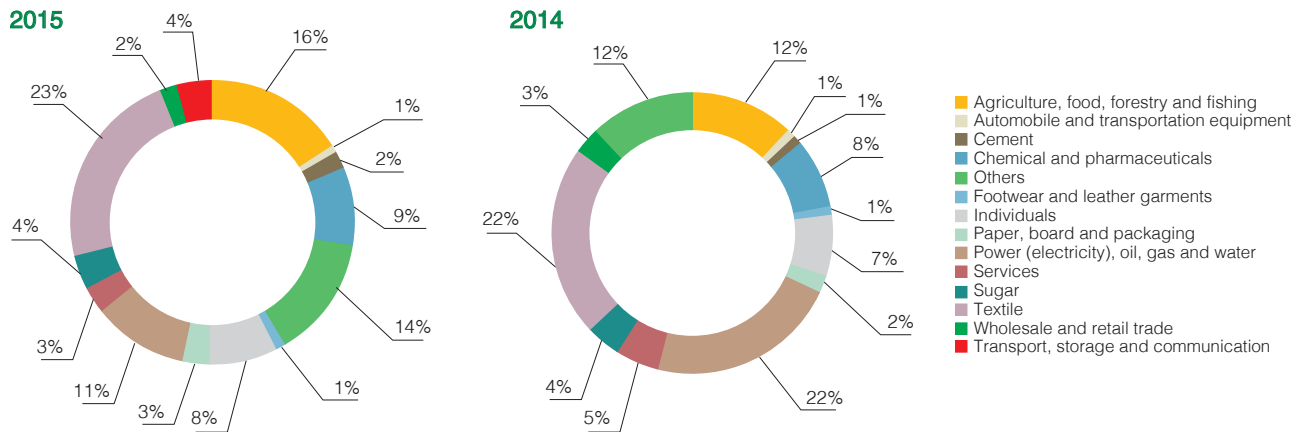
remedial and recovery efforts. Notwithstanding the low NPL, the Board, in keeping with its very prudent approach, maintained coverage ratio at 116% in 2015 which is one of the highest in the banking industry. The investment and due from FI portfolio increased to Rs 247 billion from Rs 205 billion last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

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

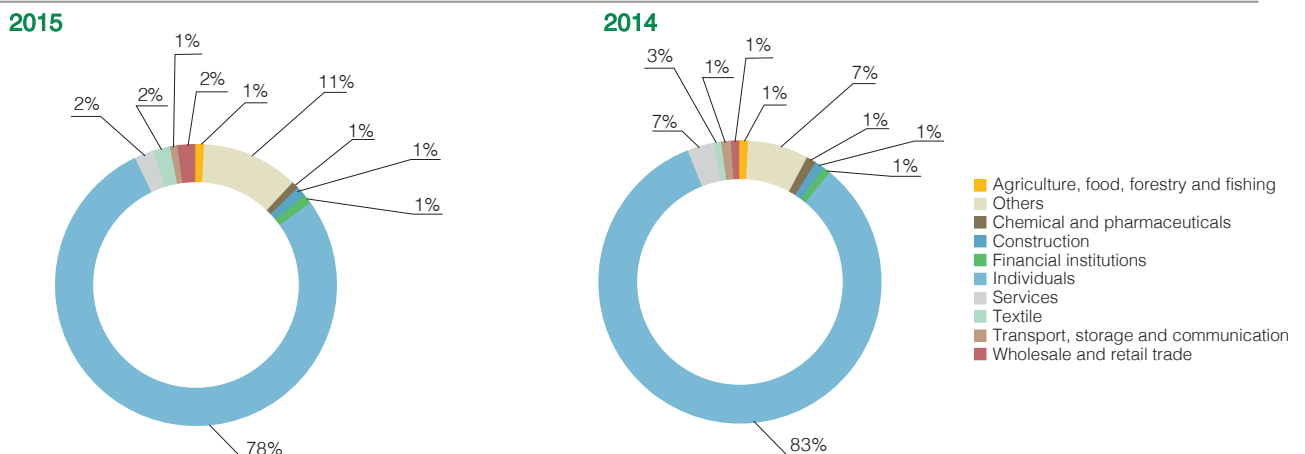
## Statement of Financial Position



## Islamic Financing and Related Assets (Gross)



## Deposits







## Profit and Loss Account

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

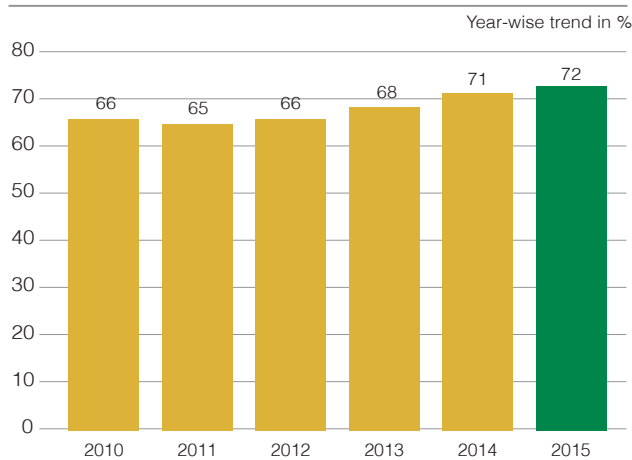
The return on deposits decreased to Rs 14.9 billion from Rs 15.4 billion, mainly due to improvement in deposit mix in the current year.

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

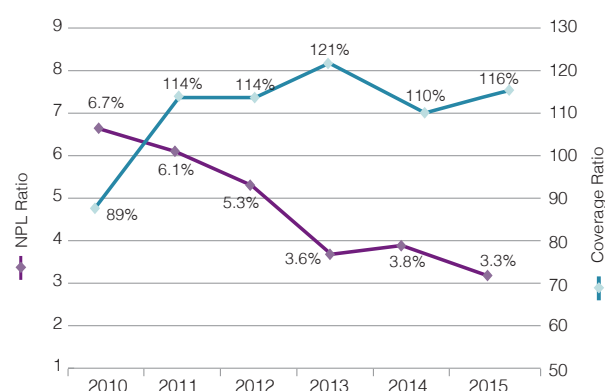
Administrative and operating expenses increased to Rs 13.8 billion from Rs 10.8 billion, a rise of 28%. The rise in expenses is primarily due to increase in staff expenses, rent and associated costs as a result of addition of 123 new branches during the year – an investment which has reaped fruits for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

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

## CASA to Total Deposit

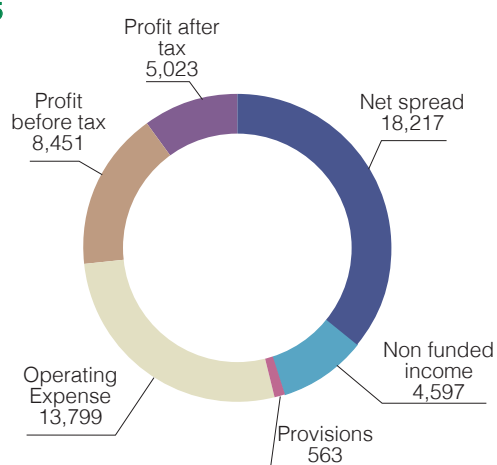


## NPL and Coverage Ratios

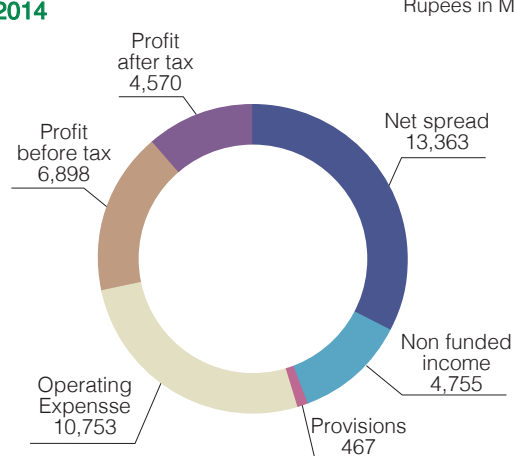


## Profit and Loss

### 2015



### 2014



## DuPont Analysis

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



# Calendar of Major Events

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

## Financial Calendar

### 2015

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

### 2014

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

## Details of the Board meetings held outside Pakistan during 2015

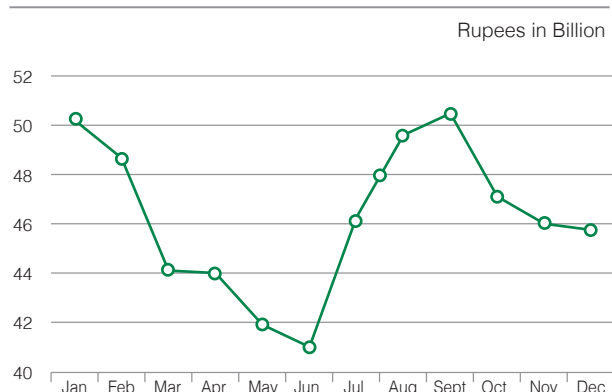
A total of five meetings were held during the year, out of which two meetings were held in Dubai, U.A.E. to approve the unaudited accounts of the Bank for the 1<sup>st</sup> quarterly period ended March 31, 2015 and half-yearly period ended June 30, 2015.

## Issues raised in last AGM

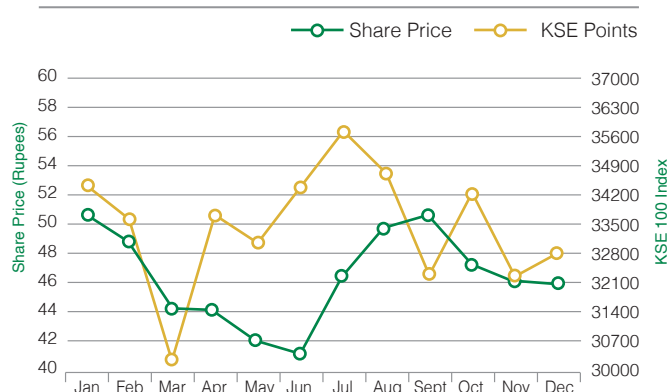
The Annual General Meeting was held on March 27, 2015 at Meezan House, the Bank's Head Office in Karachi. None of the participants raised any issues, and as such, there was no need for any further action in this matter.

## Monthly Market Statistics of Meezan Bank's Share during 2015

### Market Capitalisation



### Share Price Sensitivity







## Investors' Grievance Policy

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

To ensure that the stakeholder may register their complaints conveniently, a multitude of online forms is available on Meezan Bank's Corporate website ([www.meezanbank.com](http://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](mailto:complaints@meezanbank.com)) is also in place for the express purpose of reporting issues if the stakeholder feels the need to email rather than use online forms.

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

## Directors' Qualification

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

## Evaluation of the Board of Directors

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

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

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

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



# Shareholders

## Shareholding Structure

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



### Noor Financial Investment Company

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

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



### Pakistan Kuwait Investment Company (Private) Limited (PKIC)

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



### Islamic Development Bank (IDB)

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

نہیں

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## ربا سے آزادی حاصل کریں میزان بینک کا انتخاب کریں

پاکستان کا پہلا اور سب سے بڑا اسلامی بینک

پروڈکٹس اور سروسز کی وسیع ترین رینج

پاکستان کا سب سے زیادہ اعزازات حاصل کرنے والا اسلامی بینک

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





## **Our Institution**

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# Corporate Profile

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

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

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

## Credit Rating

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

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



# Awards and Recognition

## 2015

### Global Islamic Finance Awards (GIFA)

Shariah Authenticity Award

### Islamic Finance News (IFN)

Best Islamic Retail Bank - Global Award

3<sup>rd</sup> Best Overall Islamic Bank

- Global Award

Best Islamic Bank in Pakistan

Pakistan Deal of the Year

### Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Investment Bank

Best Sukuk House in Pakistan

Best Islamic Trade Finance Deal

### Global Finance

Best Islamic Financial Institution in Pakistan

### AsiaMoney

Best Islamic Bank in Pakistan

### The Banker

Top Islamic Bank in Pakistan

### South Asian Financial Disclosure Index

### Rankings

Leading Islamic Bank of the region

Ranked 10<sup>th</sup> in the top 15 global Islamic banks

### CFA Society of Pakistan

Islamic Bank of the Year

Corporate Finance House of the Year

### MasterCard Innovation Forum 2015

Best Shariah Compliant Product

- MasterCard, Titanium Debit Card

### South Asian Federation of Accountants

### (SAFA)

Best Presented Accounts Award - Private

Sector Bank

### ICAP & ICMAP

Best Corporate Report Award - Banking

Sector

### Pakistan Observer

Largest Islamic Bank

## 2014

### Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Musharakah Deal of the Year

### AsiaMoney

Best Islamic Bank in Pakistan

### CFA Society of Pakistan

Islamic Bank of the Year

### Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Sukuk House, Pakistan

Best Deal, Pakistan

Highly Commended - Best Islamic

Structured Trade Finance

Highly Commended Best Deal - Pakistan

### ICAP & ICMAP

Corporate Report Award - Banking Sector

### South Asian Federation of Accountants

### (SAFA)

Best Presented Accounts Award

- Private Sector Banks

### The Banker

Top Islamic Bank in Pakistan

### Rozee.pk

Top Employer in the Islamic Banking

Industry

## 2013

### AsiaMoney

Best Islamic Bank in Pakistan

### CFA Society of Pakistan

Islamic Bank of the Year

Corporate Finance House of the Year

(Fixed Income)

### Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Ijarah Deal of the Year

Pakistan Deal of the Year

### Global Islamic Finance Awards (GIFA)

Best Research and Development in

Islamic Finance

### Global Finance

Best Islamic Financial Institution in Pakistan

### Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Highly Commended Best Islamic Deal

Pakistan

## 2012

### CFA Association Pakistan

Islamic Bank of the Year

### Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Deal - Pakistan

Highly Commended Deal - Pakistan

### Global Finance

Best Islamic Financial Institution in Pakistan

### Islamic Finance News (IFN)

Best Deals of the Year

### AsiaMoney

Best Islamic Bank in Pakistan

### ICAP & ICMAP

Corporate Report Award - Banking Sector

## 2011

### CFA Association Pakistan

Islamic Bank of the Year

### Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Best Deal of the Year

### Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Deal - Pakistan

### Global Finance

Best Islamic Financial Institution in Pakistan

## 2010

### CFA Association Pakistan

Islamic Bank of the Year

### Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

### AsiaMoney

Best Islamic Bank in Pakistan

### Global Finance

Best Islamic Financial Institution in Pakistan

## 2009

### Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Best Deal of the Year

### Global Finance

Best Islamic Financial Institution in Pakistan

### ICAP & ICMAP

Corporate Report Award - Banking Sector

## 2008

### Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Best Deal of the Year

### Global Finance

Best Islamic Financial Institution in Pakistan

### ICAP & ICMAP

Corporate Report Award - Banking Sector

## 2007

### Islamic Finance News (IFN)

Best Islamic Bank in Pakistan



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



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



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





میزان

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

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



1997



Establishment of Al Meezan Investment Bank

Riba-Free Certificates of Islamic Investment launched

2002



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



first Islamic Commercial Banking license by SBP. Now a full-fledged scheduled 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



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

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

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

2006



BANKING introduced for the first time in Pakistan

Deposit base grows to Rs. 34 billion

Number of branches reaches 62 in 21 cities



The Institute of Chartered Accountants of Pakistan



The Institute of Cost & Management Accountants of Pakistan

Corporate Report Award



Best Islamic Bank in Pakistan

Internet Banking launched



2007



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



Import/Export business reaches Rs. 70 billion

Deposit base grows to Rs. 54 billion

Best Islamic Bank in Pakistan



Introduction of Istisna financing for working capital needs of customers



2008



Branch Network expands to 40 cities

Deposit base grows to Rs. 70 billion

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

Dedicated Islamic Banking Training Centers established in 3 cities



Corporate Report Award

Best Islamic Financial Institution in Pakistan

Best Islamic Bank in Pakistan  
Best Deal of the Year



Launch of first Government of Pakistan Ijarah Sukuk

2009



Deposit base crosses Rs.100 billion

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



Meezan VISA Debit Cards launched

Best Islamic Bank in Pakistan



Islamic Bank of the Year



Corporate Report Award

Best Islamic Financial Institution in Pakistan

Best Islamic Bank in Pakistan



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

launched Meezan Riba Free

Implementation of new core banking application T24



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



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

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

Meezan Business Plus

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

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



2011

275 Branches  
83 Cities

9<sup>th</sup> largest bank in Pakistan in terms of branch network



Meezan House inaugurated

Total assets cross Rs. 200 billion

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

Launch of Meezan Laptop Easoo

Home remittance service available at all branches



Islamic Bank of the Year



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



Best Islamic Bank in Pakistan  
Best Deal of the Year



Best Islamic Financial Institution in Pakistan

Technical services and support agreement with



in Sri Lanka

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

Launch of Running Musharakah for working capital requirements of corporate customers

2012

100 years of Reserve Banking  
310 Branches  
90 Cities



Islamic Bank of the Year



The Institute of Cost & Management Accountants of Pakistan



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



Best Deals of the Year - Pakistan



Best Islamic Bank in Pakistan

Total deposits cross Rs. 230 billion



Launch of Meezan Visa Platinum Debit Card



Launch of Meezan Premium Banking & Premium Banking Centers

Launch of Mock Branches for staff training



Launched

Batch Hiring of over 550 employees

Official Facebook Page crosses 85,000 Fans

2013

Over 350 Branches  
Over 100 Cities

8<sup>th</sup> largest bank in Pakistan in terms of branch network

Total deposits reach Rs. 289 billion



Best Islamic Bank in Pakistan



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



Best Islamic Bank in Pakistan  
Deals of the Year-Pakistan

Best Islamic Financial Institution in Pakistan



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

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



Best Islamic Bank in Pakistan  
Best Islamic Retail Bank in Pakistan

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



Best Research and Development in Islamic Finance

Launch of SMS Banking

Official Facebook Page crosses 130,000 Fans

2014

428 Branches  
117 Cities



Meezan Bank acquires HSBC Pakistan

Total deposits reach Rs. 380 billion



Best Islamic Bank in Pakistan



Islamic Bank of the Year



Best Islamic Bank in Pakistan  
Musharakah Deal of the Year



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



Mobile Banking App Launched

Launch of



Corporate Internet banking

Launched



Launch of Meezan Rvshni Generator Financing



Meezan Titanium MasterCard Debit Card Launched

2015

7<sup>th</sup> largest bank in terms of branch network  
551 Branches  
143 Cities

Meezan Bank acquires Pakistan operations of HSBC Oman



Agreement Signing with Karandaaz Pakistan

Total deposits reach Rs. 472 billion



Meezan U paisa - 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  
3<sup>rd</sup> Best Overall Islamic Bank  
Pakistan Deal of the Year

Best Islamic Financial Institution in Pakistan



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

Best Shariah-compliant Product Award



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

Meezan Bank's First Hajj booths at Hajj Camp

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



Online Account Opening Form Launched

# Board of Directors

## Riyadh S. A. A. Edrees Chairman

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

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

### Directorships and other recent offices held:

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

## Faisal A. A. A. Al-Nassar

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

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

### Directorships and other recent offices held:

- Deputy Chief Executive Officer, Finance and

Administration at National Industries Group Holding Co.

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

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

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

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

### Directorships and other recent offices held:

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

## Rana Ahmed Humayun

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

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





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

#### **Directorships and other recent offices held:**

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

#### **Alaa A. Al-Sarawi**

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

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

#### **Directorships and other recent offices held:**

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

#### **Syeda Azra Mujtaba**

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

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

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

#### **Muhammad Zarrug Rajab**

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

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

#### **Mohammad Abdul Aleem**

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

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

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

#### **Noorur Rahman Abid**

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

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

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

**Directorships and other recent offices held:**

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

**Talal S. A. Al-Shehab**

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

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

**Directorships and other recent offices held:**

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

**Irfan Siddiqui**  
**President & CEO**

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

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

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

**Directorships and other recent offices held:**

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

**Ariful Islam**

**Deputy CEO & Executive Director**

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

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

**Directorships and other recent offices held:**

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





# Shariah Supervisory Board

## Justice (Retd.) Muhammad Taqi Usmani Chairman

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

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

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

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

### Current Board Memberships:

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

### Awards Received

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

## Sheikh Essam M. Ishaq Board Member

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

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

He holds memberships of the following institutions:

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

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

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

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

## Dr. Muhammad Imran Ashraf Usmani

Resident Shariah Board Member

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

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

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

# Corporate Information

## Board of Directors

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

## Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani	Chairman
Sheikh Essam M. Ishaq	
Dr. Muhammad Imran Ashraf Usmani	Resident Shariah Board Member

## Auditors

A. F. Ferguson & Co.

## Chief Financial Officer

Shabbir Hamza Khandwala

## Company Secretary

Tasnimul Haq Farooqui

## Registered Office

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

## Shares Registrar

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

## Contacts

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





# Board Committees

## Human Resources and Remuneration Committee

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

### Terms of Reference

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

## Risk Management Committee

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

### Terms of Reference

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

## Audit Committee

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

### Terms of Reference

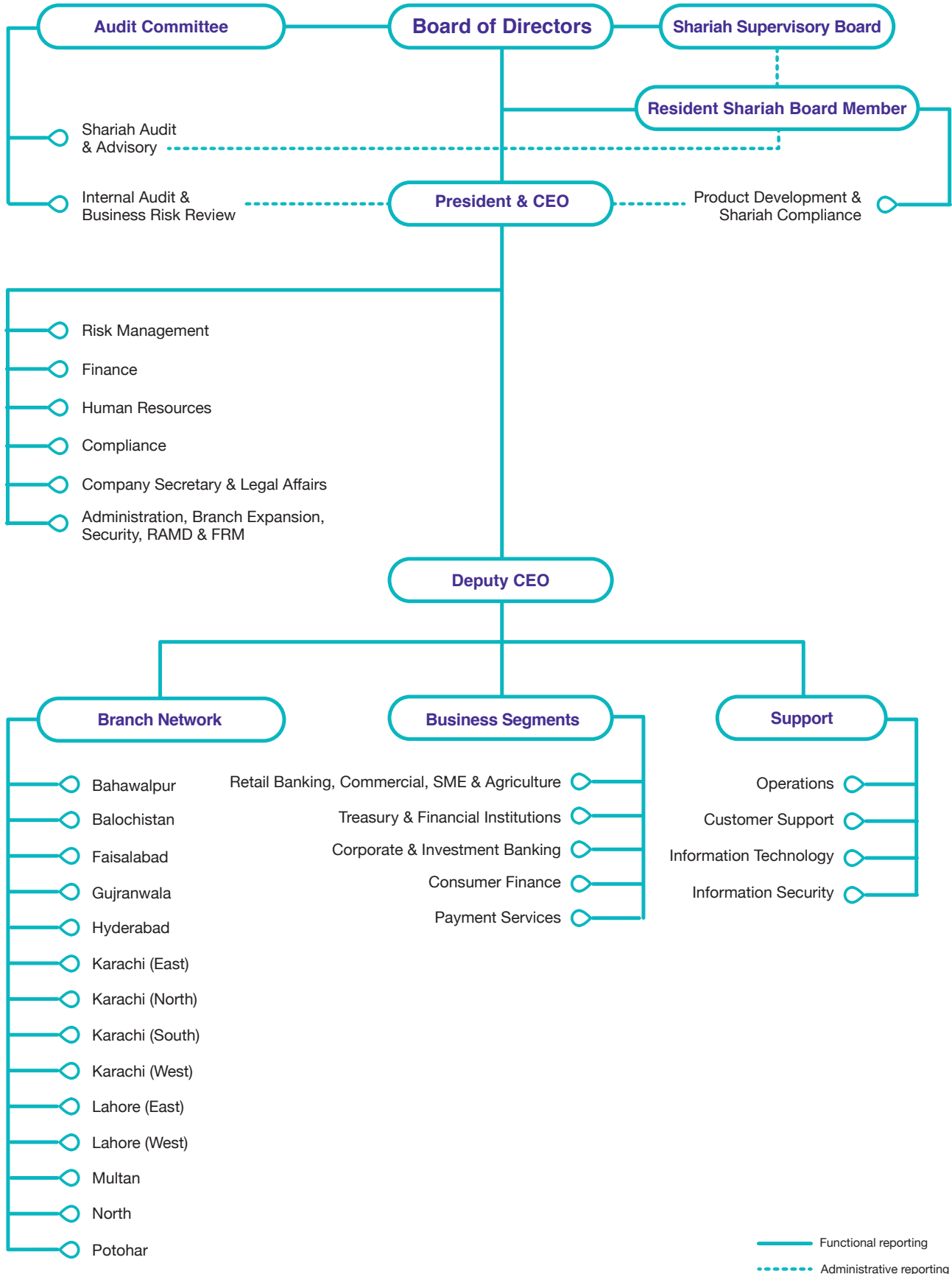
The Audit Committee is responsible for determination of appropriate measures for safeguarding the Bank's assets; review of quarterly, half-yearly and annual financial statements; review of management letter issued by external auditors and management's response thereto; review of the scope and extent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

## Dates and Attendance of Board Committees during 2015

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

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

# Organization Structure







# Management Team

## Head Office

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

## Regions

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

## Resident Shariah Board Member

Dr. Muhammad Imran Ashraf Usmani

# Management Committees

## Asset Liability Management Committee

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

## Terms of Reference

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

## Business Continuity Steering Committee

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

## Terms of Reference

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

## Business Review Committee

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

## Terms of Reference

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

## Credit Risk Management Committee

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

## Terms of Reference

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





# Management Committees

## Disciplinary Action Committee

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

## Terms of Reference

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

## Disciplinary Action Review Committee

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

## Terms of Reference

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

## Internal Controls & Operational Risk Management Committee

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

## Terms of Reference

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

## IT Steering Committee

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

## Terms of Reference

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

## Investment Committee

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

## Terms of Reference

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

# SWOT Analysis

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

## S

### STRENGTHS

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

## W

### WEAKNESSES

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

## O

### OPPORTUNITIES

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

## T

### THREATS

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





# Risk and Opportunity Report

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

## Key Sources of Uncertainty

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

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

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

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

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

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

## Materiality Approach

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

# Business Continuity Plan

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

# Products and Services

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

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

## Meezan Rupee Current Account

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



## Karobari Munafa Account

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



## Meezan Rupee Savings Account

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



## Meezan Business Plus Account

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



## Meezan Bachat Account

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



## Meezan Kids Club Account

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







### Meezan Teens Club Account

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



### Meezan Asaan Current Account

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



### Meezan Kafalah

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



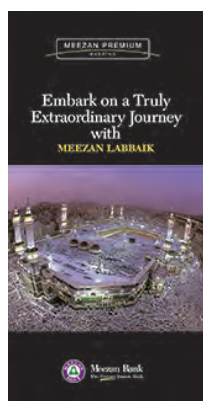
### Meezan Asaan Saving Account

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



### Meezan Labbaik

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



### Monthly Mudarabah Certificate

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



### Foreign Currency Current Account

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



### Certificates of Islamic Investment

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



### Meezan Amdan Certificate

Meezan Amdan Certificate is a Term Deposit certificate that offers a higher expected monthly profit to investors for periods of 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 for regular customers, while for widows and senior citizens the minimum investment is Rs. 50,000. Pre-mature withdrawal can be made as per the approved schedule.



### Dollar Mudarabah Certificate

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



### Takaful Coverage

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



### Online Banking

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



### Meezan Upaisa

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

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



### Meezan Premium Banking

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

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



### Internet Banking

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







### Mobile Banking App

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



### Meezan WebPay

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



### Meezan ATM Network

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



### Meezan QuickPay

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



### Meezan VISA Debit Card

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



### SMS Banking

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



### Meezan MasterCard Titanium Debit Card

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



### SMS Alerts

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



### Car Ijarah

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



### Commercial Vehicles Ijarah

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



### Bike Ijarah

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



## Corporate Products

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

### Murabaha

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

### Istisna

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

### Tijarah

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

### Ijarah

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

### Meezan Consumer Ease

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



### Easy Home

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







### Running Musharakah

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

### Diminishing Musharakah

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

### Structured Finance Solutions

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

### Shariah-compliant range of Trade Financing Solutions Import Financing

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

#### Letter of Credit Services

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

#### Short-term Import Financing

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

#### Finance against Imported 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 bases and then keeps the same goods under its pledge for securing the payment obligations of the customer.

#### Hedging Facilities

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

#### Long term Import Financing

Meezan Bank offers long term import finance facilities on the

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

### Export Financing

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

#### Hedging Facilities

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

#### Salam & Murabaha as alternative to Export Bill Discounting

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

#### Guarantee Services:

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

### Meezan eBiz

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



### Meezan eBiz+

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



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







## The Year in Review

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## Chairman's Review



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

### بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

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

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

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

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

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



## بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

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

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

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

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

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



**Riyadh S. A. A. Edrees**  
Chairman

February 22, 2016

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

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

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

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

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

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

میں پاکستان میں قابل عمل اسلامی مالیاتی نظام قائم کرنے کے عزم پر اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سیویو ریٹیر ایجنڈا پیپنچ میچیشن آف پاکستان کا بھی شکر گزار ہوں۔

میں میزبان بینک کے حصص یافتگان، شریعہ پر وازری بورڈ کے اراکین اور بورڈ کے اراکین کے ساتھ ساتھ میزبان ٹیم کا بھی شکر یہ ادا کرتا ہوں، جن کی محنت اور توجہ کے باعث میزبان بینک ملک کا سب سے بڑا اسلامی مالیاتی ادارہ بن چکا ہے۔

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



ریاض ایس. اے. اے. اور لیس  
چیئرمین  
22 فروری، 2016

# Directors' Report to the Members

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

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

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

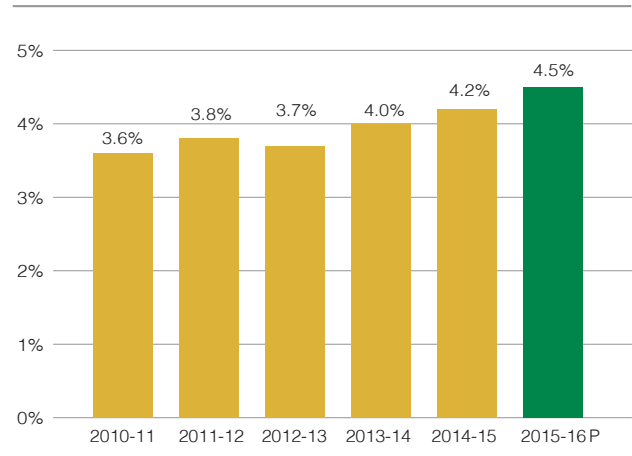
A major milestone achieved during the year was the launch of the first ever Islamic Branchless Banking in Pakistan, Meezan UPaisa, to expand Islamic banking footprint to customers who may not otherwise have access to formal banking services. Meezan UPaisa is available at the counters of thousands of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



## Economic Overview

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

## GDP Growth Rate



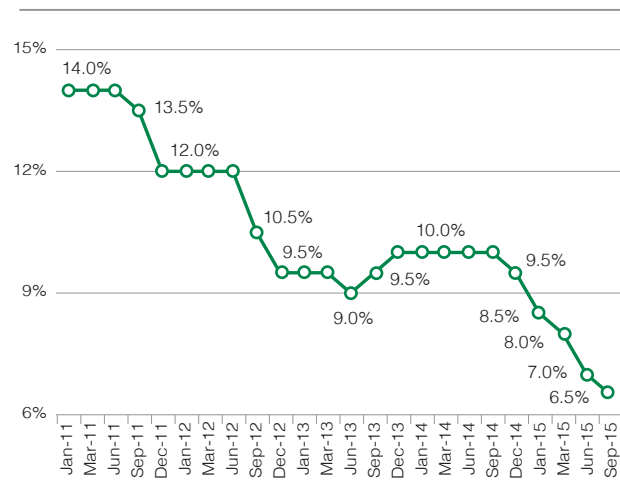
The Government of Pakistan re-entered the international bond market again, raising US\$500 million through a Eurobond issue. The issue was well received by investors.

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

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

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

## Discount Rates



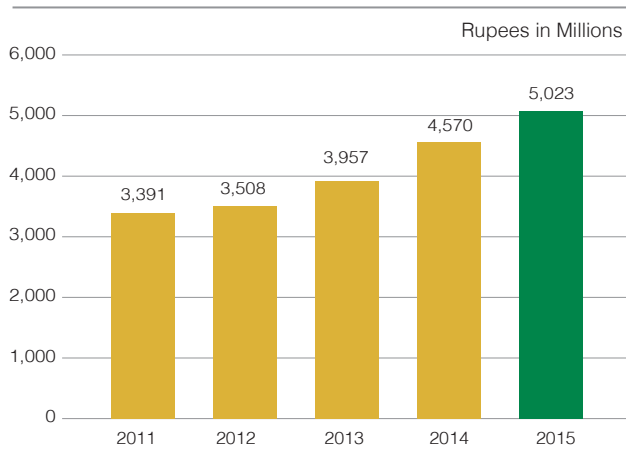




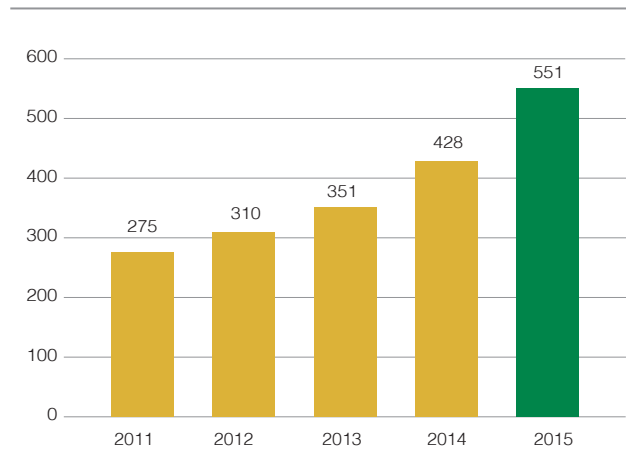
### Our Performance

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

### Profit After Tax

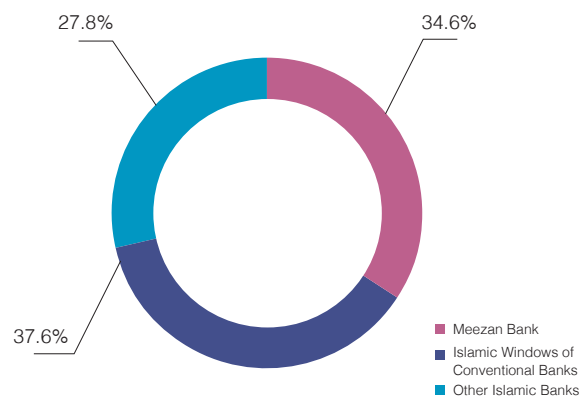


### Branch Network

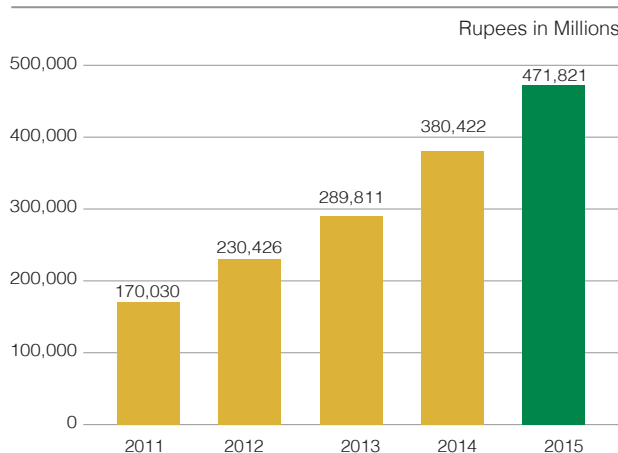


Islamic Banking has taken strong roots in Pakistan with Meezan Bank as the market leader offering a complete range of Islamic banking products and services. The Bank's market share amongst the full-fledged dedicated Islamic banks operating in Pakistan is approximately 55%. Meezan's market share for the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

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



### Deposits



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

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

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

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

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

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

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

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

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

The key business results achieved in 2015 are as under:

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

## Financial Results

Rs in Million

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





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

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

#### **Earning Per Share**

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

#### **Dividend**

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

#### **Credit Rating**

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

#### **Corporate Awards and Recognition**

Meezan Bank won the following prestigious awards during the year:

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

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

#### **Corporate Social Responsibility**

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

#### **Corporate and Financial Reporting Framework**

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

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

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

9. The value of investments of the Bank's recognized Provident Fund and Gratuity Fund as at December 31, 2015 are as under:
  - Staff Provident Fund Rs 1,670.92 million
  - Staff Gratuity Fund Rs 590.99 million
10. During the year, an orientation course was held for the Board of Directors of the Bank.
11. The purchase and sale of shares by the Directors, Chief Executive, Chief Financial Officer, Head of Internal Audit and Company Secretary during the year and pattern of shareholding is included in the report.

#### **Compliance with Code of Corporate Governance**

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

#### **Risk Management Framework**

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

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

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

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

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

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

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

#### **Statement of Internal Controls**

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

#### **Pattern of Shareholding**

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

#### **Directors**

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

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





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

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

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

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

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

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

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

#### Auditors

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

#### Future Outlook and Strategy

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

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

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

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

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

#### Acknowledgement

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

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

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

On behalf of the Board.

**Riyadh S.A.A. Edrees**  
Chairman

**Irfan Siddiqui**  
President & CEO

February 22, 2016

# Annexure to the Directors' Report

For the year ended December 31, 2015

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

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

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

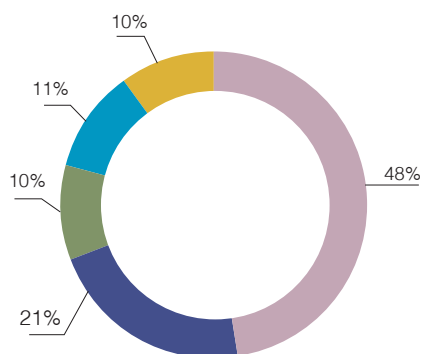




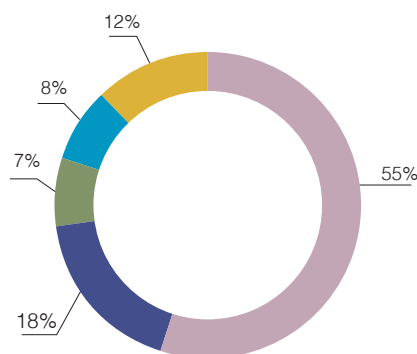
# Statement of Value Added and Distributed

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

Statement of Value Added & Distributed 2015



Statement of Value Added & Distributed 2014



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



# Business and Operations Review

## Business Review

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

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

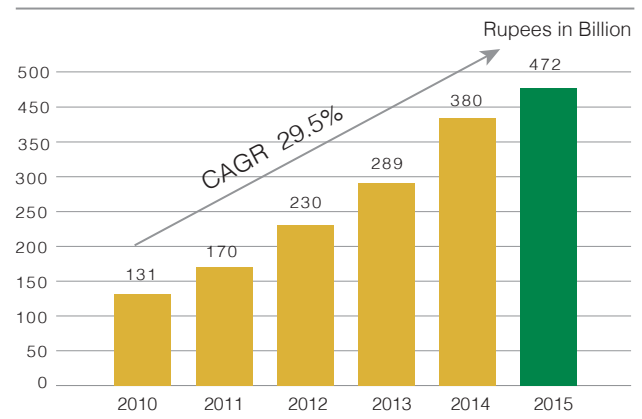
- Acquisition of HSBC Bank Oman S.A.O.G. - Pakistan Branch
- Growth in Deposit base by an impressive 24% against overall industry growth of 11.5%
- Increase in Net Financing portfolio to Rs 208 billion
- Launch of first ever Islamic Branchless Banking- Meezan Upaisa
- Launch of Corporate Vendor and Distributor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

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

The extensive branch network, superior service and

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

### Deposits



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



FTC Branch, Karachi - Meezan Bank's 1<sup>st</sup> Branch



Jinnah Super Market, Islamabad - Ex HSBC Branch



Badar Comm. Branch, Karachi - Meezan Bank's 551<sup>st</sup> Branch



Main Branch, Multan



Serena Branch, Faisalabad



Gulberg Branch, Lahore



Clifton Branch, Karachi



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

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



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

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

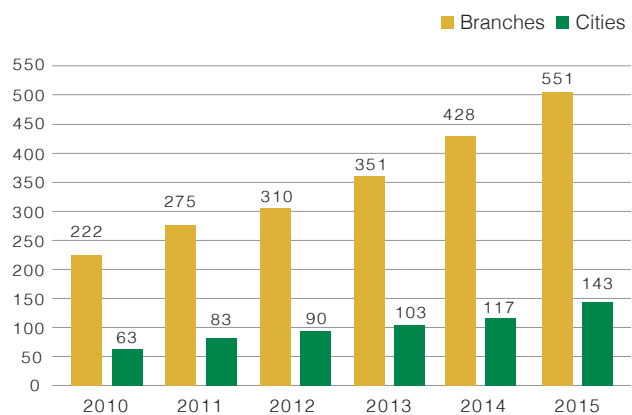


## Retail Banking

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

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

### Branch Network



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

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

### Meezan Asaan Account

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



**میزان آسان** کرنٹ اکاؤنٹ

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

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

have been opened since their launch in September 2015.

### Wealth Management

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

### Meezan Kafalah

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

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

### Meezan Premium Banking

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



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

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



## Alternate Distribution Channels

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

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

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

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

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

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

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

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

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







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

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



Figures in thousands

## Cash Management

The Bank offers two Cash Management products:

### Meezan eBiz

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



### Meezan eBiz+

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

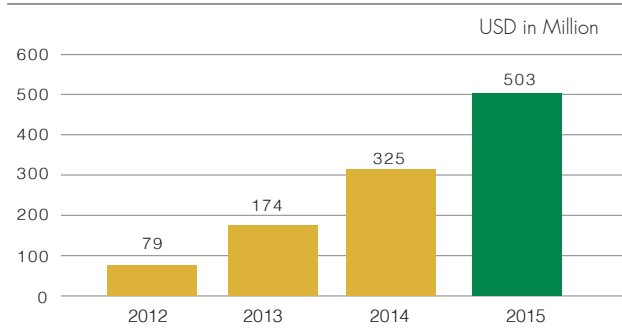
- Management of collections through branches as well as electronic channels
- Management of payments such as fund transfers, pay order issuance, RTGS, IBFT, corporate cheques issuance as well as dividends issuance
- Host-to-host integration
- Dissemination of advanced-level customized reports and e-alerts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

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

## Home Remittance

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

### Remittance Volume



## Branchless Banking

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

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



## Corporate Banking

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

The Corporate Banking relationship teams work closely



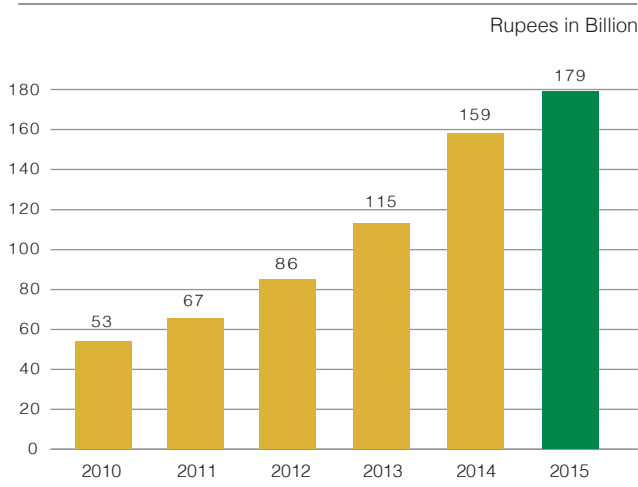
with Treasury, Cash Management, Investment Banking, Commercial Banking and Consumer Banking departments to develop and deliver suitable value-added products that fulfill the diverse business needs of the Bank's corporate clients.

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

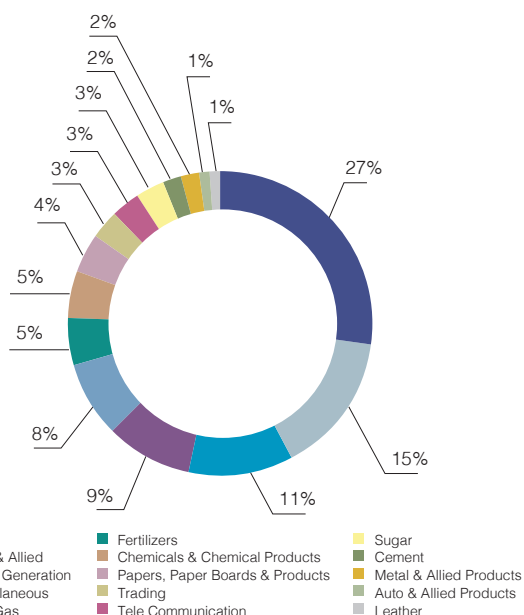
### Corporate Assets

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

#### Corporate Assets



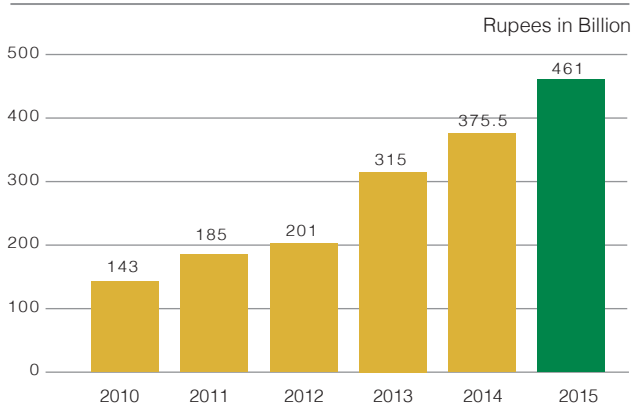
#### Corporate Banking Portfolio



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

### Trade Business

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



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

### Investment Banking

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

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


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




# Investment Banking Awards 2015




# Major Investment Banking Transactions



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




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




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



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




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





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




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




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





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




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



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



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



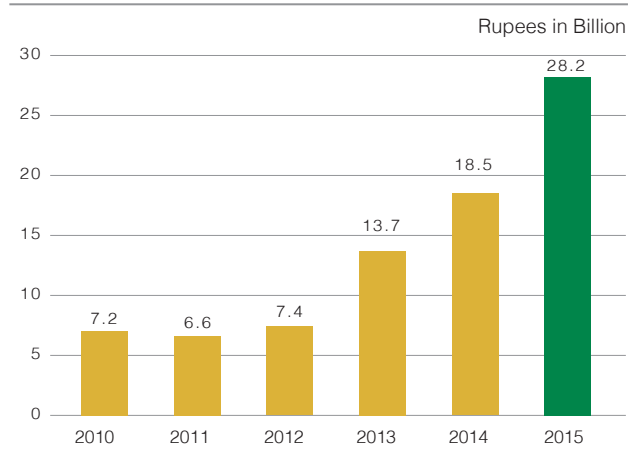
## Commercial Banking (Including Small & Medium Enterprises and Agriculture Finance)

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

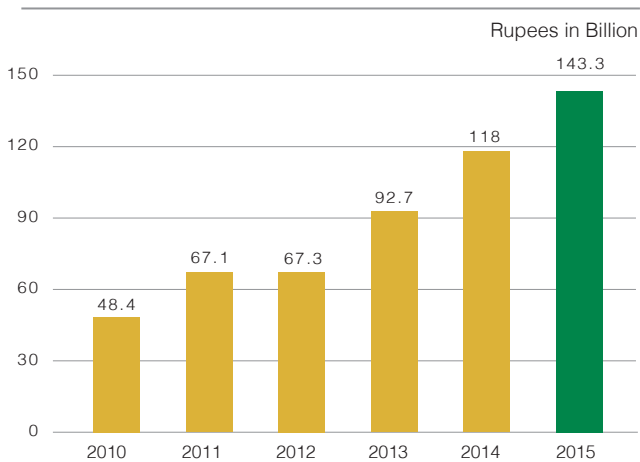
The Bank's Commercial Banking business grew by 52% in 2015, bringing the year-end portfolio to Rs. 28.2 billion, significantly exceeding the Bank's target for this business segment. Trade business volumes for this segment also grew by 21% to Rs. 143 billion.

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

### Commercial Banking Assets



### Commercial Banking Trade Business

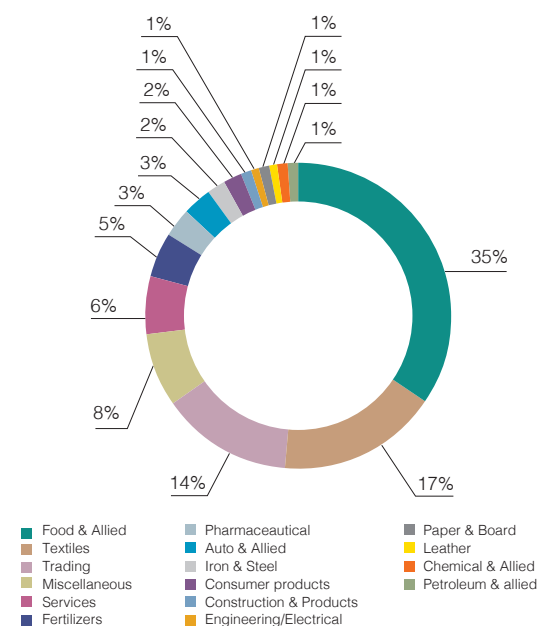


The Bank cultivated several new relationships and successfully developed long-term business ties with well-reputed companies in rice, wheat, sugar, edible oil and fertilizer sectors, contributing both to the financing portfolio and profitability. The Bank worked under a strategy of diversifying the financing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

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

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

### Commercial Banking Portfolio



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





## Consumer Finance

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

### Car Ijarah (Auto Finance)

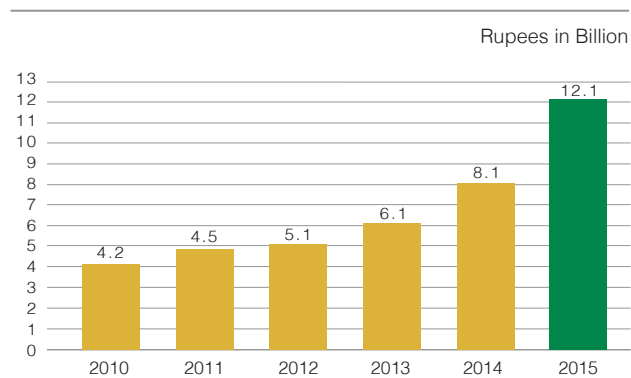


The automobile industry witnessed a growth of 16% during 2015 with car sales standing at 168,209 units compared to 141,418 units last year. A major reason for this increase was a high demand for Toyota Corolla which launched a new design this year. Another reason is the ongoing self-employment scheme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

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

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

### Car Ijarah Portfolio

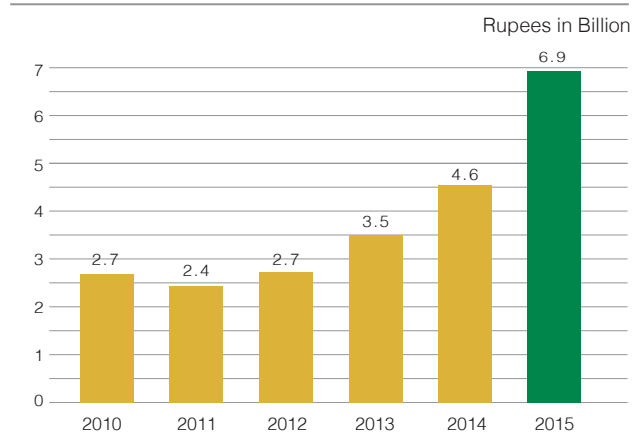


### Easy Home (Housing Finance)



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

### Easy Home Portfolio



### Meezan Consumer Ease (Consumer Durables Finance)

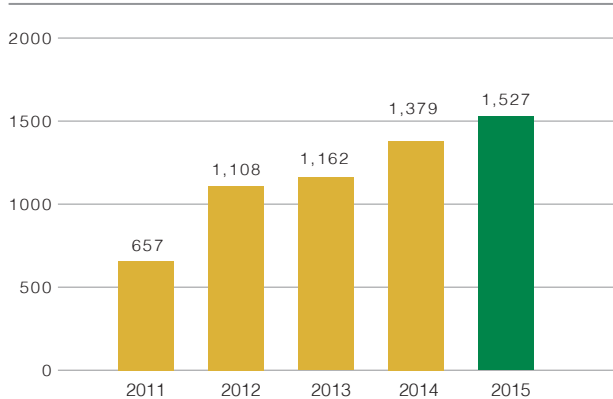


The Bank has extended financing for more than 5,800 laptops and generators to individual customers and its prudent credit criteria have contributed towards a healthy portfolio. Capitalizing on its experience in this market, the Bank consolidated its position as the key player in consumer durables financing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

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

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

### Consumer Ease Cases disbursed each year



## Meezan Labbaik (Hajj and Umrah Finance)



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

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

Meezan Labbaik provides the following three options to its customers:

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

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

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

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

## Treasury and Financial Institutions

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

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

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

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

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

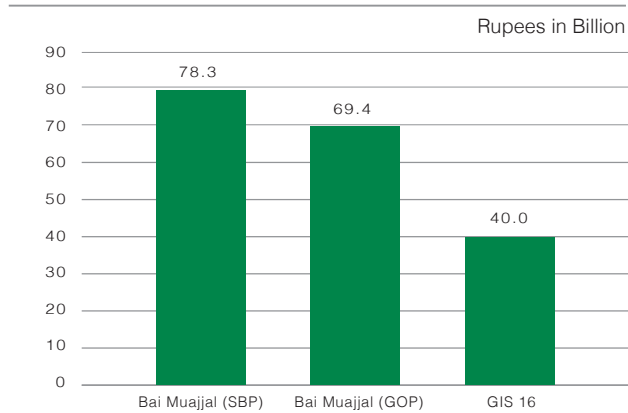
Asset and Liability Management (ALM) desk of the Bank is responsible for managing the Bank's liquidity as well as asset and liability mismatches. This unit has been instrumental in maintaining the growth as well as profitability of the Bank by prudently locking the liquidity for longer tenure at market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

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

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



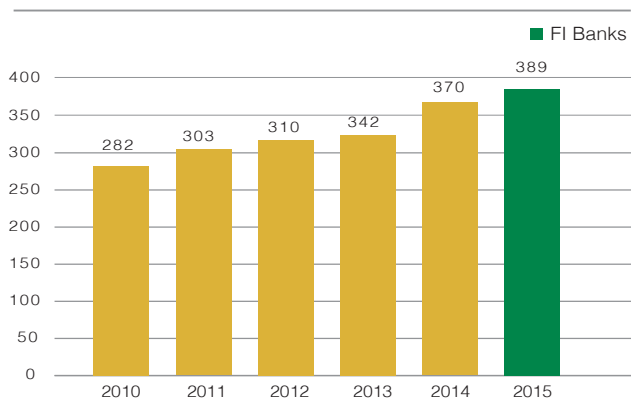
### ALM Investment Portfolio



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

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

### Correspondent Banking Network



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



### AI Meezan Investment Management Limited

#### Asset Management

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

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

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

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

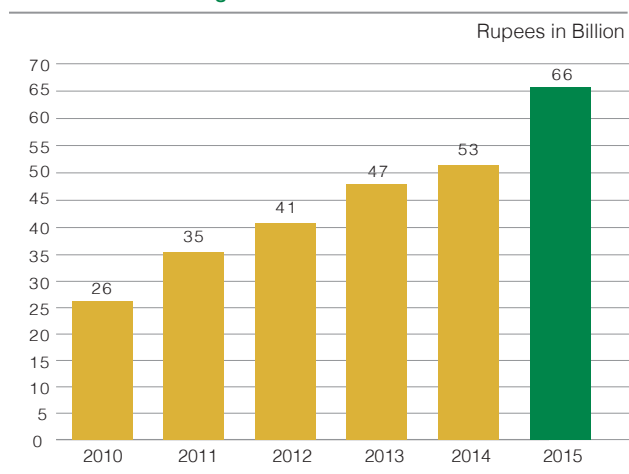
- 'Best Islamic Asset Management House of the Year' award by The Asset Triple A Islamic Finance Awards 2015
- 'Best Investment Management Company Pakistan 2015' award by Wealth & Finance International
- 'Meezan Islamic Income Fund' won best Fund performance over 5 years by Lipper Fund Awards
- 'Best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

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

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



## Funds Under Management of Al Meezan



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

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

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

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

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

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

\* Launched in July 2015

\*\* Launched in November 2015

\*\*\*Launched in August 2015



## Operations Review

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

### Service Quality

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

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

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



## Information Technology (IT)

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

### Disaster Recovery Readiness and Testing

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

### Project Management Office

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

### Intranet Portal

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

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

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

## Meezan Bank's plans towards digitization

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

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

## Product Development and Shariah Compliance (PDSC)

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

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

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

## Product Development and Structuring

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

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

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

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

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

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

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





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

### Internal Training

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

### External Training (Customer & Public Awareness Initiatives)

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

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

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

## Shariah Audit & Islamic Financial Advisory

### Shariah Audit

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

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

### Islamic Financial Advisory

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

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

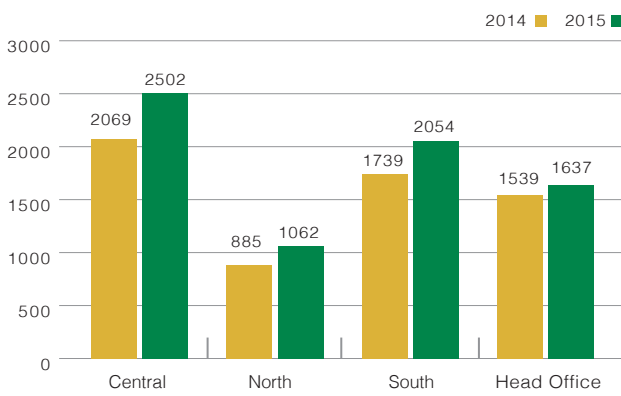
The Bank offers distance learning programs on Islamic Finance to external professionals and students through an internally established unit 'International Institute of Islamic Bankers' (IIIB) – Pakistan's first institute accredited by Finance Accreditation Agency (FAA), Malaysia. This unit's flagship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

## Human Resource

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

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

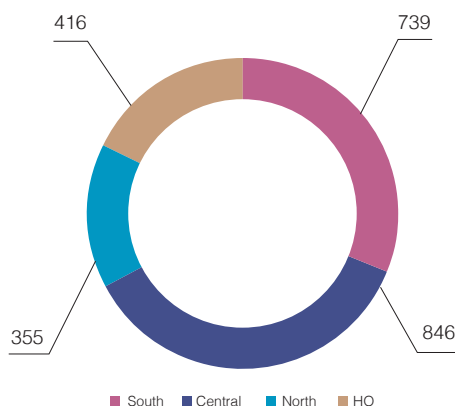
### Headcount at a Glance



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

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

### Joinings During 2015

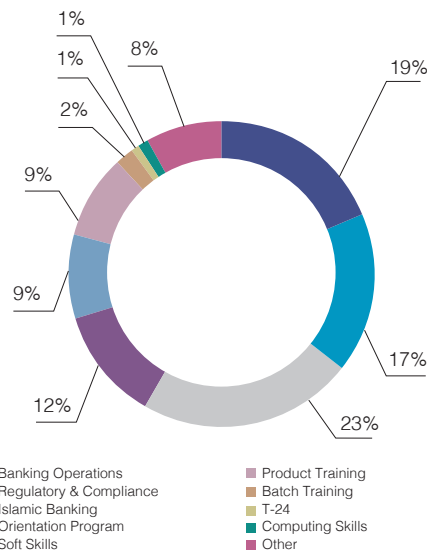


## Learning and Development

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

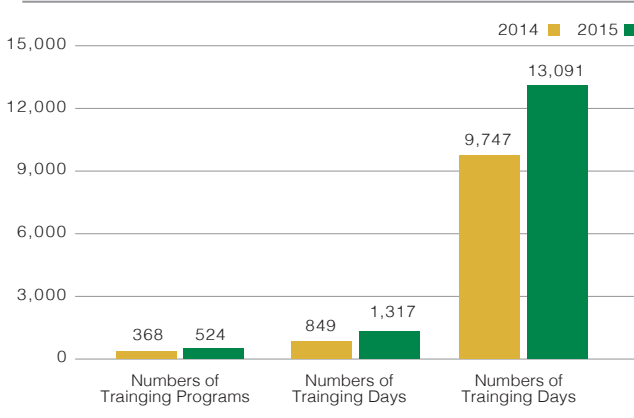
During the year, a total of 400 in-house learning programs were conducted, benefitting 12,809 learning participants encompassing 732 learning days. Similarly, 124 external local and international learning opportunities were provided to the Bank's staff, benefitting 282 participants encompassing 587 learning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

### Learning Volume - Subject wise



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

### Training at Meezan Bank - 2015 vs. 2014



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

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

### Operations

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

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

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

# بہتر نہیں بہترین انتخاب!

رہا سے آزادی حاصل کریں  
میزان بینک کا انتخاب کریں

پاکستان کا پہلا اور سب سے بڑا اسلامی بینک  
پروڈکٹس اور سروسز کی وسیع ترین رینج

پاکستان کا سب سے زیادہ اعزازات حاصل کرنے والا اسلامی بینک

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



# Marketing & Corporate Communication

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

## Key Marketing Campaigns

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

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



## Major Marketing and Public Relation Activities

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





# Corporate Social Responsibility

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

## Education

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

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

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



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

**IBA National Talent Hunt Program**



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

## Healthcare

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

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

### The Indus Hospital



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

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

### Shaukat Khanum Memorial Cancer Hospital



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

### Sind Institute of Urology Transplant



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

# Sustainability Report

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

## Stakeholders



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

### Stakeholder Engagement

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

#### Institutional Investors

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

#### Shareholders

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

#### Customers & Public

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

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

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

#### Employees

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



■ **Employee Satisfaction Survey**

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

■ **Appreciation of Achievements**

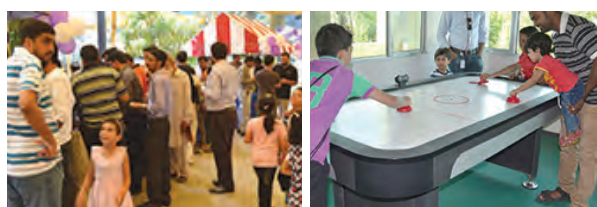
Academic and professional achievements are milestones in an individual's career. Meezan Bank acknowledges the outstanding performance of its team members in order to boost employee morale and to create a positive work environment. The Bank recognizes its employees and teams via internal email circulations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

■ **Staff get-togethers**

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



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



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

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

■ **Bank's Intranet Portal**

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

**Internal & External Communication Channels**

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

## Recruitment & Succession Planning



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

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

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

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

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

### Employment of Special Persons

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

## Learning & Development



### Staff Training

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

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

## Health & Recreation



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

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

### Medical Benefits & Health Facilities

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

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



### Day Care Facility for Working Parents

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





### Company Sports

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



- 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.

## Safety Measures



### Employees

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

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

### Customers

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

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

## Service Quality Monitoring



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

## Conservation of Energy & Resources



### Energy

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



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

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

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

#### Natural Resources and Process Efficiency

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

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

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

#### Implementation of Centralized Account Opening Workflow

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

## Consumer Protection Measures



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

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

## Business Ethics & Anti-Corruption Measures



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

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



# Report of the Board Audit Committee

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

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

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

**Mohammad Abdul Aleem**  
Chairman-BAC

# Shariah Supervisory Board Report - 2015

الحمد لله رب العالمين، و الصلاة و السلام  
على خاتم الأنبياء والمرسلين، محمد المصطفى  
الأمين، وعلى آله وأصحابه أجمعين، وبعد:

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

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

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

## Research and New Product Development

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

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

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

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

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

## Training & Development

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

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

## Shariah Advisory and Industry support

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

During the year the Bank worked actively to structure





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

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

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

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

### Review of Assets

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

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

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

### Review of Liabilities

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

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

### Shariah Audit Department

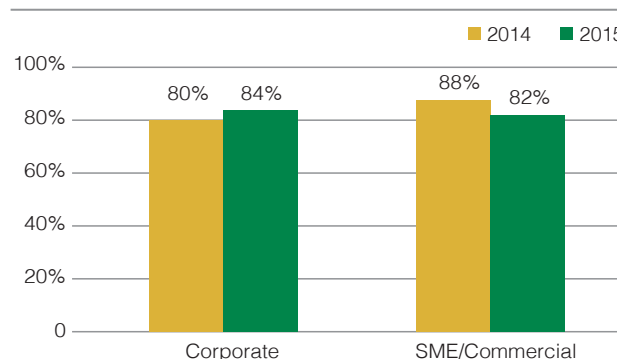
As part of the Shariah Governance Framework, a separate Shariah Audit Department under reporting of Board of Directors' Audit Committee is formed and effectively in place which will play a significant role towards accomplishment of the objective of ensuring Shariah compliance by evaluating the adherence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

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

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

### Summary of Direct Payment in Murabaha Financing for Meezan Bank

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



## Charity

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

## Recommendation

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

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

## Conclusion

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

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

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

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

Wassalam Alaikum Wa Rahmat Allah Wa Barakatuh.



**Dr. Muhammad Imran Ashraf Usmani**  
Resident Shariah Board Member



**Sheikh Essam M. Ishaq**  
Member Shariah Supervisory Board



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

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

### جی بی اے امدادیات و خدمات

وہاں سالانہ کل 47.76 بلین روپے جی بی اے امداد اور اکاؤنٹ میں منتقل کئے گئے۔ اس میں 1.53 بلین روپے کی مشترکہ آمدنی کی ضمانت شریعہ آؤٹ کے دوران ہوئی، 2.67 بلین روپے کی جی بی اے اسٹاک ایکویٹی میں کمی شریعہ کیلئے اڈجسٹمنٹ سے حاصل شدہ آمدنی کو purely کرنے کے لئے کی گئی اور 43.27 بلین روپے جی بی اے واجب الادا اکاؤنٹ میں کراسٹرکٹ گئے جو زرعوہ کے حوالیہ معاملات میں کسٹمز کی جانب سے الاٹمنٹی میں تاخیر کی بنیاد پر وصول کئے گئے تھے۔ علاوہ ازیں 49.59 بلین روپے ریویژنٹ شریعہ اور ڈیمبر سے منظوری کے بعد جی بی اے سیکورٹیز اکاؤنٹ سے الاٹمنٹ کئے گئے۔ جی بی اے سے متعلق اسیٹس نوٹ نمبر 19 A میں مذکور ہیں۔

### تعمیرات

مشہور و معروف بانکاروں کی بنیاد پر راج ذیلی امور ترمیم کئے جاتے ہیں۔

- بینک کو اپنی سرپرست اور پراڈکٹس میں الاٹمنٹ کی سب پر مشورہ اور الاٹمنٹس جاکر مزید لوگ اسلامی بینکاری سے مستفید ہوں۔
- نئے کاروبار کو درآمدت فراہم کرتے ہوئے ان میں اسلامی بینکاری کے مقاصد تک پہنچنے کے مزمومہ سے کو خصوصی طور پر مشورہ دینا ضروری ہے۔
- بینک کو چاہئے کہ اسلامی بینکاری کی توسیع کے مقصد سے اپنے آپ کو مسلسل درآمدت دینے کی پالیسی جاری رکھے اور اس سلسلے میں اپنے کاروبار کی ترقی کی طرف اپنی توجہ مبذول رکھے۔ اسلامی بینکاری کی پراڈکٹس اور بینک کی طرف سے پیش کردہ خدمات کے بارے میں ملازمین (اور خصوصاً فرنٹ آفس کے ملازمین) کا معیار معلومات مزید بڑھانا اور ان کی مزید ترقی کا انتظام کرنا نہایت اہم ہے۔
- بینک کو چاہئے کہ اسلامی بینکاری سے متعلق مشورہ دینے والے کیلئے عوام اور کسٹمرز کے لئے ترجیحی سیشن متعلقہ کرے۔
- بینک کو چاہئے کہ اسیٹ بینک آف پاکستان کو Islamic LTFF اور اسلامک سٹیج مارک ریٹ اور اسلامک سٹاک ایکسچینج ریٹ کے آڈیٹرز کے ساتھ ملے۔
- سب سے بڑے ادارے سے زیادہ تجویزی سے پہلے ہونے چاہئے کہ بینک ہونے کے نئے بینک کو چاہئے کہ شرعی ادکالات کے قیام کے لئے قابل مہمہ سسٹم کے قیام کو یقینی بنائے تاکہ افراد پراڈکٹرز کے نئے بینک کے ساتھ ساتھ سسٹم کے ذریعہ تجویزی سے تجارتی سرگرمیوں کی انجام دہی شرعی اصولوں کے مطابق ممکن ہو سکے۔
- ہم مشورہ دیتے ہیں کہ بینک اپنی توجہ ایسے کاروباری طرف مولا کرے جس میں بینک حقیقی طور تجارتی سرگرمیوں میں شامل ہو، جن میں Warehouse Receipt اور Vendor Financing جیسی معاشی سرگرمیوں قابل ذکر ہیں۔
- اس بات کا پتہ زور مشورہ دینا چاہئے کہ بینک عالم کرام کے ساتھ اسلامی بینکاری اور قیام کلائنٹس کے سلسلے میں مزید رولا کھاتا کرے اور ان کو اس بات کا موقع مہیا کرے کہ وہ میزبان بینک کے معاملات کو پرکھیں تاکہ اسلامی بینکاری اور قیام کلائنٹس کی آگاہی اور ان کا پیغام ایک بڑے پیمانے پر مؤثر انداز میں یا آسانی سے پہنچ سکے۔

### خلاصہ حکام

بینک کے چارٹر کے تحت تمام انتظامیہ اور ملازمین کے لئے ضروری ہے کہ وہ شریعہ سپرداگاری بورڈ اور ریویژنٹ 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 بنیاد پر ذمہ داری بردار آف ڈائریکٹرز اور بینک کی انتظامیہ پر عائد ہوتی ہے۔

PDSC کی جانب سے بینک کے انجام کردہ مختلف امور کے جانچے جانے کے مقصد پر دستاویز اس کی جانچ پڑتال اور پراڈکٹرز کو تحسین ہونے والے نئے نئے طریقے کار کا مشاہدہ ان کے متعلق شریعہ آؤٹ رپورٹ اور انتظامیہ کی ادنیٰ گئی رائے کے جائزہ کی بنیاد پر جاری راستے میں وہاں سال میں بینک کی طرف سے کئے گئے امور اسلامی شریعہ کے ان اصولوں اور ہدایات کے مطابق ہیں جو میزبان بینک کے شریعہ سپرداگاری بورڈ اور ریویژنٹ شریعہ بورڈ ممبر اور اسیٹ بینک آف پاکستان کی طرف سے جاری کی گئی ہیں۔ اس جائزہ کے دوران جو فیڈ بک آؤٹ پٹ کی ادائیگی تمام کے تحت جی بی اے اکاؤنٹ میں منتقل کی جا رہی ہے جس کو شریعہ بورڈ کی ہدایات کے مطابق مدد سے کی میں شرح کیا جاتا ہے۔

PDSC کی صلاحیت اور استعداد اور بینک کی طرف سے جاری کردہ شریعہ کیلئے بینک کی ہدایات اور ادکالات کے جائزہ کے بعد جاری رائے میں بینک میں تمام شعبوں کی نگرانی اور شرح کیلئے تحسین کو یقینی بنانے کے لئے ایک مؤثر نظام مہیا ہے۔

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

والسلام علیکم ورحمتہ اللہ وبرکاتہ

ڈاکٹر محمد عمران اشرف عثمانی

ریویژنٹ شریعہ بورڈ ممبر

شیخ مصباح محمد اسحاق

ممبر شریعہ سپرداگاری بورڈ

پیش (ر) کوآپریٹو عثمانی

ممبر شریعہ سپرداگاری بورڈ

۱۳ جمادی الاذلہ ۱۴۳۷ھ جری بمطابق ۲۲ فروری ۲۰۱۶ء



قرض پہنتی ہیں۔ برطانیہ 31 دسمبر 2015ء تک کے اپڈیٹس میں 24 لاکھ اضافہ ہوا ہے اور بینک کا مجموعی ادا شدہ قرضات Rs. 471.820 ارب روپے تک پہنچ چکا ہے۔

اس سال بینک میں ڈپازٹ سائیڈ سے متعلق انجام دہ گئے مختلف امور یعنی مختلف اے ٹی اے اور فنڈز کو مختلف پارٹی کی طرف منسوب کرنا، مطابقت کی بنیاد پر بیج شدہ رقم کے مجموعی طے کے تناسب کا اعلان کرنا، Weightages مستحکم کرنا، لاپرواہی کے درمیان منافع کی تقسیم کرنا، منافع کی صحیح تقسیم کی عمرانی اور اس کا تجربہ میڈان بینک کی پول جنٹس سے متعلق ہدایات اور اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق کیا گیا۔

### شرعی آڈٹ

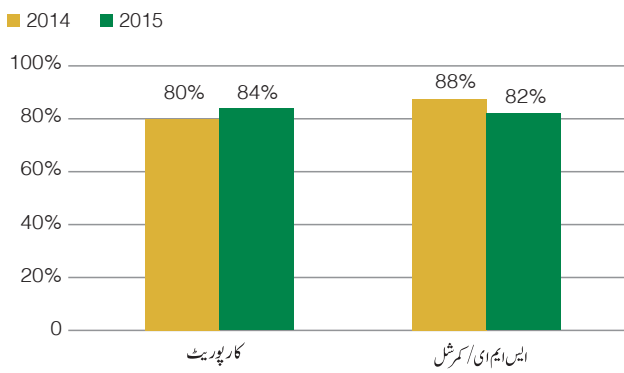
شرعی گورننس فریم ورک کی ہدایات کے مطابق مستقل شرعی آڈٹ ڈپارٹمنٹ کی تشکیل دی گئی ہے جو بولڈ آف وائیٹیکٹرز آڈٹ کمیٹی کے زیر نگرانی نگرانی سے کام کر رہا ہے اور شرعیہ کمیٹی اسٹیٹس کی یقین دہانی کے لئے تمام شرعی اصولوں کے نفاذ کی جانچ پڑتال کرتا ہے جو کہ شرعیہ سپروائزر کی بورڈ اور بیٹنٹ شرعیہ بورڈ ممبر اور املاک و ٹیکسٹ ڈپارٹمنٹ اسٹیٹ بینک آف پاکستان کی طرف سے دی گئی ہیں۔ شرعیہ آڈٹ ڈپارٹمنٹ ہانچ کے کھلنے سے لے کر طے کے ٹیکسٹ تک پہنچنے تک کے تمام تر معاملات اور مختلف پروڈکٹس کی انجام دہی کے ہر مرحلے کی مکمل جانچ پڑتال کرتا ہے۔

اس سال میڈان بینک کی کل 412 برانچوں، ایریا آفسز، Consumer اور Corporate Hubs اور ہیڈ آفس ڈپارٹمنٹس کا آڈٹ کیا گیا کہ شرعی اصولوں کی تعمیل کا داخلی نظم اور طریقہ کار کو مستحکم کیا گیا۔ ایریا آفسز کے جانچنے کا مکمل اس سال آڈٹ کیا گیا تاکہ شرعی اصولوں کی تعمیل اور شرعی نظروں کا جانچ لیا جاسکے۔

2015 کے دوران کارپوریٹ اور SMEs کے ساتھ کیے جانے والے مراعات کے تحت میں سپلائرز کو کوئی گئی براہ راست ادا کیے گئے کا تناسب 83 فیصد رہا۔ اس بات پر انتہائی زور دیا جا رہا ہے کہ اس بات کی مزید کوشش کی جائے کہ مراعات میں براہ راست ادا کیے گئے کا تناسب میں اضافہ ہو۔

مراعات فنانسنگ میں براہ راست ادا کیے گئے کا خلاصہ

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



کے معاملات اور حکومت پاکستان کے جاری قواعد عمل کے اوپر صفا کے دو پارہ اجراء کے سلسلے میں بھرپور تعاون کیا تاکہ اسلامی مالیاتی اداروں کی نیگیٹیو لی کے مسائل کو حل کیا جاسکے۔

میڈان بینک نے LUMS، IBA Karachi اور IMSciences Peshawar کے ساتھ معاہدہ کیا جس کی رو سے میڈان بینک ان یونیورسٹیوں کو اسلامک بینکنگ کے سٹڈنٹس اور اسٹڈنٹس کے قیام اور اس کے اجراء کے لئے تعاون کرے گا۔

دوران سال میڈان بینک نے AMIM اور NAFA کو ٹریننگز اور پارٹنر کے اجراء میں تعاون فراہم کیا۔

اسلامی کونسل مارٹ کے میدان میں میڈان بینک نے نومبر 2015 میں جاری ہونے والے آئی ٹی ٹریڈنگ کے اجراء میں گراہی اشاک، ایچ پی، اسٹیٹ بینک آف پاکستان، میگزینی، ایچ پی، پاکستان آف پاکستان اور پاکستان کے پیچھل ٹڈ کے اداروں کے ساتھ تعاون کیا۔

### اے ٹی اے کا جائزہ

موجودہ سال میں میڈان بینک نے بنیادی طور پر مراعات، اجراء، مشارکت، متناقصہ مساویہ، اصطناع، تجارہ، مطابقت اور مسلم کی بنیاد پر قومی سہولیات فراہم کیں۔

یہ بات جو صفا افزا ہے کہ بینک نے اس سال بھی مراعات پر اٹھارہ کروڑوں کے بجائے کئی اٹھارہ طریقہ جوئی کو اختیار کیا جیسا کہ جوئی کا سب سے واضح ہے۔ یہ صورت حال واکفہ جوصل کر ہے کہ مشارکت کے تناسب میں کل جوئی سرگرمیوں کا 5 فیصد تک کا اضافہ ہوا۔ مشارکت متناقصہ اور مساویہ کے تناسب میں 5 فیصد تک کا اضافہ ہوا جبکہ اصطناع، مراعات اور اجراء کے تناسب پر ترتیب 10، 13 اور 7 فیصد رہا۔ بینک کا مجموعی جوئی پورٹ فولیو (برطانیہ 31 دسمبر، 2015) 215.775 ارب تک پہنچ چکا ہے۔

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

### ڈپازٹس کا جائزہ

بینک نے اپنی ڈپازٹ سائیڈ پر کئی اسی طرح کے جانچ پڑتال سے ہمہ آئیں وضع کی ہیں جو مشارکتی



# Statement of Sources and Uses of Charity Fund

For the year ended December 31, 2015

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

## Note:

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

## Statement of Inventory

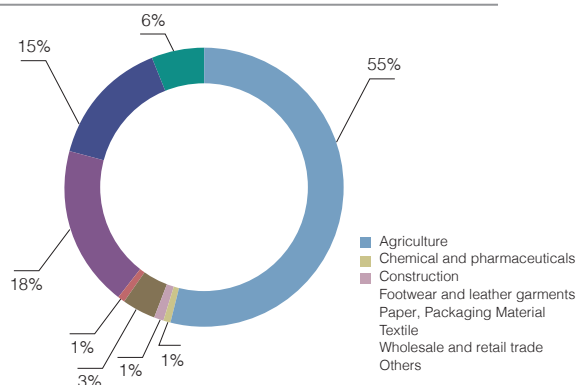
Meezan Bank provides financing through various modes including Murabaha, Musawamah, Istisna, Tijarah, Salam, etc. Under these modes, the Bank either purchases the goods to be financed or gets them manufactured. It then sells the goods to the customer on spot/ deferred price.

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

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

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

### Sector-wise Breakup





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

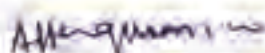
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Meezan Bank Limited** (the Bank) for the year ended December 31, 2015 to comply with the requirements of Rule 5.19 of the Pakistan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

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

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

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

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



Chartered Accountants

Dated: February 29, 2016

Karachi

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Islamabad: PIA Building, 9th Floor, 4th Ave, Feroz Hq Road, P.O. Box 4027, Islamabad-44000, Pakistan; Tel: +92 (51) 4079457999; Fax: +92 (51) 4079457999  
Kuala Lumpur: Apartment No. 3, 2nd Floor, 2nd Tower, Majlis Square, Surin+Viva, Kuala Lumpur; Tel: +60 (3) 21512222; Fax: +60 (3) 21512222

# Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2015

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

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

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

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

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

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



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

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

A blue ink signature of Irfan Siddiqui, consisting of a large, stylized 'I' followed by a cursive name.

**Irfan Siddiqui**  
President & CEO

February 22, 2016



# Statement of Internal Controls

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

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

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

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

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

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

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

On behalf of the Board.



**Ariful Islam**  
Deputy CEO



**Irfan Siddiqui**  
President & CEO

February 22, 2016



# Notice of 20<sup>th</sup> Annual General Meeting

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

## ORDINARY BUSINESS

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

## SPECIAL BUSINESS

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

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

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

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

By Order of the Board

A handwritten signature in blue ink, appearing to read 'T. Haq'.

**Tasnimul Haq Farooqui**  
Company Secretary

Karachi  
March 08, 2016

**Notes:**

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

**For Information of the Members:**

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

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

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

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

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

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

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

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

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





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

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

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

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

##### **I) Directors' Remuneration**

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

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

## Role of Chairman

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

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

## Role of President & CEO

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

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

## President & CEO's Performance Review

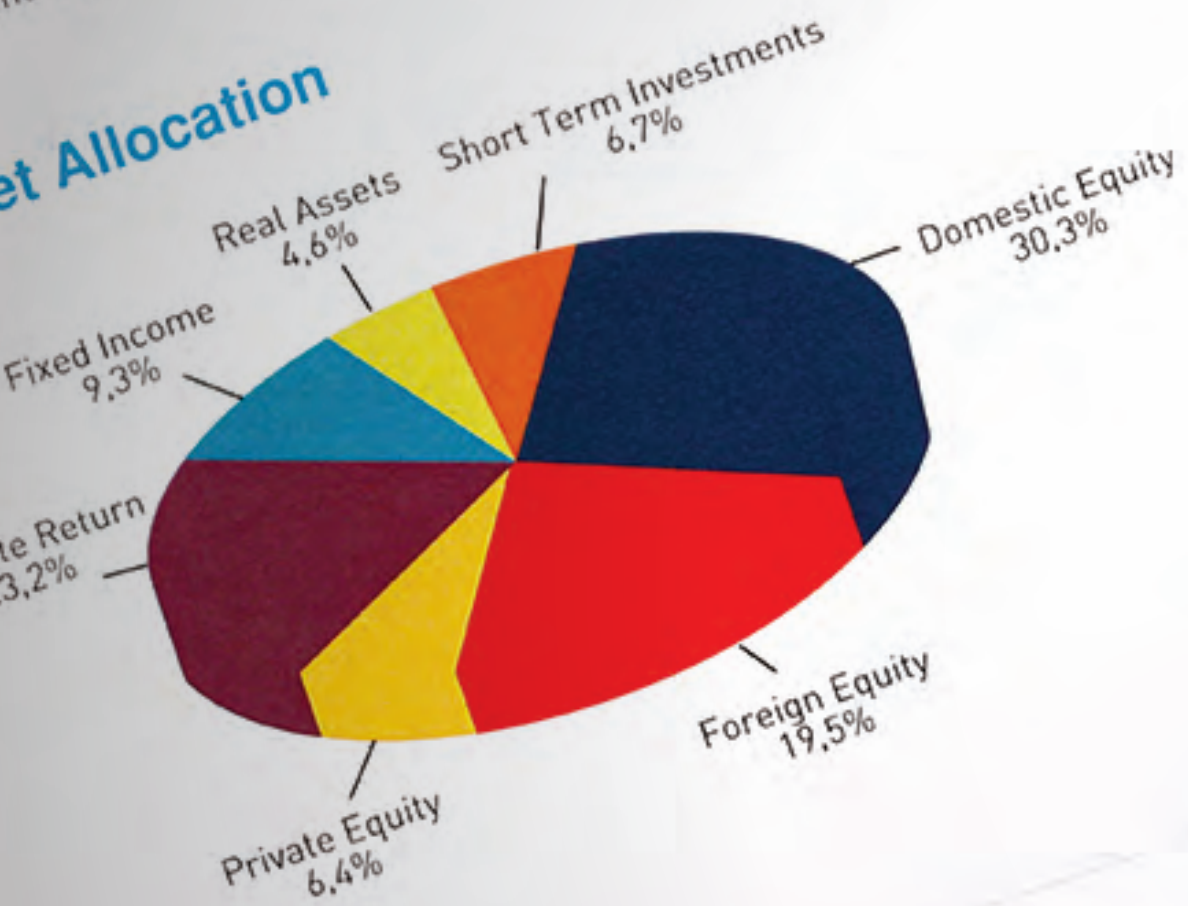
The President & CEO of Meezan Bank is responsible for supervising and leading the strategic and managerial affairs of the Bank. Various elements of the President & CEO's performance are monitored continuously and discussed periodically by the Board. As leader of the organization and executor of the strategy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







## Asset Allocation



## Growth (Year/Year)



## Profit (Billions)





## Financial Statements

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**AUDITORS' REPORT TO THE MEMBERS**

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

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

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

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

  
Chartered Accountants

Engagement Partner: **Salman Hussain**

Dated: February 29, 2016

Karachi

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

Lahore: 27-C, 4th Avenue, Canal Bank, Galilee V, P.O. Box 39, Lahore-54000, Pakistan; Tel: +92 (41) 32753647-7; Fax: +92 (41) 32753672  
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Faisal-Hay Road, P.O. Box 3001, Islamabad-44000, Pakistan; Tel: +92 (51) 2272412-40; Fax: +92 (51) 22727924  
Kabul: Apartment No. 3, 3rd Floor, East Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +92 (700) 315520; +92 (700) 315520





# Statement of Financial Position

As at December 31, 2015

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

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

Riyadh S. A. A.  
Edrees  
Chairman

Irfan Siddiqui  
President &  
CEO

Mohammad  
Abdul Aleem  
Director

Muhammad  
arrug Rajab  
Director

# Profit and Loss Account

For the year ended December 31, 2015

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

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



Riyadh S. A. A.  
Edrees  
Chairman



Irfan Siddiqui  
President &  
CEO



Mohammad  
Abdul Aleem  
Director



Muhammad  
arrug Rajab  
Director



# Statement of Comprehensive Income

For the year ended December 31, 2015

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

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

Riyadh S. A. A.  
Edrees  
Chairman

Irfan Siddiqui  
President &  
CEO

Mohammad  
Abdul Aleem  
Director

Muhammad  
arrug Rajab  
Director



# Cash Flow Statement

For the year ended December 31, 2015

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

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



Riyadh S. A. A.  
Edrees  
Chairman



Irfan Siddiqui  
President &  
CEO



Mohammad  
Abdul Aleem  
Director



Muhammad  
arrug Rajab  
Director



# Statement of Changes in Equity

For the year ended December 31, 2015

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

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

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

Riyadh S. A. A.  
Edrees  
Chairman

Irfan Siddiqui  
President &  
CEO

Mohammad  
Abdul Aleem  
Director

Muhammad  
arrug Rajab  
Director

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 1 LEGAL STATUS AND NATURE OF BUSINESS

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

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

## 2 BASIS OF PRESENTATION

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

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

## 3 STATEMENT OF COMPLIANCE

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



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



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

**3.6 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year**

IFRS 13 fair value measurement was made applicable from period beginning on or after January 01, 2015 vide SECP circular 633(I)/2014 which resulted in additional disclosure as given in note 37.3 to these financial statements.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 01, 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.

**3.7 Standards, interpretations and amendments to published approved accounting standards that are not yet effective:**

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

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

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

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

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

## 4 BUSINESS COMBINATION

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

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

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

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

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

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

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

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



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

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

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

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

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

These balances are detailed below:

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

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

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

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



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

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

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

## 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

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

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

## 6 BASIS OF MEASUREMENT

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

### 6.2 Functional and Presentation Currency

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

### 6.3 Rounding off

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

## 7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 7.1 Cash and cash equivalents

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

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



## 7.2 Due to / from financial and other institutions

### Bai Muajjal

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

### Musharaka / Mudaraba

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

### Musharaka from State Bank of Pakistan under IERS

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

## 7.3 Islamic financing and related assets

### Murabaha

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

### Ijarah

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

### Istisna

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

### Tijarah

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

### Diminishing Musharakah

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

### Running Musharakah

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

### Bai Muajjal

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

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## Service Ijarah

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

## Musawwamah

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

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

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

7.3.2 Provision against non-performing Islamic financing and related assets

### Specific provision

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

### General provision

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

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

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

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

7.3.3 Inventories

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

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

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

7.4 Investments

7.4.1 Classification

The Bank classifies its investments as follows:

#### - Held for trading

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



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



- **Held to maturity**

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

- **Available for sale**

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

- **Associates**

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

- **Subsidiary**

Subsidiary is an entity over which the Bank has control.

#### 7.4.2 Regular way contracts

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

#### 7.4.3 Initial recognition and measurement

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

#### 7.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- **Held for trading**

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

- **Held to maturity**

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

- **Available for sale**

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

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

- **Investments in associates and subsidiary**

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

#### 7.4.5 Impairment

##### Available for sale and Held to maturity investments

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

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

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

## Investment in associates and subsidiary

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

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

7.4.6 Cost of investment is determined on moving average basis.

## 7.5 Operating fixed assets

### 7.5.1 Tangible assets

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

### 7.5.2 Intangible assets

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

### 7.5.3 Subsequent costs

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

### 7.5.4 Depreciation / amortisation

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

### 7.5.5 Capital work-in-progress

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

### 7.5.6 Useful lives and residual values

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

### 7.5.7 Impairment

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

# Notes to and forming part of the Financial Statements



For the year ended December 31, 2015

## 7.6 Ijarah Assets (IFAS 2)

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

### - Depreciation

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

### - Ijarah Rentals

Ijarah rentals outstanding are disclosed in 'other assets' on the Statement of Financial Position at amortized cost.

### - Impairment

Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

## 7.7 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or below equity, in which case it is recognised in equity or below equity.

### Current

The charge for current taxation is based on expected taxable income for the year at the current rates of taxation, after taking into consideration available tax credits, rebates, tax losses, etc. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

### Deferred

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences relating to initial recognition of goodwill, initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

## 7.8 Non-banking assets acquired in satisfaction of claims

Non-banking assets acquired in satisfaction of claims are stated at the lower of the financing amount and their market value at the time of acquisition. The Bank carries out periodic valuation of these assets and any decline in their value below the recognised amount is charged to the profit and loss account. These assets are disclosed in other assets as specified by the SBP.

## 7.9 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. No profit or loss is passed on to current account depositors. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 50% of their profit as Incentive profits (Hiba).



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools are created at the Bank's discretion and the Bank can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

## 7.10 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Under the general deposits pools, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to Bank's customers and liquidity management respectively under the Musharakah / Mudaraba modes. The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool alongwith related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature of expense is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. During the year, the Bank has given General Hiba to the depositors of PKR General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of Bank's Shariah Advisor. However, Hiba are given at the sole discretion of the Bank without any contractual commitment and can be withdrawn or reduced by the Bank as its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. As per Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of PKR, USD, GBP and Euro. The Bank maintains General Pools (PKR, USD, EUR, GBP), FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

### General Pools

For General Pools (PKR, USD, EUR, GBP), the Bank allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in the note 41.1.1.1. Investments in Sovereign Guarantee Sukuk, Bai Muajjal with State Bank of Pakistan, Bai Muajjal with Government of Pakistan are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Due to limited investment options in USD, GBP and EURO pool, funds from FCY pools are invested in available International Sukuk, Shariah Complaint Nostro accounts and remaining funds are taken out and invested in PKR general pool as part of equity. In such cases return from PKR General pool is given back to FCY pools, so that returns can be passed on to FCY pool customers accordingly.

### IERS Pools

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financings to / sukuks of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

### FI Pools

The FI pool assets generally comprise of Sovereign Guarantee Sukuks only and the related liability of the FI pool comprise of Musharakah/Mudarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

### Equity Pools

All other assets including fixed assets, exposure in shares, PKR Bai-Salam financings and subsidized financings to Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Bank as Mudarib in the general pools is responsible to finance costs/assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

## 7.11 Staff retirement benefits

### Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The scheme was approved by the tax authorities in April 2000. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. Last valuation was conducted as on December 31, 2015.

During the current year a new End of Service unfunded defined benefit has been approved by the Board of Directors for the

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



benefit of the founding President and Chief Executive Officer of the Bank. The defined benefit obligation has been calculated by an independent actuary using the projected unit credit method. The valuation has been carried out on December 31, 2015.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur.

## Defined contribution plan

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

## 7.12 Compensated absences

The Bank recognises liability in respect of employees compensated absences in the period in which these are earned upto the date of Statement of Financial Position. The provision has been recognised on the basis of actuarial valuation conducted as at December 31, 2015, on the basis of projected unit credit method.

## 7.13 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Statement of Financial Position are considered as non adjusting event and are recorded in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

## 7.14 Foreign currency transactions

### Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward contracts are reported in Rupees at exchange rates prevalent on the Statement of Financial Position date.

Forward contracts other than contracts with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contracts. Forward contracts with the SBP relating to foreign currency deposit are valued at spot rate prevailing at the Statement of Financial Position date. Exchange gains and losses are included in profit and loss account currently.

### Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, acceptances and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

Translation gains and losses are included in the profit and loss account.

## 7.15 Provisions and contingent assets and liabilities

Provisions are recognised when the Bank has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each date of Statement of Financial Position and are adjusted to reflect the current best estimate.

Contingent assets are not recognised and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

## 7.16 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments.

## 7.17 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards as applicable in Pakistan.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 7.18 Revenue recognition

- i) Profit on Murabaha and Commodity Murabaha is recognised on an accrual basis. Profit on murabaha transactions for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately upon the later date.
- ii) The Bank follows the finance method in recognising income on Ijarah contracts written upto December 31, 2008. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the mustajir.
- iii) Rental on Ijarah contracts written subsequent to December 31, 2008 under Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) are recognised as income on an accrual basis.
- iv) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- v) Profit on Diminishing Musharakah financings is recognised on an accrual basis.
- vi) Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vii) Profit on Tijarah and Istisna financings is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- viii) Profit on Service Ijarah is recognised on an accrual basis.
- ix) Profit on Sukuks is recognised on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield / profit method.
- x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs 200,000 which is recognised over the period of the guarantee. Fee and brokerage income are recognised when earned.
- xi) Dividend income is recognised when the Bank's right to receive dividend is established.
- xii) Gain or loss on sale of investments is included in the profit and loss account.
- xiii) Gain or loss on disposal of operating fixed assets, Ijarah assets and musharaka assets, if any, is taken to the profit and loss account in the period in which they arise.
- xiv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financings and investments are recognised as permitted by the SBP, except where, in the opinion of the management, it would not be prudent to do so.

## 7.19 Business Combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Bank's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the profit and loss account.

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. Goodwill acquired in a business combination is tested for impairment annually or whenever there is an indication of impairment as per the requirements of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognised in the profit and loss account.

Acquisition of Non-Controlling Interests (NCI) is measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Bank. The excess of fair value of consideration transferred over the proportionate share of the NCI in the fair value of the net assets acquired is recognised in equity.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



## 7.20 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

### 7.20.1 Business segments

#### Corporate Finance

Corporate Finance includes investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

#### Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

#### Retail Banking

It includes retail financings, deposits and banking services offered to its retail customers and small and medium enterprises.

#### Corporate and Commercial Banking

It includes project finance, export finance, trade finance, Ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers.

#### Agency Services

It includes depository receipts, custody, issuer and paying agents.

#### Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

### 7.20.2 Geographical segments

The Bank operates only in Pakistan.

## 7.21 Impairment

The carrying amount of the assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

	Note	2015	2014
Rupees in '000			
<b>8 CASH AND BALANCES WITH TREASURY BANKS</b>			
In hand			
- local currency		10,796,938	7,304,820
- foreign currencies		1,706,594	1,214,052
With the State Bank of Pakistan in			
- local currency current accounts	8.1	15,508,004	9,852,651
- foreign currency current accounts	8.1	3,038,669	2,623,520
With the National Bank of Pakistan in			
- local currency current accounts		12,635,431	8,733,721
		<u>43,685,636</u>	<u>29,728,764</u>

8.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP as stipulated by the SBP. These accounts are non-remunerative in nature.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

	Note	2015	2014
Rupees in '000			
<b>9 BALANCES WITH OTHER BANKS</b>			
In Pakistan			
- in current accounts		1,978,004	1,539,136
- on deposit accounts / term deposit receipts	9.1	4,000,000	2,000,000
Outside Pakistan			
- in current accounts		2,089,623	852,178
- in deposit accounts	9.2	3,107,433	1,109,763
		<u>11,175,060</u>	<u>5,501,077</u>

9.1 This carries profit at the rate of 6.5% per annum (2014: 9.5% per annum) and is due to mature by December 2016 (2014: January 2015).

9.2 The return on these balances is around 0.09% (2014: 0.14%) per annum.

	Note	2015	2014
Rupees in '000			
<b>10 DUE FROM FINANCIAL AND OTHER INSTITUTIONS</b>			
Bai Muajjal:			
With Other Banks	10.1	21,885,385	39,177,807
With State Bank of Pakistan	10.2	78,334,591	51,603,990
With Government of Pakistan (through State Bank of Pakistan)	10.3	69,394,946	-
	10.4	169,614,922	90,781,797
Musharakah	10.5	875,000	-
Commodity Murabaha		26,066	26,066
		<u>170,515,988</u>	<u>90,807,863</u>
Provision against non-performing amounts due from financial and other institutions	10.7	(41,566)	(41,566)
		<u>170,474,422</u>	<u>90,766,297</u>

10.1 The average return on this financing is 7.39% (2014: 9.37%) per annum. The balances have maturities ranging between January 2016 to April 2016 (2014: January 2015 to June 2015).

10.2 The average return on this financing is 8.05% (2014: 9.53%) per annum. The balances have maturities ranging between February 2016 to March 2016 (2014: October 2015 to December 2015).

10.3 The average return on this financing is 5.99% per annum. The balances will mature in November 2016.

	2015	2014
Rupees in '000		
10.4 Bai Muajjal Placements	181,671,755	97,533,990
Less: Deferred income	(5,182,971)	(5,111,793)
Profit receivable shown in other assets	(6,873,862)	(1,640,400)
Bai Muajjal Placements	<u>169,614,922</u>	<u>90,781,797</u>

10.5 The average return on this product is 5.86% (2014: Nil) per annum. The balances will mature in January 2016.

	2015	2014
Rupees in '000		
<b>10.6 Particulars of due from financial and other institutions</b>		
In local currency	170,474,422	90,766,297
In foreign currencies	-	-
	<u>170,474,422</u>	<u>90,766,297</u>

10.7 Provision against amounts due from financial and other institutions

	2015	2014
Opening balance	41,566	41,866
Less: Reversals	-	(300)
Closing balance	<u>41,566</u>	<u>41,566</u>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



## 11 INVESTMENTS

### 11.1 Investments by types

Note	2015			2014		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
Rupees in '000						
Available for sale securities						
- Sukuks	70,191,432	-	70,191,432	107,139,301	-	107,139,301
- Shares / Units	4,021,496	-	4,021,496	2,903,230	-	2,903,230
11.4	74,212,928	-	74,212,928	110,042,531	-	110,042,531
In related parties						
Subsidiary (unlisted)						
- Shares	63,050	-	63,050	63,050	-	63,050
11.5						
Associates (listed)						
- Units of funds	1,835,346	-	1,835,346	3,409,286	-	3,409,286
11.6						
Associates (unlisted)						
- Shares	28,125	-	28,125	28,125	-	28,125
11.7						
Investments at cost / carrying value	76,139,449	-	76,139,449	113,542,992	-	113,542,992
Less: Provision for diminution in value of investments and impairment	(445,385)	-	(445,385)	(324,292)	-	(324,292)
11.8						
Investments net of provision	75,694,064	-	75,694,064	113,218,700	-	113,218,700
Surplus on revaluation of investments classified as 'available for sale'	1,215,887	-	1,215,887	870,552	-	870,552
22						
Total investments at market value	76,909,951	-	76,909,951	114,089,252	-	114,089,252

Note	2015		2014	
	Rupees in '000			
11.2 Investments by segments				
Federal Government Securities				
GOP Ijarah Sukuk	11.4	48,183,702	88,715,134	
Sukuk certificates / bonds				
Sukuk Certificates	11.4	14,515,543	11,708,002	
Global Sukuk Bonds	11.4	7,492,187	6,716,165	
Fully paid up ordinary shares				
Listed companies	11.4	3,432,671	2,463,424	
Unlisted companies				
- subsidiary	11.5	63,050	63,050	
- associates	11.7	28,125	28,125	
- others	11.4	513,825	389,806	
Units of open end funds				
- associates	11.6	1,835,346	3,409,286	
- others	11.4	75,000	50,000	
Total investments at cost / carrying value		76,139,449	113,542,992	
Less: Provision for diminution in value of investments and impairment	11.8	(445,385)	(324,292)	
Investments net of provision		75,694,064	113,218,700	
Surplus on revaluation of investments classified as 'available for sale'	22	1,215,887	870,552	
Total investments at market value		76,909,951	114,089,252	

11.3 Investments in Al-Meezan Investment Management Limited (subsidiary), Meezan Balanced Fund (associate), Al-Meezan Mutual Fund (associate) and Meezan Islamic Fund (associate) form part of strategic investment of the Bank.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 11.4 Quality of available for sale securities

The Bank holds investments in ordinary shares (nominal value of Rs 10 each, unless stated otherwise), sukuk certificates and other securities in the following investees:

Name of the investee	Note	2015	2014	2015	2014	2015	2014		
		Number of shares / units / certificates		Cost	Market value	Entity rating long term / short term	Cost / Market value	Entity rating long term / short term	
		Rupees in '000				Rupees in '000			
<b>Ordinary shares</b>									
<b>Automobile and parts</b>									
Agriauto Industries Limited	11.4.1	84,042	84,042	5,279	5,279	17,397	Unrated	12,606	Unrated
Pak Suzuki Motor Company Limited		164,860	119,860	37,885	19,591	81,655	Unrated	44,482	Unrated
Honda Atlas Cars		562,000	166,500	104,590	22,425	134,284	Unrated	32,997	Unrated
Indus Motor Company Limited		47,400	20,000	41,991	11,236	47,954	Unrated	17,606	Unrated
<b>Construction and materials (cement)</b>									
Attock Cement Pakistan Limited		282,200	-	48,017	-	47,339	Unrated	-	Not Applicable
D.G. Khan Cement Company Limited		1,423,546	1,358,546	144,074	92,115	210,101	Unrated	150,160	Unrated
Fauji Cement Company Limited		3,844,500	3,519,500	69,115	57,333	141,554	Unrated	90,944	Unrated
Lucky Cement Company Limited		575,615	573,015	240,947	167,280	284,953	Unrated	286,668	Unrated
Kohat Cement Limited		351,400	276,400	51,253	36,915	84,645	Unrated	52,756	Unrated
Pioneer Cement Limited		325,000	275,000	18,269	13,761	29,530	Unrated	23,543	Unrated
Maple Leaf Cement Factory Limited		550,000	-	32,133	-	41,019	A / A1	-	Not Applicable
Cherat Cement Company Limited		238,000	-	21,615	-	21,463	A / A1	-	Not Applicable
<b>Electricity</b>									
The Hub Power Company Limited		3,237,390	3,237,390	140,195	140,195	332,156	AA+ / A1+	253,682	AA+/A1+
Pakgen Power Limited		787,500	-	22,559	-	23,176	AA / A1+	-	Not Applicable
K-Electric Limited		9,500,000	-	72,627	-	70,680	AA / A1	-	Not Applicable
Lal Pir Power Limited		1,559,500	-	50,954	-	46,380	AA+ / A1+	-	Not Applicable
<b>Oil and gas</b>									
Mari Petroleum Company Limited		312,600	277,600	123,367	98,867	217,926	Unrated	131,985	Unrated
Pakistan State Oil Company Limited		723,790	663,791	173,228	148,873	235,789	AA / A1	237,577	AA+ / A1+
Pakistan Oilfields Limited		880,626	660,626	370,554	310,281	236,025	Unrated	250,615	Unrated
Oil and Gas Development Company Limited		-	1,039,065	-	235,040	-	Not Applicable	213,912	AAA/A+
Pakistan Petroleum Limited		846,647	1,246,648	153,871	226,568	103,130	Unrated	220,058	Unrated
Sui Northern Gas Pipeline Limited		-	700,000	-	16,192	-	Not Applicable	20,097	AA / A1+
Attock Refinery Limited		54,900	18,900	11,566	4,014	11,632	AA / A1+	3,549	AA / A1+
Hascol Petroleum Limited		26,760	-	2,461	-	3,860	A+ / A1	-	Not Applicable
<b>Chemicals</b>									
Engro Corporation Limited		615,800	200,000	165,102	43,184	172,048	AA / A1+	44,302	AA
Fauji Fertilizer Bin Qasim Limited		-	648,000	-	25,095	-	Not Applicable	29,296	Unrated
Fauji Fertilizer Company Limited		903,248	2,003,250	96,143	213,229	106,565	Unrated	234,601	Unrated
ICI Pakistan Limited		104,965	102,865	34,026	33,086	50,805	Unrated	47,571	Unrated
Fatima Fertilizer Company Limited		1,634,000	-	61,334	-	73,089	AA- / A1	-	Not Applicable
Ghani Gases Limited		100,000	-	2,657	-	2,644	Unrated	-	Not Applicable
<b>General industries</b>									
Packages Limited		666,879	523,879	280,633	190,067	388,197	AA / A1+	355,344	AA/A1+
Cherat Packaging Limited		92,900	-	28,965	-	28,159	Unrated	-	Not Applicable
The Searle Company Limited		266,080	-	85,712	-	105,296	Unrated	-	Not Applicable
Abbot Laboratories		25,000	-	16,509	-	15,875	Unrated	-	Not Applicable
Ferozsons Laboratories		70,550	-	52,227	-	78,035	Unrated	-	Not Applicable
<b>Personal goods (textile)</b>									
Nishat Mills Limited		1,879,100	1,874,000	182,905	182,555	178,270	AA / A1+	226,735	AA/A1+
<b>Fixed line telecommunication</b>									
Pakistan Telecommunication Company Limited (A)		5,439,899	4,328,399	88,049	106,950	89,704	Unrated	99,683	Unrated
<b>Food Producers</b>									
Engro Foods Limited		290,250	471,250	35,917	51,815	42,548	A+	51,149	A+
Al-Shaheer Corporation		324,000	-	23,626	-	20,146	Unrated	-	Not Applicable
<b>Jute</b>									
Thal Limited	11.4.1	69,100	55,000	15,152	11,478	17,505	Unrated	14,797	Unrated
<b>Electrical Goods</b>									
Pak Elektron Limited		1,770,500	-	122,055	-	110,727	A / A1	-	Not Applicable
<b>Engineering</b>									
Crescent Steel & Allied Products Limited		661,875	-	73,403	-	82,317	Unrated	-	Not Applicable
K.S.B Pumps Company Limited		31,000	-	7,929	-	7,920	Unrated	-	Not Applicable
<b>Real Estate Investment Trust</b>									
Dolmen City REIT		8,712,120	-	95,833	-	93,481	RR1	-	Not Applicable
<b>Miscellaneous</b>									
Shifa International Hospitals		85,000	-	27,944	-	26,095	Unrated	-	Not Applicable
		50,120,542	24,443,526	3,432,671	2,463,424	4,112,074		3,146,715	

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



Name of the investee	Note	2015		2014		2015		2014	
		Number of shares / units / certificates	Cost	Cost / Market value	Entity rating long term / short term	Cost / Market value	Entity rating long term / short term		
						Rupees in '000		Rupees in '000	
<b>Ordinary shares - unlisted (others)</b>									
Sapphire Electric Company Limited - at cost *		21,201,068	21,201,068	318,864	318,864	318,864	A+/A1	318,864	A+/A1
S.W.I.F.T. SCRL - at cost		5	5	3,342	3,342	3,342	Unrated	3,342	Unrated
Fatima Energy Limited ***		19,161,883	6,760,000	191,619	67,600	191,619	Unrated	67,600	Unrated
		40,362,956	27,961,073	513,825	389,806	513,825		389,806	
<b>Units of open end fund</b>									
Atlas Islamic Income Fund		98,894	98,894	50,000	50,000	50,878	AA-(f)	51,555	AA-(f)
NIT Islamic Equity Fund		2,500,000	-	25,000	-	24,650	Not Applicable	-	Not Applicable
		2,598,894	98,894	75,000	50,000	75,528	-	51,555	
<b>GOP Sukuk</b>									
Ijarah Sukuk Nine		-	232,302	-	23,230,410	-	Not Applicable	23,260,399	Govt. Guaranteed
Ijarah Sukuk Ten		-	111,755	-	11,181,446	-	Not Applicable	11,194,498	Govt. Guaranteed
Ijarah Sukuk Eleven		-	101,850	-	10,186,089	-	Not Applicable	10,210,463	Govt. Guaranteed
Ijarah Sukuk Twelve		-	169,802	-	16,996,204	-	Not Applicable	17,020,952	Govt. Guaranteed
Ijarah Sukuk Thirteen		-	163,433	-	16,344,585	-	Not Applicable	16,377,621	Govt. Guaranteed
Ijarah Sukuk Fourteen	11.4.19	81,691	107,764	8,175,437	10,776,400	8,201,776	Govt. Guaranteed	10,800,108	Govt. Guaranteed
Ijarah Sukuk Sixteen	11.4.20	400,000	-	40,008,265	-	40,452,000	Govt. Guaranteed	-	Not Applicable
		481,691	886,906	48,183,702	88,715,134	48,653,776		88,864,041	
<b>Sukuk Certificates</b>									
WAPDA Second Sukuk Certificates	11.4.2	346,000	346,000	576,667	865,000	579,550	Govt. Guaranteed	869,325	Govt. Guaranteed
Pakistan International Airlines - at cost	11.4.3	300,000	300,000	1,500,000	1,500,000	1,500,000	Govt. Guaranteed	1,500,000	Govt. Guaranteed
Sui Southern Gas Company Limited I - at cost	11.4.4	180,000	180,000	675,000	900,000	675,000	AA-/A1+	900,000	AA-/A1+
Sui Southern Gas Company Limited II - at cost	11.4.5	100,000	100,000	416,667	500,000	416,667	AA-/A1+	500,000	AA-/A1+
Sui Southern Gas Company Limited III - at cost**	11.4.6	400,000	400,000	2,000,000	2,000,000	2,000,000	AA-/A1+	2,000,000	AA-/A1+
Sui Southern Gas Company Limited IV - at cost**	11.4.7	46,154	-	230,769	-	230,769	AA-/A1+	-	Not Applicable
Engro Fertilizers Limited I - at cost		-	150,000	-	750,000	-	Not Applicable	750,000	A+
Engro Fertilizers Limited II - at cost	11.4.8	100,000	100,000	475,000	500,000	475,000	AA-/A1+	500,000	A+
Quetta Textile Mills Limited - at cost	11.4.9	30,000	30,000	74,483	82,759	74,483	Unrated	82,759	Unrated
Arzoo Textile Mills Limited - at cost	11.4.10	10,000	10,000	50,000	50,000	50,000	Unrated	50,000	Unrated
Sitara Peroxide Limited - at cost	11.4.11	30,000	30,000	78,944	99,364	78,944	Unrated	99,364	Unrated
Liberty Power Tech Limited - at cost	11.4.12	18,140,480	18,140,480	1,254,510	1,438,783	1,254,510	A+	1,438,783	A+
Maple Leaf Cement Factory Limited - at cost	11.4.13	40,000	40,000	67,075	108,325	67,075	A/A1	108,325	A-/A2
Amreli Steel Limited - at cost	11.4.14	50,000	50,000	95,000	190,000	95,000	A-	190,000	A-
Ghani Glass Limited - at cost		-	100,000	-	306,380	-	Unrated	306,380	Unrated
Lalpur Power Limited - at cost	11.4.15	290,000	200,000	1,450,000	1,000,000	1,450,000	AA/A1+	1,000,000	AA/A1+
Pakistan Mobile Communications Limited - at cost	11.4.16	560,000	243,478	2,800,000	1,217,391	2,800,000	AA-	1,217,391	AA-
Albaraka Bank (Pakistan) Limited - at cost	11.4.17	200	200	171,428	200,000	171,428	A	200,000	A
K-Electric Limited - at cost	11.4.18	520,000	-	2,600,000	-	2,600,000	AA-	-	Not Applicable
		21,142,834	20,420,158	14,515,543	11,708,002	14,518,426		11,712,327	
<b>Global Sukuk Bonds</b>									
Wakala Global Sukuk	11.4.21	725	725	75,936	72,847	76,491	A3	74,713	A3
Abu Dhabi Sukuk Bonds		-	5,000	-	508,698	-	Not Applicable	514,484	A2
First Gulf Bank Sukuk	11.4.22	5,000	5,000	532,327	518,585	534,904	A2	527,639	A2
Saudi Electric Company Sukuk - 5 years	11.4.23	5,000	5,000	529,196	511,878	527,633	A1	507,440	A1
Saudi Electric Company Sukuk - 10 years	11.4.24	5,000	5,000	552,758	534,742	540,364	A1	533,399	A1
State of Qatar Sukuk - 10 years	11.4.25	5,000	5,000	533,541	513,192	543,017	AA2	510,424	AA2
Qatar Islamic Bank I	11.4.26	10,000	10,000	1,048,405	1,006,323	1,055,915	A+	1,019,461	A
Qatar Islamic Bank II	11.4.27	5,000	-	520,143	-	515,713	A+	-	Not Applicable
Republic of Indonesia Sukuk I	11.4.28	5,000	5,000	523,705	502,416	487,881	BAA3	475,604	BAA3
Republic of Indonesia Sukuk II	11.4.29	5,000	5,000	526,208	505,095	499,038	BAA3	500,657	BAA3
Republic of Indonesia Sukuk III	11.4.30	5,000	-	524,099	-	496,865	BAA3	-	Not Applicable
Sime Darby Berhad Global Sukuk - 5 years	11.4.31	5,000	5,000	523,901	502,694	520,825	A3	498,678	A3
Sime Darby Berhad Global Sukuk - 10 years	11.4.32	5,000	5,000	527,875	506,980	496,986	A3	490,583	A3
Hazine MV Sukuk I	11.4.33	5,000	5,000	521,937	499,960	519,411	BAA3	500,049	BAA3
Luxembourg Sukuk	11.4.34	250	250	28,607	30,529	28,795	AAA	30,673	AAA
Hong Kong Sukuk	11.4.35	5,000	5,000	523,549	502,226	521,505	AAA	505,169	AAA
		70,975	65,975	7,492,187	6,716,165	7,365,343		6,688,973	
				74,212,928	110,042,531	75,238,972		110,853,417	

\* The Chief Executive of Sapphire Electric Company Limited is Mr. Shahid Abdullah.

\*\* These sukuk are in the process of being issued to the Bank.

\*\*\* The Chief Executive of Fatima Energy Limited is Mr. Fazal Ahmed Sheikh.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

11.4.1 The nominal value of these shares is Rs 5 each.

	Name of the security	Profit rate	Profit payment	Face value per certificate	Maturity date
11.4.2	WAPDA Second Sukuk	6 months KIBOR minus 0.25%	Semi-annually	Rs 1,667	July 13, 2017
11.4.3	Pakistan International Airlines*	Not applicable	Semi-annually	Rs 5,000	October 20, 2014
11.4.4	Sui Southern Gas Company Limited I	3 months KIBOR plus 0.75%	Quarterly	Rs 3,750	May 17, 2017
11.4.5	Sui Southern Gas Company Limited II	3 months KIBOR plus 0.70%	Quarterly	Rs 4,167	May 28, 2018
11.4.6	Sui Southern Gas Company Limited III	3 months KIBOR plus 0.40%	Quarterly	Rs 5,000	October 30, 2019
11.4.7	Sui Southern Gas Company Limited IV	6 months KIBOR plus 0.5%	Semi-annually	Rs 5,000	December 15, 2022
11.4.8	Engro Fertilizers Limited II	6 months KIBOR plus 1.75%	Semi-annually	Rs 4,750	July 09, 2019
11.4.9	Quetta Textile Mills Limited	3 months KIBOR plus 3.00%	Quarterly	Rs 2,483	March 26, 2020
11.4.10	Arzoo Textile Mills Limited	Not applicable	Semi-annually	Rs 5,000	April 14, 2014
11.4.11	Sitara Peroxide Limited	1 month KIBOR plus 1.00%	Monthly	Rs 2,631	August 19, 2016
11.4.12	Liberty Power Tech Limited	3 months KIBOR plus 3.00%	Quarterly	Rs 69	January 1, 2021
11.4.13	Maple Leaf Cement Factory Limited	3 months KIBOR plus 1.00%	Quarterly	Rs 1,677	December 3, 2018
11.4.14	Amreli Steel Limited	3 months KIBOR plus 2.5%	Quarterly	Rs 1,900	December 9, 2017
11.4.15	Lalpir Power Limited	6 months KIBOR plus 0.25%	Semi-annually	Rs 5,000	February 18, 2016
11.4.16	Pakistan Mobile Communications Limited	3 months KIBOR plus 0.88%	Quarterly	Rs 5,000	December 22, 2019
11.4.17	Albaraka Islamic Bank B.S.C.(E.C)	6 months KIBOR plus 1.25%	Semi-annually	Rs 857,142	September 26, 2021
11.4.18	K-Electric Limited	3 months KIBOR plus 1%	Quarterly	Rs 5,000	June 17, 2022
11.4.19	GOP Ijarah Sukuk - XIV	Weighted average yield of 6 months treasury bills minus 30 basis points	Semi-annually	Rs 100,000	March 28, 2016
11.4.20	GOP Ijarah Sukuk - XVI	Weighted average yield of 6 months treasury bills minus 50 basis points	Semi-annually	Rs 100,000	December 18, 2018
11.4.21	Wakala Global Sukuk	2.991 % p.a.	Semi-annually	USD 1,000	July 6, 2016
11.4.22	First Gulf Bank Sukuk	4.046 % p.a.	Semi-annually	USD 1,000	January 18, 2017
11.4.23	Saudi Electric Company Sukuk - 5 years	2.665 % p.a.	Semi-annually	USD 1,000	April 3, 2017
11.4.24	Saudi Electric Company Sukuk - 10 years	4.211 % p.a.	Semi-annually	USD 1,000	April 3, 2022
11.4.25	State Of Qatar Sukuk - 10 years	3.241 % p.a.	Semi-annually	USD 1,000	January 18, 2023
11.4.26	Qatar Islamic Bank -I	2.5 % p.a.	Semi-annually	USD 1,000	October 10, 2017
11.4.27	Qatar Islamic Bank -II	2.754 % p.a.	Semi-annually	USD 1,000	October 27, 2020
11.4.28	Republic of Indonesia Sukuk I	3.3 % p.a.	Semi-annually	USD 1,000	November 21, 2022
11.4.29	Republic of Indonesia Sukuk II	4.35 % p.a.	Semi-annually	USD 1,000	September 10, 2024
11.4.30	Republic of Indonesia Sukuk III	4.325 % p.a.	Semi-annually	USD 1,000	May 28, 2025
11.4.31	Sime Darby Berhad Global Sukuk - 5 years	2.053 % p.a.	Semi-annually	USD 1,000	January 29, 2018
11.4.32	Sime Darby Berhad Global Sukuk - 10 years	3.29 % p.a.	Semi-annually	USD 1,000	January 29, 2023
11.4.33	Hazine MV Sukuk I	2.803 % p.a.	Semi-annually	USD 1,000	March 26, 2018
11.4.34	Luxembourg Sukuk	0.44 % p.a.	Semi-annually	EUR 1,000	October 7, 2019
11.4.35	Hong Kong Sukuk	2.005 % p.a.	Semi-annually	USD 1,000	September 18, 2019

\*The maturity date of Sukuk was October 20, 2014. All the profits due has been received as per the terms and conditions of the Sukuk. The restructuring exercise of the Sukuk is currently underway however, profit payments are being received at a negotiated rate and recorded on receipt basis. The Sukuk carries guarantee from the Government of Pakistan.



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## 11.5 Subsidiary (unlisted)

Particulars	Note	2015	2014	2015	2014	Percentage of equity holding	Break up value per share	Latest available audited financial statements	Name of the chief executive
		Number of Shares		Rupees in '000		%	Rupees		
Al-Meezan Investment Management Limited (ordinary shares)	11.5.1	3,250,000	3,250,000	63,050	63,050	65	544.89	June 30, 2015	Mr. Muhammad Shoaib
				<u>63,050</u>	<u>63,050</u>				

11.5.1 The nominal value of these shares is Rs 100 each. These shares are placed in custody account with the Central Depository Company of Pakistan Limited. These shares cannot be sold without the prior approval of the SECP in accordance with the SECP's circular No. 9 of 2006 dated June 15, 2006.

## 11.6 Associates (listed)

The Bank holds investments in units of Rs 50 each, unless stated otherwise, in the following listed investee entities:

Name of the investee entity	Note	2015	2014	Percentage of direct equity holding %	2015	2014
		Number of units			Cost Rupees in '000	
<b>Units of open end funds</b>						
Meezan Balanced Fund	11.6.1	18,886,746	18,886,746	Open end fund	161,345	161,345
Al-Meezan Mutual Fund	11.6.1	10,336,191	9,921,033	Open end fund	46,957	46,957
Meezan Islamic Fund		15,675,049	15,675,049	Open end fund	277,752	277,752
KSE Meezan Index Fund		2,113,224	2,113,224	Open end fund	100,000	100,000
Meezan Capital Preservation Fund - II		3,964,321	-	Open end fund	200,000	-
Meezan Gold Fund		1,000,000	-	Open end fund	50,000	-
Meezan Sovereign Fund		21,593,102	61,005,560	Open end fund	999,292	2,823,232
					<u>1,835,346</u>	<u>3,409,286</u>

11.6.1 The nominal value of these units is Rs 10 each.

11.6.2 The above associates are incorporated in Pakistan.

11.6.3 Investments in listed associates have a market value of Rs 2,907 million (2014: Rs 4,580 million).

## 11.7 Associates (unlisted)

The Bank holds investments in ordinary shares of Rs 10 each, unless stated otherwise, in the following unlisted investee companies:

Name of the investee	2015	2014	2015	2014	Percentage of equity holding	Break up value per share	Latest available audited financial statements	Name of the chief executive
	Number of shares		Rupees in '000		%	Rupees		
Pak Kuwait Takaful Company Limited	2,812,500	2,812,500	28,125	28,125	6.25%	1.28	December 31, 2014	Mr. Aziz Kapadia
Total			<u>28,125</u>	<u>28,125</u>				

11.7.1 The above associates are incorporated in Pakistan.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 11.8 Provision / (reversal of provision) against diminution in the value of investments.

	2015			2014		
	Associates	Others	Total	Associates	Others	Total
	Rupees in '000					
Opening balance	13,186	311,106	324,292	28,186	393,963	422,149
Charge / (reversal) for the year						
- on associates (unlisted)	11,328	-	11,328	(1,000)	-	(1,000)
- on available for sale investments						
- charge for the year	-	163,280	163,280	-	101,045	101,045
- reversal for the year	-	(53,515)	(53,515)	-	(183,902)	(183,902)
	11,328	109,765	121,093	(1,000)	(82,857)	(83,857)
Write-off against provision	-	-	-	(14,000)	-	(14,000)
Closing balance	24,514	420,871	445,385	13,186	311,106	324,292

### 11.8.1 Particulars of provision in respect of type and segment

	2015	2014
	Rupees in '000	
<b>Associates - unlisted</b>		
Fully paid up-ordinary shares	24,514	13,186
<b>Other - Available for sale securities</b>		
Fully paid up-ordinary shares	189,841	59,666
Sukuks	231,030	251,440
	445,385	324,292

## 11.9 An extract of the reviewed statement of financial position of the Bank's subsidiary Al-Meezan Investment Management Limited as at December 31, 2015 is as follows:

	2015	2014
	Rupees in '000	
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Investments - at fair value through profit or loss	2,823,740	2,449,069
Receivable from related parties	125,196	109,729
Operating fixed assets	104,692	86,383
Prepayments, other receivables and long term deposits	21,034	25,720
Deferred taxation - net	36,386	50,360
Cash and bank balances	52,288	55,487
	3,163,336	2,776,748
<b>EQUITY</b>		
Share capital	500,000	500,000
Unappropriated profit	2,198,922	1,899,434
	2,698,922	2,399,434
<b>LIABILITIES</b>		
Creditors, accrued expenses and other liabilities	431,581	358,126
Taxation	32,833	19,188
	3,163,336	2,776,748

The unaudited profit and loss account for the twelve months period ended December 31, 2015 is as follows:

	For the twelve months period ended	
	2015	2014
	Rupees in '000	
<b>PROFIT AND LOSS ACCOUNT</b>		
Operating income	1,018,553	783,625
Other operating income	396,763	562,793
Operating expenses	(635,600)	(530,889)
Financial charges and provision	-	(12,686)
<b>Profit before taxation</b>	779,716	802,843
Taxation	(179,325)	(129,386)
<b>Profit after taxation</b>	600,391	673,457

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



11.9.1 The financial statements of the subsidiary company as at December 31, 2015 were reviewed by its statutory auditors who have expressed an unqualified conclusion thereon.

11.9.2 The annual audited financial statements of the subsidiary are available for inspection at the registered office of the Bank and would be available to the members on request without any cost.

	Note	2015	2014
Rupees in '000			
<b>12 ISLAMIC FINANCING AND RELATED ASSETS</b>			
<b>In Pakistan</b>			
- Murabaha financings	12.1	12,197,556	16,759,330
- Advances against Murabaha		1,848,265	3,126,233
- Murabaha inventory		5,762,536	6,836,095
- Financing under Islamic Export Refinance - Murabaha	12.2	595,214	621,295
- Advances against future Islamic Export Refinance - Murabaha		232,432	206,196
- Net investment in Ijarah		238,011	262,539
- Net book value of assets / investment in Ijarah under IFAS-2		13,610,087	9,987,968
	12.3	13,848,098	10,250,507
- Advances against future Ijarah		1,773,507	1,272,858
- Istisna financings		777,841	5,353,073
- Istisna advance		19,316,205	30,119,434
- Istisna inventory		1,358,024	549,204
- Financing under Islamic Export Refinance - Istisna		387,235	411,792
- Financing under Islamic Export Refinance - Istisna - Inventory		818,114	144,939
- Advances against Islamic Export Refinance - Istisna		6,348,823	4,239,117
- Financing under Islamic Export Refinance - Musawammah		434,393	-
- Advances against Islamic Export Refinance - Musawammah		60,000	-
- Running Musharakah financings		42,315,235	23,215,324
- Financing under Islamic Export Refinance - Running Musharakah		6,030,000	5,520,154
- Diminishing Musharakah financings - Housing		6,918,394	4,546,072
- Diminishing Musharakah financings - Others		51,538,252	36,692,929
- Advances against Diminishing Musharakah		6,632,827	4,522,833
- Tijarah financings		278,911	477,802
- Tijarah inventory		4,237,102	1,121,191
- Financing under Islamic Export Refinance - Tijarah		129,600	170,700
- Financing under Islamic Export Refinance - Tijarah - Inventory		685,800	484,700
- Financings against bills - Salam		7,343,900	6,656,647
- Financings against bills - Murabaha - Advance		1,738	1,738
- Salam Financing - Inventory		-	7,402,272
- Salam Financing - Advances		5,000,000	3,000,055
- Bai Muajjal financings	12.4	863,631	376,596
- Advances against future Service Ijarah		770,456	1,103,412
- Musawammah financings	12.5	7,827,479	905,100
- Advances against Musawammah		2,396,596	-
- Musawammah Inventory		1,666,407	1,500,815
- Labbaik (Qard for Hajj and Umrah)		4,725	7,796
- Staff financings	12.6	2,183,244	1,550,862
- Other financings	12.12	3,193,123	4,138,477
Gross Islamic financing and related assets		215,775,663	183,285,548
Less: Provision against non-performing Islamic financings	12.9	(8,206,840)	(7,573,606)
<b>Islamic financing and related assets - net of provision</b>	12.7	<b>207,568,823</b>	<b>175,711,942</b>
<b>12.1 Murabaha receivable - gross</b>	12.1.1	<b>12,709,277</b>	<b>17,476,680</b>
Less: Deferred murabaha income		(141,759)	(275,959)
Profit receivable shown in other assets		(369,962)	(441,391)
Murabaha financings		12,197,556	16,759,330
<b>12.1.1 Murabaha sale price</b>		<b>12,709,277</b>	<b>17,476,680</b>
Murabaha purchase price		(12,197,556)	(16,759,330)
		511,721	717,350



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	2015	2014
	Rupees in '000	
12.2 Financing under Islamic Export Refinance - Murabaha - gross	613,268	649,732
Less: Deferred income	(5,693)	(11,114)
Profit receivable shown in other assets	(12,361)	(17,323)
Financing under Islamic Export Refinance - Murabaha	<u>595,214</u>	<u>621,295</u>

## 12.3 Net investment in Ijarah including net book value of assets / investments under Ijarah in IFAS-2

	2015			
	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000			
Ijarah rentals receivable	8,623,904	9,886,893	174,430	18,685,227
Residual value	920,506	4,307,346	30,626	5,258,478
Minimum Ijarah payments	9,544,410	14,194,239	205,056	23,943,705
Less: Profits for future periods	(3,559,268)	(6,387,926)	(148,413)	(10,095,607)
Present value of minimum Ijarah payments	5,985,142	7,806,313	56,643	13,848,098

	2014			
	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000			
Ijarah rentals receivable	6,772,448	6,630,050	161,464	13,563,962
Residual value	670,201	2,956,186	13,726	3,640,113
Minimum Ijarah payments	7,442,649	9,586,236	175,190	17,204,075
Less: Profits for future periods	(2,428,181)	(4,397,132)	(128,255)	(6,953,568)
Present value of minimum Ijarah payments	5,014,468	5,189,104	46,935	10,250,507

12.3.1 Net book value of assets / investments in Ijarah under IFAS-2 is net of depreciation of Rs 8,152 million (2014: Rs 6,246 million).

	2015	2014
	Rupees in '000	
12.4 Bai Muajjal financings - gross	898,512	390,729
Less: Deferred income	(20,945)	(13,656)
Profit receivable shown in other assets	(13,936)	(477)
Bai Muajjal financings	<u>863,631</u>	<u>376,596</u>
12.5 Musawammah financings - gross	8,100,048	962,334
Less: Deferred income	(180,515)	(45,064)
Profit receivable shown in other assets	(92,054)	(12,170)
Musawammah financings	<u>7,827,479</u>	<u>905,100</u>

12.6 This includes Rs 252 million (2014: Rs 212 million) representing mark up free financings to staff advanced under the Bank's Human Resource Policies.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



	2015	2014
	Rupees in '000	
<b>12.7 Particulars of Islamic financing and related assets - net</b>		
12.7.1 In		
- local currency	196,817,472	146,224,464
- foreign currencies	10,751,351	29,487,478
	207,568,823	175,711,942
12.7.2 Short-term (for upto one year)	125,599,472	122,276,943
Long-term (for over one year)	81,969,351	53,434,999
	207,568,823	175,711,942

12.8 Islamic financing and related assets include Rs 7,064 million (2014: Rs 6,912 million) which have been placed under non-performing status as detailed below:

Category of classification	2015			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	1,544	-	1,544	-	-
Substandard	227,927	-	227,927	54,401	54,401
Doubtful	62,832	-	62,832	25,755	25,755
Loss	6,772,079	-	6,772,079	6,759,912	6,759,912
	7,064,382	-	7,064,382	6,840,068	6,840,068
	2014				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	9,860	-	9,860	68	68
Substandard	221,543	-	221,543	45,468	45,468
Doubtful	753,051	-	753,051	371,665	371,665
Loss	5,927,924	-	5,927,924	5,867,889	5,867,889
	6,912,378	-	6,912,378	6,285,090	6,285,090

12.9 Particulars of provision against non-performing Islamic financing and related assets:

	Note	2015		
		Specific	General	Total
		Rupees in '000		
Opening balance		6,285,090	1,288,516	7,573,606
Charge for the year		604,014	78,256	682,270
Less: Reversals		(256,362)	-	(256,362)
		347,652	78,256	425,908
Transferred during the period*		207,661	-	207,661
Amount written off	12.10	(335)	-	(335)
Closing balance		6,840,068	1,366,772	8,206,840

\* This represents balances transferred from HSBC Bank Oman S.A.O.G.- Pakistan branch on acquisition of HSBC Bank Oman S.A.O.G - Pakistan branch operations.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

	Note	2014		
		Specific	General	Total
		Rupees in '000		
Opening balance		4,608,918	1,242,923	5,851,841
Charge for the year		765,109	27,022	792,131
Less: Reversals		(246,367)	-	(246,367)
		518,742	27,022	545,764
Transferred during the period*		1,203,020	18,571	1,221,591
Amount written off	12.10	(45,590)	-	(45,590)
Closing balance		6,285,090	1,288,516	7,573,606

\* This represents balances transferred from HSBC Bank Middle East Limited - Pakistan branches on acquisition of HSBC Bank Middle East Limited - Pakistan branches operations.

12.9.1 The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

In addition, the Bank has also maintained a general provision of Rs 1,125 million (2014: Rs 1,125 million) against financings made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

12.9.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financings. The accumulated benefit availed as at December 31, 2015 amounts to Rs 25.3 million (2014: Rs 32 million). The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2015 amounts to Rs 16.4 million (2014: Rs 20.8 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

12.9.3 Particulars of provision against non-performing financings:

	2015			
	Specific	General	Total	
		Rupees in '000		
In local currency	6,638,401	1,366,772	8,005,173	
In foreign currencies	201,667	-	201,667	
	6,840,068	1,366,772	8,206,840	

	2014			
	Specific	General	Total	
		Rupees in '000		
In local currency	6,091,323	1,288,516	7,379,839	
In foreign currencies	193,767	-	193,767	
	6,285,090	1,288,516	7,573,606	

12.10 Particulars of write offs

	2015	2014
	Rupees in '000	
Against provisions	335	45,590
Directly charged to the profit and loss account	-	-
	335	45,590
Write offs Rs 500,000 and above	-	45,290
Write offs below Rs 500,000	335	300
	335	45,590



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



## 12.10.1 Details of financings written off of Rs 500,000 and above

In term of sub-section(3) of section 33 A of the Banking Companies Ordinance, 1962, the statement in respect of written off financings or any other financial relief of five hundred thousand rupees or above allowed to any person is required to be disclosed. The details of financial relief allowed during the year is given as Annexure 1.

## 12.11 Particulars of financings to directors, associated companies etc.

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons.

	Note	2015	2014
Rupees in '000			
Balance at the beginning of the year		1,585,605	1,263,670
Disbursements during the year		961,387	652,897
Repayments during the year		(324,727)	(330,962)
Balance at the end of the year	12.11.1	2,222,265	1,585,605

Debts due by companies or firms in which the directors of the Bank are interested as directors, partners or in the case of private companies as members.

	Note	2015	2014
Rupees in '000			
Balance at the beginning of the year		-	156,420
Disbursements during the year		8,029,117	-
Repayments during the year		(7,084,730)	(156,420)
Balance at the end of the year	12.11.2	944,387	-

Debts due by subsidiary companies, controlled firms, managed mudarabas and other related parties.

	2015	2014
Rupees in '000		
Balance at the beginning of the year	-	200,000
Disbursements during the year	-	100,000
Repayments during the year	-	(300,000)
Balance at the end of the year	-	-

12.11.1 These include loans given by the Bank to its employees as per the terms of their employment. The maximum total amount of financings including temporary financings granted during the year was Rs 2,222 million (2014: Rs 1,586 million). The maximum amount has been calculated by reference to the month end balance.

12.11.2 This represents Istisna and Running Mushahrakah facility to The Atlas Battery Limited, Engro Foods Limited and Engro Polymer and Chemicals Limited - associated companies (2014: Murabaha facility to The General Tyre and Rubber Company of Pakistan Limited - an associated company).

## 12.11.3 Financings to Executives and a Director

	Executives		Director	
	2015	2014	2015	2014
Rupees in '000				
Opening balance	985,807	713,101	-	-
Disbursements during the year	645,828	406,009	-	-
Repayments during the year	(130,404)	(133,303)	-	-
Closing balance	1,501,231	985,807	-	-

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

12.12 This includes financings transferred from HSBC - Middle East and HSBC Bank Oman S.A.O.G - Pakistan branch operations consequent to acquisition of HSBC - Pakistan Operations (2014: HSBC - Middle East).

13 OPERATING FINANCIAL ASSETS	Note	2015	2014
		Rupees in '000	
Capital work-in-progress	13.1	425,560	195,815
Property and equipment	13.2	7,177,915	5,581,937
		7,603,475	5,777,752
Intangible assets	13.4	453,268	495,487
		8,056,743	6,273,239
<b>13.1 Capital work-in-progress</b>			
- Land and building (including advances to suppliers and contractors for building renovation)		190,656	30,490
- Advances for computer hardware		21,679	47,596
- Advances for purchase of vehicles		81,474	19,840
- Advances for computer software		7,291	29,257
- Advances for other office machines		111,796	53,478
- Advances for furniture and fixtures		12,664	15,154
		425,560	195,815

## 13.2 Property and equipment

	2015							Net book value as at December 31, 2015	Rate of depreciation %
	COST			ACCUMULATED DEPRECIATION					
	As at January 1, 2015	Additions / Transfers / (deletions)	As at December 31, 2015	As at January 1, 2015	Charge / Transfers / (on deletions)	As at December 31, 2015			
	Rupees in '000								
Leasehold land	939,417	-	939,417	-	-	-	939,417		
Buildings on lease hold land	1,296,993	11,958	1,308,951	244,596	60,242	304,838	1,004,113	5	
Leasehold improvements	3,030,346	1,166,575 6,827 (35,762)	4,167,986	1,099,912	310,072 6,778 (31,830)	1,384,932	2,783,054	10	
Furniture and fixtures	434,319	86,244 2,285 (12,166)	510,682	209,850	40,707 1,943 (11,128)	241,372	269,310	10	
Electrical, office and computer equipment	2,798,614	1,028,685 18,067 (81,721)	3,763,645	1,826,512	421,178 15,265 (78,859)	2,184,096	1,579,549	10, 20 and 33	
Vehicles	769,224	332,140 555 (125,801)	976,118	306,106	166,119 555 (99,134)	373,646	602,472	20	
	9,268,913	2,625,602 27,734 (255,450)	11,666,799	3,686,976	998,318 24,541 (220,951)	4,488,884	7,177,915		

\* These represent assets acquired from HSBC Oman S.A.O.G Pakistan Branch on acquisition of HSBC Oman S.A.O.G Pakistan branch operations.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



	2014							
	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2014	Rate of depreciation %
	As at January 1, 2014	Additions / Transfers / (deletions)	As at December 31, 2014	As at January 1, 2014	Charge / Transfers / (on deletions)	As at December 31, 2014		
	Rupees in '000							
Leasehold land	916,844	22,573	939,417	-	-	-	939,417	
Buildings on lease hold land	1,295,402	1,591	1,296,993	180,252	64,344	244,596	1,052,397	5
Leasehold improvements	2,232,449	579,016 221,552 (2,671)	3,030,346	667,420	240,323 193,433 (1,264)	1,099,912	1,930,434	10
Furniture and fixtures	312,539	50,942 71,651 (813)	434,319	114,323	33,469 62,538 (480)	209,850	224,469	10
Electrical, office and computer equipment	2,207,703	364,817 259,380 (33,286)	2,798,614	1,265,058	342,673 248,422 (29,641)	1,826,512	972,102	10, 20 & 33
Vehicles	612,849	245,601 16,096 (105,322)	769,224	234,130	135,585 7,895 (71,504)	306,106	463,118	20
	7,577,786	1,264,540 568,679 (142,092)	9,268,913	2,461,183	816,394 512,288 (102,889)	3,686,976	5,581,937	

\*\*These represent assets acquired from HSBC Bank Middle East Limited - Pakistan Branches on acquisition of HSBC Bank Middle East Limited - Pakistan branches operations.

### 13.3 Property and equipment - Movement of net book value

	Leasehold land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
<b>At January 1, 2014</b>							
Cost	916,844	1,295,402	2,232,449	312,539	2,207,703	612,849	7,577,786
Accumulated depreciation	-	180,252	667,420	114,323	1,265,058	234,130	2,461,183
Net book value	916,844	1,115,150	1,565,029	198,216	942,645	378,719	5,116,603
<b>Year ended December 31, 2014</b>							
Additions	22,573	1,591	579,016	50,942	364,817	245,601	1,264,540
Net book value of transfers	-	-	28,119	9,113	10,958	8,201	56,391
Net book value of disposals	-	-	(1,407)	(333)	(3,645)	(33,818)	(39,203)
Depreciation charge	-	(64,344)	(240,323)	(33,469)	(342,673)	(135,585)	(816,394)
Net book value as at December 31, 2014	939,417	1,052,397	1,930,434	224,469	972,102	463,118	5,581,937
<b>Year ended December 31, 2015</b>							
Additions	-	11,958	1,166,575	86,244	1,028,685	332,140	2,625,602
Net book value of transfers	-	-	49	342	2,802	-	3,193
Net book value of disposals	-	-	(3,932)	(1,038)	(2,862)	(26,667)	(34,499)
Depreciation charge	-	(60,242)	(310,072)	(40,707)	(421,178)	(166,119)	(998,318)
Net book value as at December 31, 2015	939,417	1,004,113	2,783,054	269,310	1,579,549	602,472	7,177,915

13.3.1 Included in cost of property and equipment are fully depreciated items which are still in use aggregating to Rs 1,928 million (2014: Rs 1,669 million).



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

13.3.2 Details of disposal of fixed assets to executives or other persons having cost more than Rs 1 million or net book value of Rs 250,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Items having book value in aggregate more than Rs 250,000 or cost more than Rs 1,000,000						
<b>Vehicles</b>						
Suzuki Swift	959	559	400	598	MBL Staff Policy	Mr. Kunwar Zeeshan Shahid - Executive (Ex-Employee)
Honda Civic	2,388	756	1,632	1,875	MBL Staff Policy	Mr. Munawar Rizvi - Executive
Honda Civic	2,067	1,378	689	1,059	MBL Staff Policy	Mr. Sher Afsar Khan - Executive (Ex-Employee)
Honda Civic	1,879	1,879	-	564	MBL Staff Policy	Mr. Iqbal Ahmed - Executive (Ex-Employee)
Honda Civic	1,879	1,879	-	564	MBL Staff Policy	Mr. Nisar Ahmed Kiani - Executive
Honda Civic	1,851	1,851	-	555	MBL Staff Policy	Mr. Tasnimul Haq Farooqui - Executive
Toyota Corolla	2,088	1,113	975	1,278	MBL Staff Policy	Mr. Ghaffar Memon - Executive (Ex-Employee)
Toyota Corolla	1,608	1,098	510	696	MBL Staff Policy	Mr. Riaz Ahmed - Executive
Toyota Corolla	1,554	1,114	440	779	MBL Staff Policy	Mr. Ather Hassan - Executive
Toyota Corolla	1,529	1,223	306	679	MBL Staff Policy	Mr. Kamal Hussain - Executive
Toyota Corolla	1,209	1,209	-	363	MBL Staff Policy	Mr. Kazi Muhammad Iftikhar - Executive
Honda City	1,626	976	650	973	MBL Staff Policy	Mr. Zafar Kaleem - Executive (Ex-Employee)
Honda City	1,480	1,011	469	816	MBL Staff Policy	Mr. Omer Salimullah - Executive
Honda City	1,388	1,319	69	442	MBL Staff Policy	Mr. Imtiaz Ahmed - Executive
Honda City	1,322	1,146	176	539	MBL Staff Policy	Mr. Ameen Khowaja - Executive
Honda City	1,319	1,319	-	396	MBL Staff Policy	Mr. Maqbal Khan Maqbool - Executive
Honda City	1,290	1,268	22	72	MBL Staff Policy	Mr. Shoaeb Muhammad Shaikh - Executive
Honda City	1,279	1,279	-	384	MBL Staff Policy	Mr. Amir Khurshid Abbasi - Executive
Honda City	1,258	1,258	-	377	MBL Staff Policy	Mr. Sadiq Ur Rehman - Executive
Honda City	1,255	1,255	-	377	MBL Staff Policy	Mr. Syed Mubeen Ahmed - Executive
Honda City	1,254	1,254	-	376	MBL Staff Policy	Mr. Imran ul Haq Qureshi - Executive
Honda City	1,239	1,239	-	372	MBL Staff Policy	Mr. Syed Muhammad Zaki - Executive
Honda City	1,238	1,238	-	371	MBL Staff Policy	Mr. Afzal Mujtaba - Executive
Honda City	1,238	1,238	-	371	MBL Staff Policy	Mr. Tahir Mahmood Afzal Raja - Executive
Honda City	1,232	1,232	-	370	MBL Staff Policy	Mr. Muhammad Hafeez - Executive
Honda City	1,209	1,209	-	363	MBL Staff Policy	Mr. Muhammad Saadaat Khan - Executive
Mercedes Benz	8,704	8,559	145	2,872	MBL Staff Policy	Mr. Ariful Islam - Deputy Chief Executive Officer
Suzuki Cultus	990	478	512	660	MBL Staff Policy	Mr. Bilal Ahmed Qazi - Ex- Employee
Suzuki Cultus	919	628	291	497	MBL Staff Policy	Mr. Moez Yayah Bohra - Executive
Suzuki Cultus	879	659	220	404	MBL Staff Policy	Mr. Altaf Hasan Khan - Executive
Suzuki Cultus	879	557	322	479	MBL Staff Policy	Mr. Faisal Qamar - Executive
Suzuki Cultus	878	746	132	395	MBL Staff Policy	Mr. Syed Muhammad Fahad - Executive (Ex-Employee)
Suzuki Cultus	878	732	146	370	MBL Staff Policy	Mr. Tariq Mehraj - Executive
Suzuki Cultus	870	708	162	381	MBL Staff Policy	Mr. Farhan Ul Haq Usmani - Executive
Suzuki Cultus	870	708	162	392	MBL Staff Policy	Mr. Ali Nawaz Khan - Executive
Suzuki Cultus	859	687	172	392	MBL Staff Policy	Mr. Aneeq Ejaz Qureshi - Executive
Suzuki Cultus	859	573	286	467	MBL Staff Policy	Mr. Wise Ur Rehman - Executive
Suzuki Cultus	830	788	42	279	MBL Staff Policy	Mr. Muhammad Hisham - Executive
Suzuki Cultus	830	788	42	249	MBL Staff Policy	Mr. Muhammad Akram - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Imran Asghar - Executive
Suzuki Cultus	808	808	-	251	MBL Staff Policy	Mr. Asad Amin - Executive
Suzuki Cultus	805	805	-	242	MBL Staff Policy	Mr. Syed Mashood Ali Shah - Executive
Suzuki Cultus	798	718	80	273	MBL Staff Policy	Mr. Omair Muhammad Khan - Executive (Ex-Employee)
Suzuki Cultus	798	798	-	239	MBL Staff Policy	Mr. Muhammad Asad Ullah - Executive

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Suzuki Cultus	798	798	-	239	MBL Staff Policy	Mr. Atique Ahmed Siddiqui - Executive
Suzuki Cultus	798	785	13	239	MBL Staff Policy	Mr. Muhammad Sohail Amjad - Executive
Suzuki Cultus	796	796	-	239	MBL Staff Policy	Mr. Shoaib ul Hassan - Executive
Suzuki Cultus	795	795	-	239	MBL Staff Policy	Mr. Ahmad Bilal - Executive
Suzuki Cultus	784	784	-	235	MBL Staff Policy	Mr. Umar Sultan - Executive
Suzuki Cultus	784	784	-	235	MBL Staff Policy	Mr. Mian Fawad Shah - Executive
Suzuki Cultus	783	783	-	235	MBL Staff Policy	Mr. Muhammad Sameer - Executive
Suzuki Cultus	783	731	52	235	MBL Staff Policy	Mr. Ghulam Qadir - Executive
Suzuki Cultus	772	772	-	232	MBL Staff Policy	Mr. Noor Muhammad Mazahir Executive - (Ex-Employee)
Suzuki Cultus	759	759	-	228	MBL Staff Policy	Mr. Muhammad Shahzad - Executive
Suzuki Cultus	759	759	-	228	MBL Staff Policy	Mr. Arshad Hamid Kiani - Executive
Suzuki Cultus	759	759	-	228	MBL Staff Policy	Mr. Faisal Hayat Khan - Executive
Suzuki Cultus	759	759	-	228	MBL Staff Policy	Mr. Mukhtar Ahmed - Executive
Suzuki Cultus	759	759	-	228	MBL Staff Policy	Mr. Qazi Ghulam Raza - Executive
Suzuki Cultus	748	748	-	224	MBL Staff Policy	Mr. Muhammad Arif Gurmani - Executive
Suzuki Alto	470	470	-	387	MBL Staff Policy	Mr. Muhammad Shahzad Ali Charania Executive
Honda City	1,495	623	872	1,242	Negotiation	Mr. Faisal Raza
Honda City	1,346	920	426	1,117	Negotiation	M/s Isha Enterprise
Honda City	1,346	987	359	1,088	Negotiation	Mr. Abrar Hussain
Honda City	1,310	1,136	174	1,098	Negotiation	Mr. Khurram Imtiaz
Honda City	1,295	1,273	22	1,025	Negotiation	Mr. Naveed Hassan
Honda Civic	1,065	1,065	-	710	Negotiation	Mr. Muhammad Ali
Toyota Corolla	1,389	1,389	-	1,053	Negotiation	Mr. Abrar Hussain
Toyota Corolla	1,286	1,072	214	983	Negotiation	Mr. Shah Fahad
Suzuki Swift	1,029	309	720	1,039	Negotiation	Mr. Syed Riaz Ahmed
Suzuki Cultus	1,000	317	683	828	Negotiation	Mr. Abrar Hussain
Suzuki Cultus	999	433	566	774	Negotiation	Mr. Usman Shahid
Suzuki Cultus	999	433	566	693	Negotiation	Mr. Sultan Hassan
Suzuki Cultus	990	462	528	789	Negotiation	Mr. Abid Ansar
Suzuki Cultus	980	376	604	802	Negotiation	Mr. Shah Fahad
Suzuki Cultus	980	425	555	738	Negotiation	Mr. Usman Shahid
Suzuki Cultus	975	569	406	751	Negotiation	Mr. Usman Shahid
Suzuki Cultus	959	518	441	778	Negotiation	Mr. Abid Ansar
Suzuki Cultus	959	607	352	766	Negotiation	Mr. Sheeraz Khan
Suzuki Cultus	959	464	495	745	Negotiation	Mr. Abrar Hussain
Suzuki Cultus	959	495	464	798	Negotiation	Mr. Abid Ansar
Suzuki Cultus	959	464	495	667	Negotiation	Mr. Abrar Hussain
Suzuki Cultus	959	495	464	727	Negotiation	Mr. Rana Khalil ur Rehman
Suzuki Cultus	959	464	495	777	Negotiation	Mr. Zahid Qadri
Suzuki Cultus	955	446	509	693	Negotiation	Mr. Rana Khalil ur Rehman
Suzuki Cultus	939	501	438	656	Negotiation	Mr. Abrar Hussain
Suzuki Cultus	919	643	276	660	Negotiation	Mr. Usman Shahid
Suzuki Cultus	919	536	383	769	Negotiation	Mr. Abid Ansar
Suzuki Cultus	911	564	347	738	Negotiation	Mr. Abid Ansar
Suzuki Cultus	899	524	375	738	Negotiation	Mr. Usman Shahid
Suzuki Cultus	879	557	322	782	Negotiation	Mr. Abrar Hussain
Suzuki Cultus	855	584	271	692	Negotiation	Mr. Shah Fahad
Toyota Corolla	1,753	233	1,520	1,750	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
Suzuki Cultus	1,001	384	617	900	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
Suzuki Cultus	999	283	716	880	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
	110,239	85,447	24,792	57,821		

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Furniture and Fixtures	2,318	2,318	-	9	Negotiation	Dilawar & Brothers
<b>Electrical, office and computer equipments</b>						
Computer Equipment	6,366	6,366	-	2	Negotiation	Dilawar & Brothers
Computer Equipment	1,256	1,256	-	11	Negotiation	AS Computers
Office Equipment	3,560	3,560	-	1,152	Negotiation	Rajab Ali Co.
Office Equipment	3,241	3,241	-	8	Negotiation	Muhammad Siddiq & Brothers
Office Equipment	1,076	1,076	-	41	Negotiation	A.K. Traders
	<u>15,499</u>	<u>15,499</u>	<u>-</u>	<u>1,214</u>		
<b>Leasehold Improvements</b>						
Civil Works	1,491	497	994	534	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
Civil Works	4,185	4,185	-	9	Negotiation	Dilawar & Brothers
Civil Works	5,285	5,285	-	203	Negotiation	A.K. Traders
Civil Works	16,715	16,715	-	52	Negotiation	Majid Furniture
	<u>27,676</u>	<u>26,682</u>	<u>994</u>	<u>798</u>		
	<u>155,732</u>	<u>129,946</u>	<u>25,786</u>	<u>59,842</u>		
<b>Items having book value in less than Rs 250,000 or cost less than Rs 1,000,000</b>						
Furniture and Fixtures	9,848	8,810	1,038	1,000		
Leasehold improvements	8,086	5,147	2,939	2,597		
Electrical, office and computer equipment	66,222	63,360	2,862	9,594		
Vehicles	15,562	13,688	1,874	11,633		
	<u>255,450</u>	<u>220,951</u>	<u>34,499</u>	<u>84,666</u>		

## 13.4 Intangible assets

	COST			ACCUMULATED AMORTISATION			Net book value as at December 31, 2015	Rate of amortisation %
	As at January 1, 2015	Additions during the year	As at December 31, 2015	As at January 1, 2015	Amortisation charge for the year	As at December 31, 2015		
	Rupees in '000							
Computer software	874,033	105,003	979,036	378,546	147,222	525,768	453,268	20
2014	511,577	362,456	874,033	267,955	110,591	378,546	495,487	20

## 13.5 Intangible assets - Movement of net book value

	Year ended December 31, 2014				Year ended December 31, 2015		
	Net book value as at January 1, 2014	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2014	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2015
Rupees in '000							
Computer software	243,622	362,456	110,591	495,487	105,003	147,222	453,268





# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

14 DEFERRED TA ASSET / (LIABILITY)	Note	2015	2014 (Restated)
		Rupees in '000	
Deferred credits arising due to:			
Excess of accounting book values over tax written down values of owned assets		(769,710)	(553,604)
Surplus on revaluation of available for sale investments		(425,561)	(254,942)
Deferred debits arising due to:			
Provision against non-performing Islamic financing and related assets		168,219	658,188
Provision for diminution in value of investments		107,708	63,983
Income not accrued due to non-culmination of Islamic financings		441,074	581,196
Provision against non-banking assets acquired in satisfaction of claims and other assets		85,149	35,743
Losses brought forward from HSBC ME		-	284,900
		<u>(393,121)</u>	<u>815,464</u>
15 OTHER ASSETS			
Profit / return accrued in local currency		9,425,986	5,486,947
Profit / return accrued in foreign currencies		84,699	194,788
Advances, deposits, advance rent and other prepayments	15.1	1,041,880	900,212
Dividends receivable		7,061	2,597
Stamps		3,998	7,670
Security deposits		95,198	88,947
Unrealised gain on forward foreign exchange contracts - net	15.2	281,220	258,767
Non-Banking assets acquired in satisfaction of claims	15.3	291,557	280,421
Advance for Investments		33,000	43,019
Receivable from SBP on account of settlement of capital of HSBC - ME	4.1	-	7,453,848
Receivable from SBP on account of settlement of capital of HSBC Bank Oman S.A.O.G - Pakistan branch operations	4.2	2,661,433	-
Others		234,123	168,012
		<u>14,160,155</u>	<u>14,885,228</u>
Provision against other assets	15.4	<u>(180,856)</u>	<u>(260,995)</u>
		<u>13,979,299</u>	<u>14,624,233</u>

15.1 This includes prepaid rent and prepaid insurance aggregating Rs 501 million (2014: Rs 420 million) and Rs 325 million (2014: Rs 240 million) respectively which are being amortised over a period of one year.

15.2 This is net of loss of Rs 396 million (2014: Rs 755 million) on forward foreign exchange contracts.

15.3 The market value of the non-banking assets acquired in satisfaction of claims amount to Rs 267.958 million (2014: Rs 228 million).

15.4 Provision against other assets	Note	2015	2014
		Rupees in '000	
Opening balance		260,995	178,252
Charge for the year		28,481	152,600
Reversals during the year		(6,174)	(56,312)
Amount written off		(3,893)	(13,545)
Amount adjusted upon conversion	15.4.1	(89,047)	-
Amount adjusted and transferred to charity	15.4.2	(9,506)	-
Closing balance		<u>180,856</u>	<u>260,995</u>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

15.4.1 This represents provision adjusted amounting to Rs 89.047 million against accrued income on conventional products transferred from HSBC Pakistan Operations which has been successfully converted and made part of Shariah Compliant products. As per the Shariah Supervisory Board Guidelines of the Bank, the accrued income on conventional products cannot be claimed by the Bank unless the transaction is converted into a shariah compliant transaction and the income is earned on a permissible mode of finance by the Bank. Accordingly, the Bank has recovered the due amounts through shariah compliant products.

15.4.2 This represents accrued income on conventional products amounting to Rs 9.506 million which was recovered from customers who did not opt for conversion of their loans into Shariah Compliant products. The amount has been transferred to charity account.

As no financial relief was provided to the customers in the cases referred to in notes 15.4.1 and 15.4.2, they have not been included in Annexure 1.

16	BILLS PAYABLE	Note	2015	2014
Rupees in '000				
	In Pakistan		6,560,324	5,619,826
	Outside Pakistan		-	-
			6,560,324	5,619,826
17	DUE TO FINANCIAL INSTITUTIONS			
	In Pakistan		13,609,551	15,465,418
	Outside Pakistan		-	-
			13,609,551	15,465,418
17.1	Particulars of due to financial institutions with respect to currencies			
	In local currency		13,609,551	15,465,418
	In foreign currencies		-	-
			13,609,551	15,465,418
17.2	Details of due to financial institutions secured / unsecured			
	<b>Secured</b>			
	Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	17.2.1	13,598,206	10,765,765
	Other Financial institution	17.2.2	4,548	-
	<b>Unsecured</b>			
	Overdrawn nostro accounts		6,797	99,653
	Other Musharakah / Mudarabas		-	4,600,000
			13,609,551	15,465,418
17.2.1	These Musharakah are on a profit and loss sharing basis maturing between January 2, 2016 to June 28, 2016 (2014: January 4, 2015 to June 29, 2015) and are secured against demand promissory notes executed in favour of the SBP. A limit of Rs 17,200 million (2014: Rs 12,500 million) has been allocated to the Bank by the SBP under Islamic Export Refinance Scheme.			
17.2.2	These Musharakah are on a profit and loss sharing basis maturing in December 2020. A limit of USD 10 million has been allocated to Meezan Bank Limited under the agreement with Karandaz.			
17.3	Particulars of due to financial institutions		2015	2014
Rupees in '000				
	Short - term		13,605,003	15,465,418
	Long - term		4,548	-
			13,609,551	15,465,418

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



18 DEPOSITS AND OTHER ACCOUNTS	Note	2015	2014
		Rupees in '000	
<b>Customers</b>			
- Fixed deposits		131,769,647	107,700,592
- Savings deposits		184,622,913	149,365,058
- Current accounts - non-remunerative		148,226,202	117,999,206
- Margin		1,055,262	605,419
		<u>465,674,024</u>	<u>375,670,275</u>
<b>Financial institutions</b>			
- Remunerative deposits		5,672,624	4,639,557
- Non-remunerative deposits		474,311	111,737
		<u>6,146,935</u>	<u>4,751,294</u>
		<u>471,820,959</u>	<u>380,421,569</u>
<b>18.1 Particulars of deposits</b>			
<b>In</b>			
- local currency			
Mudaraba based deposits		304,257,489	245,569,572
Qard based deposits		140,990,481	111,030,510
		<u>445,247,970</u>	<u>356,600,082</u>
- foreign currencies			
Mudaraba based deposits		18,693,148	16,696,520
Qard based deposits		7,879,841	7,124,967
		<u>26,572,989</u>	<u>23,821,487</u>
		<u>471,820,959</u>	<u>380,421,569</u>
<b>19 OTHER LIABILITIES</b>			
Return on deposits and other dues			
- payable in local currency	19.1	2,215,427	2,419,688
- payable in foreign currencies		46,430	36,349
Unearned commission		14,038	12,662
Accrued expenses	19.2	2,151,902	1,700,580
Current taxation (provision less payments)		413,493	91,747
Unclaimed dividends		5,063	4,978
Payable to defined benefit plan	34.2 & 34.15	438,444	123,481
Provision against off-balance sheet obligations	19.3	55,169	38,996
Security deposits against Ijarah		3,871,830	2,486,525
Charity payable	19.4	4,903	421
Payable on account of credit murabaha		90,307	22,719
Advance against future diminishing musharaka		46,906	106,715
Payable to HSBC ME - Purchase consideration		-	4,238,887
- HSBC group entities	19.5	23,445	257,875
Payable to HSBC Bank Oman S.A.O.G. - Purchase consideration	4.2	2,661,433	-
Withholding taxes payable		87,510	63,973
Workers Welfare Fund payable		505,453	330,408
Others		487,116	177,121
		<u>13,118,869</u>	<u>12,113,125</u>



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

19.1 This includes Rs 94 million (2014: Rs 92 million) in respect of return accrued on borrowings from the SBP under the Islamic Export Refinance Scheme.

19.2 This includes Rs 6.3 million (2014: Rs 12 million) in respect of amount payable to Al-Meezan Investment Management Limited (Subsidiary).

19.3	Provision against off-balance sheet obligations	Note	2015	2014
Rupees in '000				
	Opening balance		38,996	34,099
	Charge for the year		16,173	4,897
	Closing balance		55,169	38,996
19.4	Reconciliation of charity payable			
	Opening balance		421	36,140
	Additions during the year		47,754	31,057
	Less: Transferred to charity savings account (included in deposits and other accounts)	19.4.1	(43,272)	(66,776)
	Closing balance		4,903	421

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



19.4.1 Charity paid through charity savings account during the year was Rs 49.6 million (2014: Rs 73 million). Charity in excess of Rs 100,000 was paid to the following individuals / organizations:

	2015	2014
	Rupees in '000	
Afzal Memorial Thalassemia Foundation	-	300
The Aga Khan University - Financial Assistance Program	10,000	10,000
Akhuwat Foundation	150	400
Alamgir Welfare Trust International	300	200
Baqai Institute of Diabetology and Endocrinology	100	500
Burhani Blood Bank and Thalassemia Centre	-	250
Child Aid Association	150	-
Eye Donor Organization (EDO) Taxila	150	-
Creek General Hospital	-	200
Fatimid Foundation Kidney Centre	150	100
Gulbahao	-	100
Hands	-	500
Health Oriented Preventive Education	-	100
Helping Hand For Relief & Development	-	1,000
Institute of Business Administration - National Talent Hunt Program	13,459	17,284
Ihsan Trust - Related party	18,000	35,000
Jamal Noor Hospital	100	500
Kiran Foundation	-	500
Karachi Education Initiative	2,368	-
Karigar Training Institute	300	-
Layton Rahmatulla Benevolent Trust	-	300
Marie Adelaide Leprosy Foundation	100	200
Memon Health and Education Foundation	-	500
Muslim Aid Trust Pakistan	-	1,000
Muslim Welfare Centre	200	200
Noor Eli Trust	200	-
National Institute of Blood Diseases	-	300
Omar Sana Foundation	-	300
Pakistan Association of Blind	-	100
Pakistan Kidney Institute / Shifa Foundation	100	200
Patients Aid Foundation - Jinnah Hospital	500	250
Pakistan Red Crescent Society (for Ultra Sound machine)	150	-
Pakistan Disabled Foundation	100	-
Pakistan Association of Deaf	200	-
Poor Patients Aid Society- Civil Hospital Karachi	100	-
Professional Education Foundation	-	125
Rashid Memorial Welfare Organization	-	1,000
Roshni Homes Trust	-	200
Rotary Humanitarian Trust- Hawksbay School	1,000	-
Shifa Foundation-Falahee Clinic Islamabad	-	200
SINA Trust	200	-
Society For Heart Care	1,000	-
The Indus Hospital	500	1,000
The Kidney Centre	-	200
Trust Jamiat Taleem Ul Quran	-	200
	49,577	73,209

19.4.2 The balance in Charity savings account was Rs 6 million at December 31, 2015 (2014: Rs 12 million).

19.4.3 Charity was not paid to any individual / organization in which a director or his spouse had any interest at any time during the year.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

19.5 This represents amount payable to HSBC group entities which were transferred to the Bank consequent to acquisition of HSBC - Pakistan Operations.

## 20 SHARE CAPITAL

### 20.1 Authorised capital

2015 (Number of Shares)	2014 (Number of Shares)		2015 Rupees in '000	2014 Rupees in '000
1,500,000,000	1,500,000,000	Ordinary shares of Rs 10 each	15,000,000	15,000,000

### 20.2 Issued, subscribed and paid-up capital

2015 (Number of Shares)	2014 (Number of Shares)		2015 Rupees in '000	2014 Rupees in '000
		Ordinary shares		
456,353,635	456,353,635	Fully paid in cash	4,563,536	4,563,536
546,384,260	546,384,260	Issued as bonus shares	5,463,843	5,463,843
1,002,737,895	1,002,737,895		10,027,379	10,027,379

Shareholders having more than 10% shareholding as at December 31, 2015 are as follows:

20.3 Name of shareholders	Number of shares held	Percentage of shareholding
Noor Financial Investment Company Kuwait	492,484,377	49.11%
Pakistan Kuwait Investment Company (Private) Limited	300,821,365	30%

## 21 RESERVES

	Note	2015	2014 (Restated)
Rupees in '000			
Statutory reserve	21.1	5,403,050	4,398,548
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	2,823,440
General reserve		66,766	66,766
		8,587,363	7,288,754

21.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount not less than 20% of the profit is to be transferred each year to a reserve fund till such time the reserve fund (together with the share premium account) is equal to the amount of the paid up capital.

## 22 SURPLUS ON REVALUATION OF INVESTMENTS

	2015	2014
Rupees in '000		
Quoted shares / units of mutual fund	869,774	744,512
Other securities	346,113	126,040
	1,215,887	870,552
Less: Deferred tax liability	(425,561)	(254,942)
	790,326	615,610



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



23 CONTINGENCIES AND COMMITMENTS	Note	2015	2014
		Rupees in '000	
<b>23.1 Direct credit substitutes</b>			
Guarantees favoring			
- Banks		-	65,264
<b>23.2 Transaction related contingent liabilities</b>			
Guarantees favoring			
- Government		9,936,461	12,782,424
- Banks		227,332	203,386
- Others		2,436,550	1,197,434
		12,600,343	14,183,244
<b>23.3 Trade related contingent liabilities</b>			
Import letters of credit		29,373,250	22,011,518
Acceptances		4,049,357	2,662,307
		33,422,607	24,673,825
<b>23.4 Commitments in respect of forward exchange contracts</b>			
Purchases		68,362,309	49,068,758
Sales		74,532,767	65,208,080
<b>23.5 Commitments for the acquisition of operating fixed assets</b>		294,082	27,584
<b>23.6 Commitments in respect of Islamic financing and related assets</b>	23.6.1	106,606,261	86,587,543
<b>23.6.1</b>	The Bank makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitment do not attract any significant penalty or expense if the facility is unilaterally withdrawn.		
		2015	2014
		Rupees in '000	
<b>23.7 Other commitments</b>			
Bills for collection (inland)		151,175	128,131
Bills for collection (foreign)		30,956,046	20,589,736
		31,107,221	20,717,867
<b>24 PROFIT / RETURN EARNED ON ISLAMIC FINANCINGS, INVESTMENTS AND PLACEMENTS</b>			
On financings to			
- Customers		13,751,428	12,343,431
On investments in			
- Available for sale securities		6,599,485	10,209,350
- Held for trading securities		493	80,167
On deposits with financial institutions		12,762,335	6,170,111
		33,113,741	28,803,059

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

25	PROFIT ON DEPOSITS AND OTHER DUES E PENSED	Note	2015	2014
		Rupees in '000		
	Deposits and other accounts		14,388,690	14,549,218
	Other short term Musharakahs / Mudarabas	25.1	508,459	891,032
			14,897,149	15,440,250
25.1	This includes Rs 454 million (2014: Rs 643 million) paid / payable to the SBP under Islamic Export Refinance Scheme.			
26	CAPITAL GAIN ON SALE OF INVESTMENTS - NET	Note	2015	2014
		Rupees in '000		
	Shares / units of mutual funds - listed		291,449	892,527
	Sukuks		50,687	255,972
			342,136	1,148,499
27	OTHER INCOME			
	Gain on termination of Ijarah financings		69,635	60,418
	Gain on termination of diminishing musharakah financings		9,937	9,726
	Gain on sale of operating fixed assets		50,167	36,061
	Gain on disposal of non-banking assets		59	10,468
	Others	27.1	37,576	10,389
			167,374	127,062
27.1	This includes recoveries against loans written off by HSBC ME prior to its acquisition by the Bank amounting Rs 27.706 million.			
28	ADMINISTRATIVE E PENSES	Note	2015	2014
		Rupees in '000		
	Salaries, allowances and other employee benefit	28.1, 28.4 & 36	6,355,417	4,756,341
	Charge for defined benefit plan	34.5	185,959	120,435
	Contribution to defined contribution plan	35	181,427	140,497
	Non - executive directors' fees	36	35,379	27,676
	Rent, electricity, taxes, insurance, etc.		2,083,707	1,574,433
	Depreciation	13.2	998,318	816,394
	Amortisation	13.4	147,222	110,591
	Communication		371,392	309,556
	Stationery and printing		305,812	235,439
	Repairs and maintenance		481,469	353,890
	Security charges including cash transportation charges		494,580	359,430
	Local transportation and car running		223,428	299,973
	Fees, subscription and clearing charges	28.2	334,119	260,147
	Entertainment		44,934	34,511
	Office supplies		151,183	110,703
	Hardware and software maintenance		190,601	134,059
	Advertisement and publicity		232,420	250,181
	Travelling		90,033	64,865
	Brokerage, commission and bank charges		118,608	98,555
	Legal and professional charges	28.3	16,294	16,963
	Auditors' remuneration	28.5	12,574	15,302
	Takaful and tracker expenses on Ijarah		486,468	351,046
	Donation		-	788
	Others		19,304	18,159
			13,560,648	10,459,934

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



- 28.1 This includes remuneration to Shariah Advisor amounting to Rs 10.2 million (2014: Rs 9.4 million).
- 28.2 This includes portfolio management fee to Al-Meezan Investment Management Limited (related party) amounting to Rs 16.7 million (2014: Rs 23 million).
- 28.3 This includes remuneration to Shariah Board amounting to Rs 1 million (2014: Rs 1 million).
- 28.4 The Bank has performance bonus policy for all employees including the President & Chief Executive Officer and Deputy Chief Executive Officer. The aggregate amount determined for eligible employees in respect of the bonus relating to all Executives and for the President & CEO and Deputy CEO of the Bank amounted to Rs 473.77 million (2014: Rs 385 million), Rs 73.99 million (2014: Rs 79.28 million) and Rs 49.31 million (2014: Rs 52.83 million).

28.5 Auditors' remuneration	2015	2014
	Rupees in '000	
Audit fee	3,300	3,000
Fee for interim review	950	850
Special certifications and sundry advisory services	5,471	5,790
Tax services	1,365	3,871
	11,086	13,511
Sindh sales tax on services	665	676
Out of pocket expenses	823	1,115
	12,574	15,302

## 29 OTHER CHARGES

Penalties imposed by the State Bank of Pakistan	4,067	49,433
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## 30 TAXATION

Current		
- for the year	2,394,558	2,223,292
- for prior years	(3,780)	-
	2,390,778	2,223,292
Deferred		
- for the year	575,043	105,156
- for prior years	462,923	-
	3,428,744	2,328,448

### 30.1 Relationship between tax expense and accounting profit

Profit before taxation	8,451,253	6,898,534
Effects of:		
- Tax calculated at the applicable rate of 35%	2,957,939	2,414,487
- Income chargeable to tax at reduced rate	-	(189,193)
- Prior year charge	459,143	-
- Permanent differences	10,584	90,058
- Others	1,078	13,096
Tax charge for the year	3,428,744	2,328,448



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

31	BASIC AND DILUTED EARNINGS PER SHARE	Note	2015	2014
			Rupees in '000	
	Profit after taxation for the year		5,022,509	4,570,086
			Number	
	Weighted average number of ordinary shares	20.2	1,002,737,895	1,002,737,895
			Rupees	
	Basic earnings per share	31.1	5.01	4.56

31.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2015 and 2014.

32	CASH AND CASH EQUIVALENTS	Note	2015	2014
			Rupees in '000	
	Cash and balances with treasury banks	8	43,685,636	29,728,764
	Balances with other banks	9	11,175,060	5,501,077
			54,860,696	35,229,841

33	STAFF STRENGTH		2015	2014
	Permanent		6,005	5,114
	Contractual basis		1,315	1,207
	Bank's own staff strength at the end of the year		7,320	6,321
	Outsourced		1,261	1,108
	Total staff strength		8,581	7,429

## 34 DEFINED BENEFIT PLAN

### 34.1 General Description

The activities of the gratuity scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2002 under the provisions of a trust deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's trust deed.

34.2 The amount recognised in the Statement of financial position (in respect of the gratuity scheme) are determined as follows:

	2015	2014
	Rupees in '000	
Present value of defined benefit obligations	817,468	574,550
Fair value of plan assets	(590,988)	(451,069)
	226,480	123,481

34.3 Plan assets consist (in respect of the gratuity scheme) of the following:

	2015		2014	
	Rupees in '000	%	Rupees in '000	%
Meezan Aamdan Certificates	430,718	73%	303,204	67%
Meezan Capital Preservation Fund	151,552	26%	145,538	32%
Savings account with Meezan Bank Limited	8,718	1%	2,327	1%
	590,988	100%	451,069	100%

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



34.4 The movement in the defined benefit obligation (in respect of the gratuity scheme) over the year is as follows:

	2015		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 01	574,550	(451,069)	123,481
Current service cost	178,396	-	178,396
Return expense / (income)	67,751	(60,188)	7,563
	<u>820,697</u>	<u>(511,257)</u>	<u>309,440</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense / (income)	-	789	789
- (Gain) / loss from change in demographic assumptions	-	-	-
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience (gains) / losses	39,732	-	39,732
	<u>39,732</u>	<u>789</u>	<u>40,521</u>
	<u>860,429</u>	<u>(510,468)</u>	<u>349,961</u>
Contribution	-	(123,481)	(123,481)
Benefit payments	(42,961)	42,961	-
At December 31	<u>817,468</u>	<u>(590,988)</u>	<u>226,480</u>
	2014		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 01	410,819	(332,294)	78,525
Current service cost	117,281	-	117,281
Return expense / (income)	50,814	(47,660)	3,154
	<u>578,914</u>	<u>(379,954)</u>	<u>198,960</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense / (income)	-	(2,475)	(2,475)
- (Gain) / loss from change in demographic assumptions	-	-	-
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience (gains) / losses	35,521	-	35,521
	<u>35,521</u>	<u>(2,475)</u>	<u>33,046</u>
	<u>614,435</u>	<u>(382,429)</u>	<u>232,006</u>
Contribution	-	(108,525)	(108,525)
Benefit payments	(39,885)	39,885	-
At December 31	<u>574,550</u>	<u>(451,069)</u>	<u>123,481</u>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

34.5	Charge for defined benefit plan (in respect of the gratuity scheme)	2015	2014
		Rupees in '000	
	Current service cost	178,396	117,281
	Net return cost	7,563	3,154
		<u>185,959</u>	<u>120,435</u>

34.6 The plan assets and defined benefit obligations (in respect of the gratuity scheme) are based in Pakistan.

34.7	Principal actuarial assumptions (in respect of the gratuity scheme)	2015	2014
	Discount rate	10.00% p.a	12.25% p.a
	Expected rate of salary increase	10.00% p.a	12.25% p.a
	Expected rate of return on investments	10.00% p.a	12.25% p.a
	Normal retirement age	60 years	60 years

34.8 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

34.9 The sensitivity of the defined benefit obligation (in respect of the gratuity scheme) to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation - Increase / (Decrease)	
		Increase in assumption	Decrease in assumption
		Rupees in '000	
Discount rate	1.0%	(82,284)	98,502
Salary growth rate	1.0%	101,426	(86,064)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy / Withdrawal rate		-	-

#### Methodology followed for calculating sensitivities

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

34.10 The weighted average duration of the defined benefit obligation (in respect of the gratuity scheme) is 11.06 years.

34.11 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2015	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
Gratuity	<u>113,425</u>	<u>36,464</u>	<u>154,694</u>	<u>3,578,496</u>	<u>3,883,079</u>



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



34.12 Historical information (in respect of Gratuity Scheme)	2015	2014	2013	2012	2011
	Rupees in '000				
Defined benefit obligation	817,468	574,550	410,819	300,392	247,137
Fair value of plan assets	(590,988)	(451,069)	(332,294)	(246,677)	(175,060)
Deficit	226,480	123,481	78,525	53,715	72,077
Remeasurements of plan liabilities	(39,732)	(35,521)	(32,941)	18,496	(1,640)
Remeasurements of plan assets	(789)	2,475	(25,763)	7,173	2,101

34.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Expected Gratuity Expense for the next year works out to Rs 210.902 million as per the actuarial valuation report of the Bank as of December 31, 2015.

34.14 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

<b>Asset volatility</b>	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, current investment strategy manages this risk adequately.
<b>Changes in bond yields</b>	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.
<b>Inflation risk</b>	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to offset inflationary impacts.
<b>Life expectancy / withdrawal rate</b>	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

## 34.15 End of Service Defined Benefit

As noted in note 7.11 to these financial statements, the Bank has introduced a End of Service unfunded defined benefit for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The present value of defined benefit obligation / charge recognised in respect of this benefit amounts to Rs 211.964 million.

The principal actuarial assumptions comprise of discount rate of 10 percent and salary increase rate of 12 percent. The retirement age used by the actuary is 63 years. The sensitivity of the defined benefit obligation due to a one percent change in discount rate would be Rs 7.895 million (in case the discount rate is increased) and Rs 8.279 million (in case the discount rate is decreased). The sensitivity of the defined benefit obligation due to change in life expectancy / withdrawal rates would be lower by Rs 0.242 million (in case of ten percent increase in assumption) and higher by Rs 0.246 million (in case of ten percent decrease in assumption). These sensitivities are calculated using the same methodology as explained in note 34.9.

34.16 The disclosure made in notes 34.1 to 34.15 are based on the information included in the actuarial valuation report of the Bank as of December 31, 2015.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 35 DEFINED CONTRIBUTION PLAN

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

	2015	2014
	Rupees in '000	
Contribution from the Bank	181,427	140,497
Contribution from the employees	181,427	140,497
	<u>362,854</u>	<u>280,994</u>

## 36 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President and Chief Executive		Directors		Executives	
	2015	2014	2015	2014	2015	2014
	Rupees in '000					
Fees*	-	-	35,379	27,676	-	-
Managerial remuneration	38,018	33,944	25,332	22,618	1,165,591	826,570
Charge for gratuity scheme	2,715	2,425	1,809	1,616	64,674	51,405
Contribution to defined contribution plan	3,259	2,909	2,171	1,939	80,665	57,623
House rent	14,664	13,093	9,771	8,724	389,778	277,589
Utilities	3,259	2,909	2,171	1,939	86,622	61,689
Medical	3,525	2,986	2,444	2,188	86,622	61,689
Conveyance	1,393	1,777	1,271	2,083	-	-
Others	1,156	1,138	1,251	986	-	-
	<u>67,989</u>	<u>61,181</u>	<u>81,599</u>	<u>69,769</u>	<u>1,873,952</u>	<u>1,336,565</u>
Number of persons	<u>1</u>	<u>1</u>	<u>11</u>	<u>9</u>	<u>857</u>	<u>582</u>

\* This includes amounts charged in these financial statements as fees to ten (2014: eight) non-executive directors.

- 36.1** Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 36.2** The Chief Executive Officer, the Deputy Chief Executive Officer (the Executive Director) and certain executives have been provided with free use of the Bank's cars.
- 36.3** In addition to above, all Executives, including the President & Chief Executive Officer and Deputy Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 28.4 to these financial statements and the benefit for End of Service Benefit for the founding President and Chief Executive Officer was approved during the year and the related expense is disclosed in note 34.15 to these financial statements.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



## 37 FAIR VALUE OF FINANCIAL INSTRUMENTS

37.1 The fair value of investments in listed securities, except investments categorised as 'held to maturity', investments in subsidiaries and associates is based on quoted market prices. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of Islamic financing and related assets, other assets, other liabilities and fixed term deposits and other accounts cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been calculated in accordance with the Bank's accounting policy as stated in note 7.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

37.2 Off-balance sheet financial instruments	2015		2014	
	Book value	Fair value	Book value	Fair value
	Rupees in '000			
Forward purchase of foreign exchange - net	69,014,794	68,957,448	50,183,098	49,449,274
Forward sale of foreign exchange - net	75,470,316	75,131,750	66,583,855	67,576,446

37.3 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

Recurring Fair Value Measurements	2015			Total
	Level 1	Level 2	Level 3	
	Rupees in '000			
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,112,074	-	-	4,112,074
Units of open end fund	75,528	-	-	75,528
GOP Sukuks	-	48,653,776	-	48,653,776
WAPDA Sukuks	-	579,550	-	579,550
Global Sukuk Bonds	7,365,343	-	-	7,365,343
Forward purchase of foreign exchange contracts	-	68,957,448	-	68,957,448
Forward sale of foreign exchange contracts	-	75,131,750	-	75,131,750

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

Investment in associates (listed - mutual funds) have market value of Rs 2,907 million as disclosed in note 11.6.3 to the financial statements which is being valued under level 2. These are carried at cost in the financial statements in accordance with the bank's accounting policy.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

## (a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares, units of open end mutual fund and global sukuk bonds classified as available for sale.

## (b) Financial instruments in level 2

Financial instruments included in level 2 comprise of GOP ijarah sukuk and WAPDA 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 WAPDA Sukuk	The fair value of GOP Ijarah Sukuk and WAPDA 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 8 different pre-defined / approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

## 38 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	2015					Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	
	Rupees in '000					
Total income	1,360,106	21,002,649	4,181,638	11,154,779	11,289	37,710,461
Total expenses	(1,144,081)	(18,400,776)	(3,511,420)	(9,627,724)	(3,951)	(32,687,952)
Net income	216,025	2,601,873	670,218	1,527,055	7,338	5,022,509
Segment assets	14,284,514	294,130,649	45,025,419	178,409,352	-	531,849,934
Segment non performing assets	270,502	625,953	1,955,659	5,416,484	-	8,268,598
Segment provision held*	231,029	214,356	1,729,975	6,657,724	-	8,833,084
Segment liabilities	3,325,858	1,929,990	484,331,334	15,915,642	-	505,502,824
Segment return on assets (ROA) (%)	1.68%	0.98%	1.86%	0.89%	-	-
Segment cost of funds (%)	3.49%	3.49%	3.49%	3.49%	-	-



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



	2014					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	Total
	Rupees in '000					
Total income	919,894	18,908,916	3,475,920	10,239,670	13,543	33,557,943
Total expenses	(782,158)	(16,428,958)	(2,877,471)	(8,894,530)	(4,740)	(28,987,857)
Net income	137,736	2,479,958	598,449	1,345,140	8,803	4,570,086
Segment assets - restated	11,456,562	234,673,116	27,020,721	164,359,869	-	437,510,268
Segment non performing assets	340,448	338,406	934,489	6,274,585	-	7,887,928
Segment provision held*	251,440	72,852	948,325	6,886,276	-	8,158,893
Segment liabilities - restated	383,081	17,620,140	393,359,933	2,256,784	-	413,619,938
Segment return on assets (ROA) (%)	1.42%	1.16%	2.55%	0.99%	-	-
Segment cost of funds (%)	4.71%	4.71%	4.71%	4.71%	-	-

\*Includes General Provision

## 39 RELATED PARTY TRANSACTIONS

39.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefit funds, directors and key management personnel and their close family members.

39.2 Banking transactions with related parties are entered in the normal course of business.

### 39.3 Subsidiary company

- Al-Meezan Investment Management Limited

### 39.4 Key management personnel

- President and Chief Executive Officer  
- Deputy Chief Executive Officer

39.5 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end are as follows:

	Total		Subsidiary		Associates		Key Management Personnel / Directors		Other Related Parties	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Rupees in '000									
<b>Islamic financing and related assets</b>										
At January 01	-	356,420	-	200,000	-	156,420	-	-	-	-
Addition during the year	8,029,117	100,000	-	100,000	8,029,117	-	-	-	-	-
Deletion during the year	(7,084,730)	(456,420)	-	(300,000)	(7,084,730)	(156,420)	-	-	-	-
At December 31	944,387	-	-	-	944,387	-	-	-	-	-
<b>Deposits</b>										
At December 31	3,439,189	2,121,481	21,486	6,867	1,561,102	575,888	160,650	174,125	1,695,951	1,364,601

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



## 40 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) introduced guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated February 04, 2014. These guidelines are based on the requirements of Basel III which were introduced by the SBP in August 2013 for implementation by the banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. The SBP vide its BPRD Circular No. 11 of 2014 dated November 05, 2014 has specified the disclosure requirements with respect to capital adequacy related information. The disclosures below have been prepared on the basis of the SBP's circular.

### 40.1 Capital structure

Under Basel III framework, Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
  - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc. after regulatory deductions for investments in the equity of subsidiary companies engaged in banking and financial activities, reciprocal crossholdings and deficit on revaluation of available for sale investments and deduction for book value of intangibles.
  - b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria after regulatory deduction for investments in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.

Presently the Bank does not have any AT1 capital.

- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and equity investments after deduction of deficit on available for sale investments (upto a maximum of 67%).

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Bank through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

### 40.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Bank to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next 3 to 5 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Bank prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 10.25% as of December 31, 2015 whereas CAR stood at 10.98% at the year ended December 31, 2015.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Major credit risk in respect of on and off-balance sheet exposures are mainly claims on banks, corporates, retail customers, residential mortgages and unquoted associated undertakings and Sukuks. Market risk exposures are mainly in mutual funds, equity and foreign exchange positions. The Bank's potential risk exposures shall remain in these exposure types.

Sensitivity and stress testing of the Bank under different risk factors namely yield rate, forced sale value of collateral, non-performing financings and foreign exchange rate depicts that the Bank's capital adequacy ratio is above the regulatory requirements.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

## 40.3 Capital Adequacy Ratio (CAR) disclosure

Particulars	2015	2014
	Rupees in '000	
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
Fully paid-up capital / capital deposited with the SBP	10,027,379	10,027,379
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
General / Statutory Reserves	8,587,363	7,276,191
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	6,942,042	5,958,587
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
<b>CET 1 before Regulatory Adjustments</b>	<b>25,556,784</b>	<b>23,262,157</b>
Total regulatory adjustments applied to CET1 (Note 40.3.1)	(797,382)	(938,231)
<b>Common Equity Tier 1</b>	<b>24,759,402</b>	<b>22,323,926</b>
<b>Additional Tier 1 (AT 1) Capital</b>		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which:	-	-
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties - of which: instrument issued by subsidiaries subject to phase out	-	-
<b>AT1 before regulatory adjustments</b>	<b>-</b>	<b>-</b>
Total of Regulatory Adjustment applied to AT1 capital (Note 40.3.2)	(18,915)	(25,220)
<b>Additional Tier 1 capital after regulatory adjustments</b>	<b>-</b>	<b>-</b>
<b>Tier 1 Capital (CET1 + admissible AT1)</b>	<b>24,759,402</b>	<b>22,323,926</b>
<b>Tier 2 Capital</b>		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
Capital instruments subject to phase out arrangement issued	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries - of which: instruments issued by subsidiaries subject to phase out	-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	1,366,772	1,288,516
Revaluation Reserves (net of taxes) of which:		
- Revaluation reserves on fixed assets	-	-
- Unrealized gains/losses on AFS	529,518	344,742
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
<b>T2 before regulatory adjustments</b>	<b>1,896,290</b>	<b>1,633,258</b>
Total regulatory adjustment applied to T2 capital (Note 40.3.3)	(18,915)	(25,220)
<b>Tier 2 capital (T2) after regulatory adjustments</b>	<b>1,877,375</b>	<b>1,608,038</b>
Tier 2 capital recognized for capital adequacy	1,877,375	1,608,038
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	1,877,375	1,608,038
<b>TOTAL CAPITAL (T1 + admissible T2)</b>	<b>26,636,777</b>	<b>23,931,964</b>
<b>Total Risk Weighted Assets (RWA) {for details refer Note 40.6}</b>	<b>242,653,197</b>	<b>201,442,257</b>

\*\* As reported in last year annual financial statements.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



Particulars	2015	2014
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
CET1 to total RWA	10.20%	11.08%
Tier-1 capital to total RWA	10.20%	11.08%
Total capital to total RWA	10.98%	11.88%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
of which:	6.25%	-
- capital conservation buffer requirement	0.25%	-
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	4.20%	5.58%
<b>National minimum capital requirements prescribed by SBP</b>		
CET1 minimum ratio	6.00%	5.50%
Tier 1 minimum ratio	7.50%	7.00%
Total capital minimum ratio	10.00%	10.00%
CCB (Consisting of CET 1 only)	0.25%	-
Total Capital plus CCB	10.25%	-

Particulars	2015		2014	
	Amount	Pre-Basel III treatment	Amount	Pre-Basel III treatment
Rupees in '000				
<b>40.3.1 Common Equity Tier 1 capital: Regulatory adjustments</b>				
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	460,559	-	524,744	-
Shortfall of provisions against classified assets (Note 39.6.2.1)	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments	317,908	-	388,267	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of property / AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold of which:				
- significant investments in the common stocks of financial entities	-	-	-	-
- deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	18,915	18,915	25,220	25,220
<b>Total regulatory adjustments applied to CET1</b>	<b>797,382</b>	<b>18,915</b>	<b>938,231</b>	<b>25,220</b>
<b>40.3.2 Additional Tier 1 Capital: regulatory adjustments</b>				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	-

\* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

\*\* As reported in last year annual financial statements.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

Particulars	2015		2014	
	Amount	Pre-BaseI III treatment	Amount	Pre-BaseI III treatment
Rupees in '000				
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-1 capital	18,915	18,915	25,220	25,220
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
<b>Total of Regulatory Adjustment applied to AT1 capital</b>	<b>18,915</b>	<b>18,915</b>	<b>25,220</b>	<b>25,220</b>

\* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

#### 40.3.3 Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-2 capital	18,915	18,915	25,220	25,220
Reciprocal cross holdings in Tier 2 instruments	-	-	-	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
<b>Amount of Regulatory Adjustment applied to T2 capital</b>	<b>18,915</b>	<b>18,915</b>	<b>25,220</b>	<b>25,220</b>

\* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

#### 40.3.4 Risk weighted Assets subject to pre-BaseI III treatment

	2015	2014
Rupees in '000		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-BaseI III Treatment)	-	-
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
Non-significant investments in the capital of other financial entities	-	-
Significant investments in the common stock of financial entities	25,220	12,610
Deferred tax assets arising from temporary differences (net of related tax liability)	-	530,564

\*\* As reported in last year annual financial statements.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



	2015	2014
	Rupees in '000	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,366,772	1,288,516
Cap on inclusion of provisions in Tier 2 under standardized approach	2,374,684	2,085,775
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

\*\* As reported in last year annual financial statements.

## 40.3.5 Leverage ratio

According to Basel III instructions issued by State Bank of Pakistan (BPRD circular # 06 dated August 15, 2013), it is mandatory for all the banks to calculate and report the Leverage Ratio on a quarterly basis with the minimum benchmark of 3%.

The reason for calculating leverage ratio is to avoid excessive On- and Off-balance sheet leverage in the banking system. A simple, transparent and non-risk based Ratio has been introduced with the following objectives:

- Constrain the build-up of leverage in the banking sector which can damage the broader financial system and the economy; and
- Reinforce the risk based requirements with an easy to understand and a non-risk based measure.

	2015	2014
	Rupees in '000	
<b>Particulars</b>		
<b>On balance sheet exposures</b>		
1 On-balance sheet items (excluding unrealised gain on forward contracts)	532,138,104	437,497,476
2 Forward exchange commitments with positive fair values	1,035,006	1,378,805
Total On balance sheet exposures	533,173,110	438,876,281
<b>Off balance sheet exposures</b>		
3 Off-balance sheet items	57,600,804	49,987,209
4 Commitment in respect of forward exchange contracts	1,199,394	1,023,085
Total Off balance sheet exposures	58,800,198	51,010,294
<b>Capital and total exposures</b>		
5 Tier 1 capital (Note 40.3)	24,759,402	22,323,926
6 Total exposures	591,973,308	489,886,575
Basel III leverage ratio	4.18%	4.56%

The current year's leverage ratio is 4.18% (2014: 4.56%) where as total tier 1 capital and total exposures are Rs 24,759.402 million (2014: Rs 22,323.926 million) and Rs 591,973.308 million (2014: Rs 489,886.575 million) respectively.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 40.4 Capital Structure Reconciliation

### 40.4.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000		
<b>Assets</b>		
Cash and balances with treasury banks	43,685,636	43,685,636
Balances with other banks	11,175,060	11,175,060
Due from financial and other institutions	170,474,422	170,474,422
Investments	76,909,951	76,909,951
Islamic financing and related assets	207,568,823	207,568,823
Operating fixed assets	8,056,743	8,056,743
Deferred tax assets	-	-
Other assets	13,979,299	13,979,299
<b>Total assets</b>	<b>531,849,934</b>	<b>531,849,934</b>
<b>Liabilities and Equity</b>		
Bills payable	6,560,324	6,560,324
Due to financial institutions	13,609,551	13,609,551
Deposits and other accounts	471,820,959	471,820,959
Sub-ordinated loans	-	-
Liabilities against assets subject to finance leases	-	-
Deferred tax liabilities	393,121	393,121
Other liabilities	13,118,869	13,118,869
<b>Total liabilities</b>	<b>505,502,824</b>	<b>505,502,824</b>
Share capital	10,027,379	10,027,379
Reserves	8,587,363	8,587,363
Unappropriated profit	6,942,042	6,942,042
Minority Interest	-	-
Surplus on revaluation of investments - net of tax	790,326	790,326
<b>Total liabilities and equity</b>	<b>531,849,934</b>	<b>531,849,934</b>

### 40.4.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000			
<b>Assets</b>			
Cash and balances with treasury banks		43,685,636	43,685,636
Balances with other banks		11,175,060	11,175,060
Due from financial and other institutions		170,474,422	170,474,422
Investments		76,909,951	76,909,951
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



Particulars	Reference	Balance sheet	Under
		as in published financial statements	regulatory scope of reporting
Rupees in '000			
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual Funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	317,908	317,908
- others	e	-	-
Islamic financing and related assets		207,568,823	207,568,823
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	1,366,772	1,366,772
Operating fixed assets		8,056,743	8,056,743
- of which: Intangibles	k	460,559	460,559
Deferred tax assets			
of which:			
- DTAs that rely on future profitability excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets		13,979,299	13,979,299
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
<b>Total assets</b>		<b>531,849,934</b>	<b>531,849,934</b>
<b>Liabilities and Equity</b>			
Bills payable		6,560,324	6,560,324
Due to financial institutions		13,609,551	13,609,551
Deposits and other accounts		471,820,959	471,820,959
Sub-ordinated loans of which:			
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Liabilities against assets subject to finance lease			
Deferred tax liabilities of which:		393,121	393,121
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	-	-
Other liabilities		13,118,869	13,118,869
<b>Total liabilities</b>		<b>505,502,824</b>	<b>505,502,824</b>
<b>Share capital</b>		<b>10,027,379</b>	<b>10,027,379</b>
- of which: amount eligible for CET1	s	10,027,379	10,027,379
- of which: amount eligible for AT1	t	-	-
Reserves of which:		8,587,363	8,587,363
- portion eligible for inclusion in CET1 - Statutory reserve	u	5,403,050	5,403,050
- portion eligible for inclusion in CET1 - Gain on Bargain Purchase		3,117,547	3,117,547
- portion eligible for inclusion in CET1 - General reserve		66,766	66,766
- portion eligible for inclusion in Tier 2 General reserve	v	-	-
Unappropriated profit	w	6,942,042	6,942,042
Minority Interest of which:			
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets of which:		790,326	790,326
- Revaluation reserves on Property		-	-
- Unrealized Gains/Losses on AFS	aa	790,326	790,326
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
<b>Total liabilities and Equity</b>		<b>531,849,934</b>	<b>531,849,934</b>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 40.4.3 Basel III Disclosure (with added column) - Step 3

Particulars	Source based on reference number from step 2	Component of regulatory capital reported by the bank Rupees in '000
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully Paid-up Capital		10,027,379
2 Balance in share premium account	(s)	-
3 Reserve for issue of bonus shares		-
4 General / Statutory Reserves	(u)	8,587,363
5 Gain / (Losses) on derivatives held as Cash Flow Hedge		-
6 Unappropriated / unremitted profits	(w)	6,942,042
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
<b>8 CET 1 before Regulatory Adjustments</b>		<b>25,556,784</b>
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
9 Goodwill (net of related deferred tax liability)	(j) - (s)	-
10 All other intangibles (net of any associated deferred tax liability)	(k) - (p)	460,559
11 Shortfall of provisions against classified assets	(f)	-
12 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(h) - (r) * x%	-
13 Defined-benefit pension fund net assets	(l) - (q) * x%	-
14 Reciprocal cross holdings in CET1 capital instruments	(d)	317,908
15 Cash flow hedge reserve		-
16 Investment in own shares / CET1 instruments		-
17 Securitization gain on sale		-
18 Capital shortfall of regulated subsidiaries		-
19 Deficit on account of revaluation from bank's holdings of property / AFS	(ab)	-
20 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
21 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
22 Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
23 Amount exceeding 15% threshold of which:		
- significant investments in the common stocks of financial entities		-
- deferred tax assets arising from temporary differences		-
24 National specific regulatory adjustments applied to CET1 capital		-
25 Investment in TFCs of other banks exceeding the prescribed limit		-
26 Any other deduction specified by SBP (mention details)		-
27 Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		18,915
28 Total regulatory adjustments applied to CET1		<u>797,382</u>
<b>Common Equity Tier 1</b>		<b>24,759,402</b>
<b>Additional Tier 1 (AT 1) Capital</b>		
29 Qualifying Additional Tier-1 instruments plus any related share premium of which:		-
30 - Classified as equity	(t)	-
31 - Classified as liabilities	(m)	-
32 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
33 of which: instrument issued by subsidiaries subject to phase out		-
<b>34 AT1 before regulatory adjustments</b>		<b>-</b>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



Particulars	Source based on reference number from step 2	Component of regulatory capital reported by the bank Rupees in '000
<b>Additional Tier 1 Capital: regulatory adjustments</b>		
35 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
36 Investment in own AT1 capital instruments		-
37 Reciprocal cross holdings in Additional Tier 1 capital instruments		-
38 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
39 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
40 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
41 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
42 Total of Regulatory Adjustment applied to AT1 capital		-
43 Additional Tier 1 capital		-
44 <b>Additional Tier 1 capital recognised for capital adequacy</b>		-
<b>Tier 1 Capital (CET1 + admissible AT1)</b>		<b>24,759,402</b>
<b>Tier 2 Capital</b>		
45 Qualifying Tier 2 capital instruments under Basel III		-
46 Capital instruments subject to phase out arrangement from Tier 2	(n)	-
47 Tier 2 capital instruments issued to third party by consolidated subsidiaries of which: instruments issued by subsidiaries subject to phase out	(z)	-
48 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	1,366,772
49 Revaluation Reserves eligible for Tier 2 of which:		-
50 - portion pertaining to Property		-
51 - portion pertaining to AFS securities	67% of (aa)	529,518
52 Foreign Exchange Translation Reserves	(v)	-
53 Undisclosed / Other Reserves (if any)		-
54 <b>T2 before regulatory adjustments</b>		<b>1,896,290</b>
<b>Tier 2 Capital: regulatory adjustments</b>		
55 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		18,915
56 Reciprocal cross holdings in Tier 2 instruments		-
57 Investment in own Tier 2 capital instrument		-
58 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
59 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
60 Amount of Regulatory Adjustment applied to T2 capital		18,915
61 Tier 2 capital (T2)		1,877,375
62 Tier 2 capital recognised for capital adequacy		1,877,375
63 Excess Additional Tier 1 capital recognised in Tier 2 capital		-
64 <b>Total Tier 2 capital admissible for capital adequacy</b>		<b>1,877,375</b>
<b>TOTAL CAPITAL (T1 + admissible T2)</b>		<b>26,636,777</b>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 40.5 Main features of regulatory capital instruments

	Main Features	Common Shares
1	Issuer	Meezan Bank Limited
2	Unique identifier (e.g KSE Symbol or Bloomberg identifier etc.)	MEBL
3	Governing law(s) of the instrument	Listing regulations of Karachi Stock Exchange Limited *
	<b>Regulatory treatment</b>	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / group and solo	Solo
7	Instrument type	Ordinary shares
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	10,027,379
9	Par value of instrument	10
10	Accounting classification	Shareholders' equity
11	Original date of issuance	August 16, 1997
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<b>Coupons / dividends</b>	
17	Fixed or floating dividend/ coupon	N/A
18	coupon rate and any related index/ benchmark	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Non-cumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual interest
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

\* (Now Pakistan Stock Exchange Limited)



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



40.6 Risk-weighted exposures	Minimum capital requirements		Risk weighted assets	
	2015	2014	2015	2014
	Rupees in '000			
<b>Credit Risk</b>				
<b>Portfolios subject to on-balance sheet exposure (Simple Approach)</b>				
Cash and cash equivalents	-	-	-	-
Sovereign	107,673	89,981	1,076,729	899,811
Public sector entities	305,669	672,705	3,056,690	6,727,053
Banks	987,505	1,123,486	9,875,052	11,234,862
Corporate	13,979,805	11,358,069	139,798,052	113,580,691
Retail	724,894	440,962	7,248,944	4,409,623
Residential mortgage	299,357	194,663	2,993,569	1,946,627
Past due loans	25,170	62,251	251,703	622,509
Operating fixed assets	759,618	574,850	7,596,184	5,748,495
All other assets	415,285	850,014	4,152,851	8,500,137
<b>Portfolios subject to off-balance sheet exposure - non market related (Simple approach)</b>				
Banks	91,892	104,556	918,915	1,045,564
Corporate	1,030,128	898,852	10,301,279	8,988,523
Retail	18,486	3,237	184,864	32,374
Others	50,061	7,746	500,605	77,457
<b>Portfolios subject to off-balance sheet exposures - market related (Current exposure method)</b>				
Banks	78,479	193,956	784,792	1,939,556
Customers	39,528	47,511	395,277	475,108
<b>Equity Exposure Risk in the Banking Book</b>				
Unlisted equity investments held in banking book	77,615	60,211	776,154	602,105
Recognised portion of significant investment	6,305	3,153	63,050	31,525
<b>Market Risk</b>				
<b>Capital Requirement for portfolios subject to Standardised Approach</b>				
Interest rate risk	63,950	63,137	799,370	789,212
Equity position risk	713,966	535,835	8,924,575	6,697,940
Foreign Exchange risk	818,537	55,884	10,231,717	698,546
<b>Operational Risk</b>				
Capital requirement for operational risk	2,617,826	2,111,563	32,722,825	26,394,539
<b>Total</b>	<b>23,211,749</b>	<b>19,452,622</b>	<b>242,653,197</b>	<b>201,442,257</b>
<b>Capital Adequacy Ratio</b>	<b>Required</b>	<b>Actual</b>	<b>Required</b>	<b>Actual</b>
	December 2015		December 2014	
CET1 to total RWA	6.25%***	10.20%	5.50%	11.08%
Tier 1 capital to total RWA	7.50%	10.20%	7.00%	11.08%
Total capital to total RWA	10.25%***	10.98%	10.00%	11.88%

\*\* As reported in last year annual financial statements.

\*\*\*Capital adequacy requirement inclusive of Capital Conservation Buffer requirement (CCB).

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 41 RISK MANAGEMENT

The wide variety of the Bank's business activities require the Bank to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Bank's strategy and growth. The Bank manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Bank.

### Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Bank's risk profile.
- The Bank has set up objectives and policies to manage the risks that arise in connection with the Bank's activities. The risk management framework and policies of the Bank are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Bank.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Bank.
- The risk management function is independent of the Bank's operations.

### Risk management organisation

The Risk Management Committee comprises of two non-executive directors and one executive director. One of the non-executive directors of the Bank chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

Name of the sub-committee	Chaired by
Credit Risk Management Committee (CRMC)	President & CEO
Asset and Liability Management Committee (ALCO)	President & CEO
Internal Controls and Operational Risk Management Committee (ICORC)	Deputy Chief Executive Officer

CRMC is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements & internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Bank is maximized without compromising on risk appetite. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

The ICORC is responsible for reviewing adequacy of controls and systems to meet the regulatory requirements and business plan of the Bank. The Committee evaluates overall management information systems and guides / facilitates for their accuracy and standardisation. The ICORC reviews reports on major actual / attempted fraud, forgery and dacoity incidents and the steps taken to mitigate such incidents in future. The Committee ensures that policies and procedures in all key risk areas of the banking business are in place. It deliberates on reports regarding deviations and lapses vis-à-vis internal and external requirements. The ICORC also reviews reports on loss data and key risk indicators.

The Bank's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

#### 41.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligations is impaired resulting in economic loss to the Bank. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

#### Credit risk management and structure

The Bank manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Credit Policy approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Bank also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

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Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Bank and reports all significant matters to the Risk Management Committee.

The Bank takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs 189,974.711 million (2014: Rs 166,862.020 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 10.98%.

## 41.1.1 Segmental information

### 41.1.1.1 Segment by class of business

	2015					
	Islamic financings and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, food, forestry and fishing	33,864,890	15.69	1,938,282	0.41	17,163,092	5.25
Automobile and transportation equipment	2,896,075	1.34	942,244	0.20	2,910,876	0.89
Cement	3,539,882	1.64	737,536	0.16	2,331,792	0.71
Chemical and pharmaceuticals	19,097,402	8.85	3,173,237	0.67	14,077,683	4.31
Construction	689,938	0.32	6,112,726	1.30	910,429	0.28
Electronics and electrical appliances	3,216,384	1.49	2,928,481	0.62	4,396,877	1.34
Exports / imports	3,410,028	1.58	2,792,368	0.59	9,310,625	2.85
Financial institutions	437,092	0.20	5,875,770	1.25	143,451,217	43.88
Footwear and leather garments	1,518,816	0.70	680,326	0.14	2,314,894	0.71
Individuals	17,861,322	8.28	366,131,965	77.60	16,830,557	5.14
Insurance	10,239	0.01	271,165	0.06	5,059	0.00
Others	22,992,787	10.66	44,739,228	9.48	28,825,964	8.82
Paper, board and packaging	5,514,193	2.56	515,253	0.11	2,867,217	0.88
Power (electricity), oil, gas and water	22,822,499	10.58	485,332	0.10	11,480,936	3.51
Services	5,498,620	2.55	9,885,338	2.10	4,148,684	1.27
Sugar	8,397,530	3.89	1,684,479	0.36	4,219,950	1.29
Textile	49,281,856	22.84	8,784,104	1.86	50,438,339	15.43
Transport, storage and communication	9,544,463	4.42	5,539,204	1.17	6,066,032	1.86
Wholesale and retail trade	5,181,647	2.40	8,603,921	1.82	5,175,367	1.58
	<b>215,775,663</b>	<b>100</b>	<b>471,820,959</b>	<b>100</b>	<b>326,925,590</b>	<b>100</b>

	2014					
	Islamic financings and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, food, forestry and fishing	22,667,485	12.37	771,670	0.20	13,490,179	5.18
Automobile and transportation equipment	1,982,957	1.08	238,106	0.06	3,071,489	1.18
Cement	1,693,669	0.92	77,138	0.02	1,532,773	0.59
Chemical and pharmaceuticals	15,510,284	8.46	2,124,155	0.56	10,857,419	4.17
Construction	672,879	0.37	2,962,471	0.78	688,294	0.26
Electronics and electrical appliances	701,463	0.38	393,925	0.10	2,862,636	1.10
Exports / imports	1,217,334	0.66	1,644,522	0.43	3,010,871	1.16
Financial institutions	274,183	0.15	4,751,294	1.25	116,277,724	44.63
Footwear and leather garments	1,307,611	0.71	213,071	0.06	2,293,820	0.88
Individuals	12,211,516	6.66	316,409,317	83.17	5,945,615	2.28
Insurance	33,933	0.02	-	-	17,419	0.01
Others	16,160,164	8.83	24,293,093	6.39	23,593,373	9.05
Paper, board and packaging	4,007,342	2.20	520,338	0.14	1,893,144	0.73
Power (electricity), oil, gas and water	40,071,833	21.86	196,295	0.05	20,239,013	7.77
Services	9,474,570	5.17	10,603,271	2.79	5,296,773	2.03
Sugar	6,871,834	3.75	579,094	0.16	3,301,310	1.27
Textile	40,855,890	22.29	4,903,311	1.29	40,696,588	15.62
Transport, storage and communication	2,543,877	1.39	4,881,404	1.28	2,150,277	0.82
Wholesale and retail trade	5,026,724	2.73	4,859,094	1.27	3,313,448	1.27
	<b>183,285,548</b>	<b>100</b>	<b>380,421,569</b>	<b>100</b>	<b>260,532,165</b>	<b>100</b>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

## 41.1.1.2 Segmental by sector

	2015					
	Islamic financings and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	29,700,958	13.76	1,697,285	0.36	-	-
Private	186,074,705	86.24	470,123,674	99.64	326,925,590	100
	<b>215,775,663</b>	<b>100</b>	<b>471,820,959</b>	<b>100</b>	<b>326,925,590</b>	<b>100</b>

	2014					
	Islamic financings and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	21,534,231	11.75	1,555,417	0.41	-	-
Private	161,751,317	88.25	378,866,152	99.59	260,532,165	100
	<b>183,285,548</b>	<b>100</b>	<b>380,421,569</b>	<b>100</b>	<b>260,532,165</b>	<b>100</b>

## 41.1.1.3 Details of non-performing Islamic financings and related assets and specific provisions by class of business segment:

	2015		2014	
	Classified Islamic financings and related assets	Specific provisions held	Classified Islamic financings and related assets	Specific provisions held
	Rupees in '000			
Agriculture, forestry, hunting and fishing	232,560	232,560	-	-
Textile	4,180,864	4,177,799	3,920,669	3,626,111
Chemical and pharmaceuticals	-	-	94,729	62,510
Cement	-	-	-	-
Sugar	108,718	113,529	111,124	113,529
Footwear and leather garments	108,570	108,578	116,939	115,897
Automobile and transportation equipment	674,191	671,271	656,361	655,961
Electronics and electrical appliances	-	-	19,616	19,616
Construction	26,597	26,597	11,816	3,816
Power (electricity), gas and water	2,796	2,796	90,591	49,747
Wholesale and retail trade	647,085	470,032	-	-
Paper, board and packaging	29,597	29,597	-	-
Exports / imports	257,452	250,202	1,875	1,875
Individuals	412,035	370,770	483,352	396,780
Others	383,917	386,337	1,405,306	1,239,248
	<b>7,064,382</b>	<b>6,840,068</b>	<b>6,912,378</b>	<b>6,285,090</b>

## 41.1.1.4 Details of non-performing Islamic financings and related assets and specific provisions by sector:

	2015		2014	
	Classified Islamic financings and related assets	Specific provisions held	Classified Islamic financings and related assets	Specific provisions held
	Rupees in '000			
Public / Government	-	-	-	-
Private	7,064,382	6,840,068	6,912,378	6,285,090
	<b>7,064,382</b>	<b>6,840,068</b>	<b>6,912,378</b>	<b>6,285,090</b>



# Notes to and forming part of the Financial Statements

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## 41.1.15 Geographical segment analysis

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees in '000			
Pakistan	8,451,253	531,849,934	26,347,110	326,925,590
	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees in '000			
Pakistan	6,898,534	437,510,268	23,890,330	260,532,165

## 41.2 Credit Risk - General Disclosures

The Bank has adopted Standardised Approach for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on the basis of standardised approach.

The Bank is committed to further strengthen its risk management framework which will enable the Bank to move ahead for adopting Foundation Internal Ratings Based (IRB) approach. Meanwhile, none of the Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

### 41.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies which consists of PACRA (Pakistan Credit Rating Agency) and JCR-VIS (Japan Credit Rating Company - Vital Information System) which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

### Types of Exposure and ECAI's used

Exposures	2015				
	JCR-VIS	PACRA	Standard & Poors (S&P)	Fitch	Moody
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-

### Use of ECAI Ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

### Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel II requirements.

# Notes to and forming part of the Financial Statements

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## 41.2.2 Credit exposures subject to standardised approach

Exposures	2015			2014		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
<b>Bank</b>						
20%	28,758,709	-	28,758,709	40,901,570	-	40,901,570
50%	8,012,662	-	8,012,662	5,795,736	-	5,795,736
100%	-	-	-	-	-	-
150%	-	-	-	85,498	-	85,498
Unrated	584,900	-	584,900	142,166	-	142,166
<b>Corporate</b>						
20%	32,343,104	-	32,343,104	24,958,162	-	24,958,162
50%	17,776,489	-	17,776,489	17,725,083	-	17,725,083
100%	254,924	-	254,924	346,172	-	346,172
150%	-	-	-	-	-	-
Unrated 1	58,610,027	2,867,472	55,742,555	54,993,140	2,201,025	52,792,115
Unrated 2	54,754,966	-	54,754,966	40,511,505	-	40,511,505
<b>Retails</b>						
75%	12,848,637	3,183,379	9,665,258	7,870,759	1,991,262	5,879,497
<b>Total</b>	<b>213,944,418</b>	<b>6,050,851</b>	<b>207,893,567</b>	<b>193,329,791</b>	<b>4,192,287</b>	<b>189,137,504</b>

## 41.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Bank obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Bank has taken advantage of the cash collaterals available with the Bank in the form of security deposits, cash margins, certificates of islamic investment, monthly mudaraba certificate and saving accounts.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Bank to price risk as they are in the form of cash collaterals. Since eligible collaterals for CRM purposes are all in the form of cash collaterals, they generally do not pose risk to the Bank in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The Bank mainly takes the benefit of CRM against its claims on corporate and retail portfolio. Under the standardised approach for on-balance sheet exposures, the corporate portfolio of Rs 163,739.510 million is subject to the CRM of Rs 2,867.472 million whereas a claim on retail portfolio of Rs 12,848.637 million is subject to CRM of Rs 3,183.379 million. The total benefit of Rs 6,050.851 million was availed through CRM against total on-balance sheet exposure of Rs 526,695.370 million.

Under off-balance sheet, non-market related exposures; the corporate portfolio of Rs 141,032.873 million is subject to the CRM of Rs 1,183.123 million whereas a claim on retail portfolio of Rs 2,183.585 million is subject to CRM of Rs 634.497 million. Total benefit of Rs 1,817.620 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 152,923.293 million.

Thus in year 2015, total amount of cash collateral used for CRM purposes was Rs 7,868.471 million as against amount of Rs 5,842.575 million in year 2014. The difference in the value of cash collateral is due to the changes in the exposure amounts and resultant amount of cash collateral obtained.

## 41.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

## 41.3 Equity position in the banking and trading book

The Bank classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 7.4 to these financial statements.

# Notes to and forming part of the Financial Statements

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## Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily;
- Any valuation difference is charged / credited to the profit and loss account in case of held for trading securities and to surplus on revaluation of investments - net of tax below equity in case of available for sale securities.

## Banking book

Assets outside trading book are part of the banking book. These may include assets classified as available for sale. The Bank does not have any held to maturity investments as at December 31, 2015.

## 41.4 Market risk

Market risk as is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks. Banks could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

The Bank uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Bank to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Bank takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily the VaR figures are circulated to the senior management and regular summaries are reported in ALCO meetings.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

### 41.4.1 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. Bank's assets and liabilities in foreign currencies give rise to Foreign exchange risk which has to be managed by the Bank; this risk is mitigated by using different hedging techniques. Hedging is a way used by a bank to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
Rupees in '000				
Pakistan Rupees	503,596,202	473,292,914	6,171,105	36,474,393
United States Dollars	26,347,200	27,436,819	(9,142,098)	(10,231,717)
Great Britain Pounds	818,339	2,774,469	1,967,074	10,944
Japanese Yen	44,658	33	(43,515)	1,110
Euro	888,409	1,996,315	1,116,186	8,280
Singapore Dollars	12,747	3	(11,123)	1,621
Australian Dollars	20,074	1,253	(17,628)	1,193
Canadian Dollars	22,358	952	(18,850)	2,556
United Arab Emirates Dirham	39,408	29	-	39,379
Swiss Francs	22,376	-	(21,151)	1,225
Saudi Riyal	4,504	-	-	4,504
Swedish Korona	5,447	-	-	5,447
Malaysian Ringgit	8,017	-	-	8,017
Hongkong Dollar	809	37	-	772
Chinese Yuan	19,386	-	-	19,386
<b>Total foreign currency exposure</b>	<b>28,253,732</b>	<b>32,209,910</b>	<b>(6,171,105)</b>	<b>(10,127,283)</b>
<b>Total currency exposure</b>	<b>531,849,934</b>	<b>505,502,824</b>	<b>-</b>	<b>26,347,110</b>

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	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	395,553,309	388,500,070	16,139,323	23,192,562
United States Dollars	40,622,342	20,912,757	(19,067,142)	642,443
Great Britain Pounds	546,152	2,541,184	1,992,724	(2,308)
Japanese Yen	71,075	863	(69,795)	417
Euro	576,305	1,663,089	1,086,577	(207)
Singapore Dollars	8,793	3	(9,125)	(335)
Australian Dollars	11,182	1,346	(8,234)	1,602
Canadian Dollars	41,677	561	(30,339)	10,777
United Arab Emirates Dirham	34,735	28	(13,679)	21,028
Swiss Francs	20,576	-	(20,310)	266
Saudi Riyal	3,398	-	-	3,398
Swedish Korona	3,657	-	-	3,657
Malaysian Ringgit	14,369	-	-	14,369
Hongkong Dollar	1,110	37	-	1,073
Chinese Yuan	1,588	-	-	1,588
<b>Total foreign currency exposure</b>	<b>41,956,959</b>	<b>25,119,868</b>	<b>(16,139,323)</b>	<b>697,768</b>
<b>Total currency exposure - restated</b>	<b>437,510,268</b>	<b>413,619,938</b>	<b>-</b>	<b>23,890,330</b>

#### 41.4.2 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in the value of equity portfolios of the bank. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Bank invests in only Shariah compliant equities as advised by the Shariah advisor.

#### 41.4.3 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on bank's income, and resultant impact is on bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these complemented by the monitoring of sensitivity of the bank's financial assets and liabilities to various scenarios.

The Bank estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Bank by various shocks.





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The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks.

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

## 41.5 Liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Bank's Board of Directors sets bank's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Bank's liquidity position on a daily basis. The Bank's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

### 41.5.1 Maturities of assets and liabilities

#### 41.5.1.1 Maturities of assets and liabilities based on expected maturities

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	43,685,636	43,685,636	-	-	-	-	-	-	-	-
Balances with other banks	11,175,060	7,175,060	-	-	4,000,000	-	-	-	-	-
Due from financial and other institutions	170,474,422	1,900,145	78,334,591	-	90,239,686	-	-	-	-	-
Investments	76,909,951	8,049,536	9,899,272	222,339	550,898	4,689,978	44,504,547	4,927,424	3,995,953	70,004
Islamic financing and related assets	207,568,823	61,770,502	20,830,265	32,596,725	10,401,980	10,577,434	13,913,886	39,010,970	11,230,422	7,236,639
Operating fixed assets	8,056,743	-	-	-	1,418,628	993,068	993,068	1,433,294	1,777,211	1,441,474
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	13,979,299	4,263,759	3,544,245	5,316,368	854,927	-	-	-	-	-
	531,849,934	126,844,638	112,608,373	38,135,432	107,466,119	16,260,480	59,411,501	45,371,688	17,003,586	8,748,117
<b>Liabilities</b>										
Bills payable	6,560,324	6,560,324	-	-	-	-	-	-	-	-
Due to financial institutions	13,609,551	8,823,288	962,140	3,819,575	-	-	-	4,548	-	-
Deposits and other accounts										
- Current accounts	148,870,349	13,844,941	11,165,275	10,272,053	14,589,293	20,692,976	15,780,255	25,159,086	37,366,470	-
- Savings deposits	191,180,963	13,956,212	11,088,471	10,400,246	14,759,172	20,857,846	15,868,022	25,235,891	46,514,335	32,500,768
- Fixed deposits	131,769,647	24,926,933	19,425,064	21,432,742	28,696,029	6,037,567	6,903,621	12,203,615	12,144,076	-
	471,820,959	52,728,086	41,678,810	42,105,041	58,044,494	47,588,389	38,551,898	62,598,592	96,024,881	32,500,768
Deferred tax liabilities	393,121	-	-	-	98,280	98,280	98,280	98,281	-	-
Other liabilities	13,118,869	4,070,774	2,208,493	3,312,740	391,874	783,747	783,747	1,567,494	-	-
	505,502,824	72,182,472	44,849,443	49,237,356	58,534,648	48,470,416	39,433,925	64,268,915	96,024,881	32,500,768
<b>Net assets</b>	<b>26,347,110</b>	<b>54,662,166</b>	<b>67,758,930</b>	<b>(11,101,924)</b>	<b>48,931,471</b>	<b>(32,209,936)</b>	<b>19,977,576</b>	<b>(18,897,227)</b>	<b>(79,021,295)</b>	<b>(23,752,651)</b>
Share capital	10,027,379									
Reserves	8,587,363									
Unappropriated profit	6,942,042									
Surplus on revaluation of investments	790,326									
	26,347,110									

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	29,728,764	29,728,764	-	-	-	-	-	-	-	-
Balances with other banks	5,501,077	5,501,077	-	-	-	-	-	-	-	-
Due from financial and other institutions	90,766,297	5,058,610	27,234,222	6,869,475	51,603,990	-	-	-	-	-
Investments	114,089,252	8,152,824	1,434,556	27,302,825	52,202,306	12,221,804	4,231,772	5,436,051	3,025,783	81,331
Islamic financing and related assets	175,711,942	45,088,674	23,408,927	33,600,567	20,178,775	8,281,729	6,607,294	29,446,249	8,037,627	1,062,100
Operating fixed assets	6,273,239	-	-	-	857,092	661,277	661,277	1,232,924	1,374,266	1,486,403
Deferred tax assets - restated	815,464	-	-	284,900	132,641	132,641	132,641	-	-	-
Other assets - restated	14,624,233	8,198,916	2,129,431	3,224,960	603,316	42,074	42,074	84,147	210,368	88,947
	437,510,268	101,728,865	54,207,136	71,282,727	125,578,120	21,339,525	11,675,058	36,332,012	12,648,044	2,718,781
<b>Liabilities</b>										
Bills payable	5,619,826	5,619,826	-	-	-	-	-	-	-	-
Due to financial institutions	15,465,418	5,240,304	2,471,950	7,753,164	-	-	-	-	-	-
Deposits and other accounts										
- Current accounts	118,110,943	10,984,318	8,858,321	8,149,655	11,574,872	16,417,421	12,519,760	19,960,749	29,645,847	-
- Savings deposits	153,605,033	11,213,167	8,909,092	8,356,114	11,858,309	16,758,309	12,749,218	20,275,864	37,372,105	26,112,855
- Fixed deposits	108,705,593	16,677,573	17,449,658	12,795,569	28,598,158	4,268,505	5,269,660	13,492,639	10,153,831	-
Other liabilities - restated	380,421,569	38,875,058	35,217,071	29,301,338	52,031,339	37,444,235	30,538,638	53,729,252	77,171,783	26,112,855
	12,113,125	5,677,747	1,621,155	2,434,745	181,424	389,949	745,548	994,870	67,687	-
	413,619,938	55,412,935	39,310,176	39,489,247	52,212,763	37,834,184	31,284,186	54,724,122	77,239,470	26,112,855
<b>Net assets - restated</b>	<b>23,890,330</b>	<b>46,315,930</b>	<b>14,896,960</b>	<b>31,793,480</b>	<b>73,365,357</b>	<b>(16,494,669)</b>	<b>(19,609,128)</b>	<b>(18,392,110)</b>	<b>(64,591,426)</b>	<b>(23,394,074)</b>
Share capital	10,027,379	-	-	-	-	-	-	-	-	-
Reserves - restated	7,288,754	-	-	-	-	-	-	-	-	-
Unappropriated profit	5,958,587	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	615,610	-	-	-	-	-	-	-	-	-
	23,890,330	-	-	-	-	-	-	-	-	-

Regarding behaviour of non-maturity deposits (non-contractual deposits), the Bank has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 33.5% of current accounts and 22.26% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 66.5% of current accounts and 73.7% of savings accounts are bucketed into maturities of above 1-Year.

## 41.5.1.2 Maturities of assets and liabilities based on contractual maturities

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	43,685,636	43,685,636	-	-	-	-	-	-	-	-
Balances with other banks	11,175,060	7,175,060	-	-	4,000,000	-	-	-	-	-
Due from financial and other institutions	170,474,422	1,900,145	78,334,591	-	90,239,686	-	-	-	-	-
Investments	76,909,951	7,537,475	9,898,607	221,277	548,740	5,004,310	44,694,029	4,928,228	3,995,953	81,332
Islamic financing and related assets	207,568,823	61,770,502	20,830,265	32,596,725	10,401,980	10,577,434	13,913,886	39,010,970	11,230,422	7,236,639
Operating fixed assets	8,056,743	-	-	-	1,418,628	993,068	993,068	1,433,294	1,777,211	1,441,474
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	13,979,299	4,263,759	3,544,245	5,316,368	854,927	-	-	-	-	-
	531,849,934	126,332,577	112,607,708	38,134,370	107,463,961	16,574,812	59,600,983	45,372,492	17,003,586	8,759,445
<b>Liabilities</b>										
Bills payable	6,560,324	6,560,324	-	-	-	-	-	-	-	-
Due to financial institutions	13,609,551	8,823,288	962,140	3,819,575	-	-	-	4,548	-	-
Deposits and other accounts										
- Current accounts	148,870,349	148,870,349	-	-	-	-	-	-	-	-
- Savings deposits	191,180,963	191,180,963	-	-	-	-	-	-	-	-
- Fixed deposits	131,769,647	24,926,933	19,425,064	21,432,742	28,696,029	6,037,567	6,903,621	12,203,615	12,144,076	-
Deferred tax liabilities	471,820,959	364,978,245	19,425,064	21,432,742	28,696,029	6,037,567	6,903,621	12,203,615	12,144,076	-
Other liabilities	393,121	-	-	-	98,280	98,280	98,280	98,281	-	-
	13,118,869	4,070,774	2,208,493	3,312,740	391,874	783,747	783,747	1,567,494	-	-
	505,502,824	384,432,631	22,595,697	28,565,057	29,186,183	6,919,594	7,785,648	13,873,938	12,144,076	-
<b>Net assets</b>	<b>26,347,110</b>	<b>(258,100,054)</b>	<b>90,012,011</b>	<b>9,569,313</b>	<b>78,277,778</b>	<b>9,655,218</b>	<b>51,815,335</b>	<b>31,498,554</b>	<b>4,859,510</b>	<b>8,759,445</b>
Share capital	10,027,379	-	-	-	-	-	-	-	-	-
Reserves	8,587,363	-	-	-	-	-	-	-	-	-
Unappropriated profit	6,942,042	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	790,326	-	-	-	-	-	-	-	-	-
	26,347,110	-	-	-	-	-	-	-	-	-

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
<b>Assets</b>										
Cash and balances with treasury banks	29,728,764	29,728,764	-	-	-	-	-	-	-	-
Balances with other banks	5,501,077	5,501,077	-	-	-	-	-	-	-	-
Due from financial and other institutions	90,766,297	5,058,610	27,234,222	6,869,475	51,603,990	-	-	-	-	-
Investments	114,089,252	8,152,824	1,434,556	27,302,825	52,202,306	12,221,801	4,231,772	5,436,051	3,025,786	81,331
Islamic financing and related assets	175,711,942	45,088,674	23,408,927	33,600,567	20,178,775	8,281,729	6,607,294	29,446,249	8,037,627	1,062,100
Operating fixed assets	6,273,239	-	-	-	857,092	661,277	661,277	1,232,924	1,374,266	1,486,403
Deferred tax assets - restated	815,464	-	-	284,900	132,641	132,641	132,641	132,641	-	-
Other assets - restated	14,624,233	8,204,019	2,184,784	3,308,690	837,796	88,944	-	-	-	-
	437,510,268	101,733,968	54,262,489	71,366,457	125,812,600	21,386,392	11,632,984	36,247,865	12,437,679	2,629,834
<b>Liabilities</b>										
Bills payable	5,619,826	5,619,826	-	-	-	-	-	-	-	-
Due to financial institutions	15,465,418	5,240,304	2,471,950	7,753,164	-	-	-	-	-	-
Deposits and other accounts										
- Current accounts	118,110,943	118,110,943	-	-	-	-	-	-	-	-
- Savings deposits	153,605,034	153,605,034	-	-	-	-	-	-	-	-
- Fixed deposits	108,705,592	16,677,573	17,449,658	12,795,569	28,598,158	4,268,505	5,269,660	13,492,639	10,153,830	-
Other liabilities - restated	380,421,569	288,393,550	17,449,658	12,795,569	28,598,158	4,268,505	5,269,660	13,492,639	10,153,830	-
	12,113,125	5,677,747	1,621,155	2,434,745	181,424	389,949	745,548	994,870	67,687	-
	413,619,938	304,931,427	21,542,763	22,983,478	28,779,582	4,658,454	6,015,208	14,487,509	10,221,517	-
<b>Net assets - restated</b>	<b>23,890,330</b>	<b>(203,197,459)</b>	<b>32,719,726</b>	<b>48,382,979</b>	<b>97,033,018</b>	<b>16,727,938</b>	<b>5,617,776</b>	<b>21,760,356</b>	<b>2,216,162</b>	<b>2,629,834</b>
Share capital	10,027,379									
Reserves - restated	7,288,754									
Unappropriated profit	5,958,587									
Surplus on revaluation of investments	615,610									
	23,890,330									

Current and Savings deposits have been classified under maturity upto one month as these do not have any contractual maturity.

## Operational risk

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Bank over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Bank has strengthened its risk management framework by developing policies, strategies, guidelines and manuals. It also includes set up of functions like operational risk management, prevention of fraud and forgery and information security function, defining responsibilities of individuals, implementing 4 eye principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

## 42 TRUST ACTIVITIES

The Bank commonly act as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust:

Category	Type	Number of IPS account		Face Value Rupees in '000	
		2015	2014	2015	2014
Insurance Companies	Government Ijarah Sukuks	4	3	318,000	2,313,575
Asset Management Companies	Government Ijarah Sukuks	11	4	-	8,200
Employee Funds / NGO's	Government Ijarah Sukuks	11	6	-	99,200
Individuals	Government Ijarah Sukuks	16	14	2,300	27,500
Others	Government Ijarah Sukuks	3	3	40,000	540,000
Related parties					
Associates	Government Ijarah Sukuks	0	7	-	-
Other related parties	Government Ijarah Sukuks	1	4	30,000	41,700
		46	41	390,300	3,030,175



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



## 43. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

43.1 The Bank managed following general and specific pools during the year:

2015							
General remunerative (Saving and Fixed) Depositors' Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed to remunerative deposits (Savings and Fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	8.36%	45%	10,317,995	5.22%	17%	1,714,865
USD Pool	Monthly	2.31%	60%	207,985	0.92%	-	-
GBP Pool	Monthly	1.98%	60%	15,165	0.79%	-	-
EUR Pool	Monthly	1.39%	60%	6,066	0.55%	-	-

2014							
General remunerative (Saving and Fixed) Depositors' Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed to remunerative deposits (Savings and Fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	9.47%	45% to 50%	9,246,055	6.79%	38%	3,523,327
USD Pool	Monthly	2.61%	60%	204,128	1.04%	-	-
GBP Pool	Monthly	3.97%	60%	17,972	1.60%	-	-
EUR Pool	Monthly	3.62%	60%	11,179	1.50%	-	-

2015							
Specific pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Pool	Monthly	6.91%	-	-	4.26%	-	-
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	7.19%	-	-	6.38%	-	-
Special Sharikah Certificate Mudaraba borrowing Pool	As required	8.22%	-	-	7.16%	-	-

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015

2014							
Specific pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Pool	Monthly	10.05%	-	-	8.71%	-	-
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	9.51%	-	-	9.36%	-	-
Special Sharikah Certificate Mudaraba borrowing Pool	As required	9.85%	-	-	9.20%	-	-

43.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based		Maximum eightage	Minimum eightage	Maximum eightage	Minimum eightage
	2015	2014	2015	2015	2014	2014
<b>PKR Pool</b>						
Saving Accounts	21.83%	21.99%	0.73	0.60	0.75	0.75
Meezan Bachat Account	17.71%	16.49%	1.11	0.60	1.17	0.58
Karobari Munafa Account	9.98%	9.39%	1.49	0.70	1.50	0.81
Certificate of Islamic Investment Plus	19.31%	18.28%	1.53	1.12	1.52	1.33
Meezan Aamdand Certificate	11.02%	12.36%	1.86	1.42	1.62	1.45
<b>USD Pool</b>						
Saving Accounts	3.28%	3.88%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.86%	1.75%	1.35	0.77	1.35	0.77
<b>GBP Pool</b>						
Saving Accounts	0.41%	0.45%	0.27	0.27	0.27	0.27
<b>EUR Pool</b>						
Saving Accounts	0.26%	0.28%	0.27	0.27	0.27	0.27

43.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2015	2014
	Rupees in '000	
Profit / return earned on islamic financings, investments and placements	32,408,168	27,574,848
Other Income (including other charges)	1,635,968	1,758,015
Directly related costs attributable to pool	(471,227)	(348,991)

44 NON-ADJUSTING EVENT

44.1 The Board of Directors in its meeting held on February 22, 2016 has announced final cash dividend of Rs 1.25 per share (12.5%). The financial statements for the year ended December 31, 2015, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2016.

45 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and better presentation. There were no significant reclassifications / restatements during the year except for effects of restatement as disclosed in note 4 to these financial statements.

46 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 22, 2016 by the Board of Directors of the Bank.



Riyadh S. A. A.  
Edrees  
Chairman



Irfan Siddiqui  
President &  
CEO



Mohammad  
Abdul Aleem  
Director



Muhammad  
arrug Rajab  
Director

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2015



Annexure 1

Statement showing written-off loans or any other financial relief of rupees 500,000 and above during the year ended December 31, 2015.

S. No.	Name and address of the borrower	Name of individuals / partners / directors (with CNIC No.)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2015				Principal written-off	Profit written-off	Other Financial Relief provided	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12

Rupees in '000

1	Nazar Murshad 35202-0308975-5 House No. 769 Block F/2, Wapda Employees Co-Operative Housing Society, Lahore	-	Ch. Abdul Ghani	2,860	1,483	288	4,631	-	1,483	288	1,771
2	Muhammad Shafiq 35202-7943441-1 House No. 27-B Al-Macca Colony Butt Chowk, College Road, Lahore	-	Abdul Sattar	2,499	3,148	196	5,843	-	3,148	75	3,223
3	Saima Sadique Dhaloon 33100-1835504-8 House # P-423/99, Amin Town, Canal Road, Faisalabad.	-	Muhammad Saddique Dhaloon	1,519	621	81	2,221	-	566	81	647
4	Maqbool Ahmad 33100-3969660-7 House # P-145, Faisal Town (Canal Road), Faisalabad.	-	Sardar Muhammad	3,232	805	97	4,134	-	644	47	691
5	Unicorn Pharma C 6/1 B Street 2 Bath Island Clifton, Karachi	Tariq Rafi 42301-5267583-5	Muhammad Rafi	335	361	37	733	335	361	37	733
6	Shahraj Fabrics (Pvt.) Limited 94-C Model Town, Lahore	Rana Khadim Hussain 35202-2968222-7	Walayat Ali Khan	-	3,569	-	3,569	-	3,569	255	3,824

10,445      9,987      699      21,131      335      9,771      783      10,889





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# Pattern of Shareholding

As at December 31, 2015

466	1	100	8990	0.0009
312	101	500	102939	0.0103
207	501	1000	174759	0.0174
464	1001	5000	1233004	0.1230
146	5001	10000	1074064	0.1071
73	10001	15000	911354	0.0909
50	15001	20000	890647	0.0888
36	20001	25000	828387	0.0826
16	25001	30000	444477	0.0443
19	30001	35000	614895	0.0613
12	35001	40000	454260	0.0453
8	40001	45000	337898	0.0337
21	45001	50000	1019434	0.1017
4	50001	55000	210415	0.0210
8	55001	60000	464407	0.0463
4	60001	65000	252145	0.0251
7	65001	70000	479963	0.0479
5	70001	75000	368420	0.0367
10	75001	80000	779419	0.0777
5	80001	85000	412886	0.0412
1	85001	90000	89000	0.0089
4	90001	95000	370671	0.0370
11	95001	100000	1088378	0.1085
5	100001	105000	513697	0.0512
2	105001	110000	216808	0.0216
3	110001	115000	334364	0.0333
6	115001	120000	712316	0.0710
3	125001	130000	384862	0.0384
3	130001	135000	398200	0.0397
1	135001	140000	140000	0.0140
1	140001	145000	141819	0.0141
4	145001	150000	594500	0.0593
1	160001	165000	160844	0.0160
3	165001	170000	506500	0.0505
3	170001	175000	518262	0.0517
1	175001	180000	180000	0.0180
1	180001	185000	184325	0.0184
2	185001	190000	378616	0.0378
2	190001	195000	384842	0.0384
3	195001	200000	597425	0.0596
1	200001	205000	203500	0.0203
1	210001	215000	214500	0.0214
1	215001	220000	216000	0.0215
1	220001	225000	220500	0.0220
2	225001	230000	460000	0.0459
2	250001	255000	503610	0.0502
1	265001	270000	268000	0.0267
2	270001	275000	542991	0.0542
2	285001	290000	574217	0.0573
1	290001	295000	292000	0.0291
1	295001	300000	298475	0.0298
1	300001	305000	302000	0.0301
2	305001	310000	615000	0.0613
1	335001	340000	339000	0.0338
1	345001	350000	350000	0.0349
2	355001	360000	359000	0.0358
2	365001	370000	735695	0.0734
2	395001	400000	795331	0.0793
1	415001	420000	415014	0.0414
1	420001	425000	424000	0.0423
1	430001	435000	434107	0.0433
1	445001	450000	447000	0.0446
1	470001	475000	470281	0.0469
1	475001	480000	477993	0.0477
1	500001	505000	500271	0.0499
1	515001	520000	519506	0.0518
1	525001	530000	526359	0.0525
1	530001	535000	533500	0.0532
1	550001	555000	554131	0.0553
1	560001	565000	560600	0.0559
1	610001	615000	614500	0.0613
1	640001	645000	645000	0.0643
1	665001	670000	665781	0.0664
1	700001	705000	701679	0.0700
1	705001	710000	708751	0.0707
1	710001	715000	710948	0.0709
1	715001	720000	718031	0.0716
1	730001	735000	730846	0.0729
2	750001	755000	1507862	0.1504
2	760001	765000	1521002	0.1517
1	790001	795000	791739	0.0790
1	805001	810000	807197	0.0805
1	850001	855000	852439	0.0850
1	875001	880000	877301	0.0875
1	885001	890000	886000	0.0884
2	995001	1000000	2000000	0.1995
1	1050001	1055000	1051500	0.1049
1	1095001	1100000	1097181	0.1094
1	1220001	1225000	1221511	0.1218
1	1300001	1305000	1303000	0.1299
1	1385001	1390000	1385257	0.1381
1	1495001	1500000	1500000	0.1496
1	1645001	1650000	1650000	0.1645
1	1795001	1800000	1798393	0.1793
1	2000001	2005000	2000572	0.1995
1	2085001	2090000	2086400	0.2081
1	2455001	2460000	2456296	0.2450
1	2495001	2500000	2500000	0.2493
1	2910001	2915000	2911722	0.2904
1	3205001	3210000	3205980	0.3197
1	3215001	3220000	3218067	0.3209
1	3625001	3630000	3628489	0.3619
1	4720001	4725000	4721880	0.4709
1	6660001	6665000	6660675	0.6642
1	11150001	11155000	11150555	1.1120
1	13540001	13545000	13540167	1.3503
1	93490001	93495000	93494659	9.3239
1	300820001	300825000	300821365	30.0000
1	492480001	492485000	492484377	49.1140
2012	Company Total		1002737895	100.00



# Categories of Shareholders

For the year ended December 31, 2015

Particulars	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive, their spouse and minor children"	4	8,058,468	0.80%
Associated Companies, undertakings and related parties	6	901,218,288	89.88%
Banks, Development Financial Institutions and Non Banking Finance Companies	7	1,203,961	0.12%
Insurance Companies	6	3,564,877	0.36%
Modaraba and Mutual Funds	24	10,710,012	1.07%
General Public			
a. Local	1,793	33,659,782	3.36%
b. Foreign	55	5,198,108	0.52%
Others	117	39,124,399	3.90%
<b>Total</b>	<u>2,012</u>	<u>1,002,737,895</u>	<u>100.00%</u>

Additional Information as at December 31, 2015

Particulars	Number of Shareholders	Shares held	Percentage
<b>Associated Companies &amp; Shareholders with more than 10% shareholding</b>			
Noor Financial Investment Co, Kuwait	1	492,484,377	49.11%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	1	300,821,365	30.00%
Islamic Development Bank, Jeddah	1	93,494,659	9.32%
Al-Meezan Mutual Fund Ltd.	1	419	0.00%
CDC Trustee Meezan Islamic Fund	1	13,540,167	1.35%
CDC Trustee Meezan Balanced Fund	1	877,301	0.09%
<b>Directors, Chief Executive, their spouse and minor children</b>			
Mr. Mohammad Abdul Aleem	1	184,325	0.02%
Mr. Noor Ur Rahman Abid	1	2,857,683	0.28%
Mr. Irfan Siddiqui	1	3,218,067	0.32%
Mr. Ariful Islam	1	1,798,393	0.18%
<b>Executives</b>	32	1,277,436	0.13%
<b>Public Sector Companies, Corporations, Banks, DFI's, NBFC's, Insurance Companies, Modaraba, Mutual Funds and other Organizations</b>			
	154	54,603,249	5.45%
<b>General Public</b>	1,816	37,580,454	3.75%
	<u>2,012</u>	<u>1,002,737,895</u>	<u>100.00%</u>

# Standards of Ethics, Business Practices & Code of Conduct

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah - compliant, fair, reasonable and reflect high standards of ethical behavior.

The standards of ethics and business practices, which the Bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

- Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
- Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
- Understand and comply with the legal/regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
- Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
- Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
- Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
- Immediately report to the management of pre-existing personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
- Will not use the Bank's services or facilities for private purposes except with prior permission.
- Conduct Bank's business with honesty, integrity and in a professional manner.
- Avoid any action on his/her part that may be repugnant, unethical or unlawful.
- Avoid any action on his/her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political activities.
- Avoid participation in any other subversive activities.
- Abstain from gambling, betting and wagering contracts.
- Be exemplary in personal conduct towards the Bank, the other employees and customers of the Bank.
- Safeguard the confidential information of the Bank and its customers.
- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.

- Provide accurate and reliable information in records submitted.

## Code of Conduct Confidential Information

Employees shall maintain strict secrecy regarding the Bank's affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

## Recording of Information

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

## Conflict of Interest

It is obligatory that:

- An employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with the Bank without prior written consent of the Bank's President & CEO. If any immediate family member holds a position, with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager/HRD.
- An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company/establishment quoted on a Stock Exchange and the interest is less than 1 percent.

## Mis-declaration/Concealment of Facts

An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:

- An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
- An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
- An employee at the time of induction in Meezan Bank (i.e. during interview and in testimonials) provided a false,





forged, misleading information or concealed, hide, incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

#### **Know Your Customer, Vendors and Counter Parties**

In order to safeguard the Bank's reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each Meezan Bank business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employees must ensure that the Bank establishes relationship with only those individuals, businesses, and entities who have a sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensure that due diligence steps are completed.

#### **Gifts & Entertainment**

At certain times of the year, some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships. Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

#### **Bribery & Misconduct**

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank's affairs or business.
- Showing or intending to show favors or 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. & MBI Officials**

No employee shall make any personal representations directly to Chairman, Directors or Members of the Board, or Government functionaries. Such representations must be addressed to the President & CEO through the immediate supervisor of the employee. However this policy does not, in any way, seek to block a citizen's redress to the judiciary and other statutory redresses.

#### **Core Values**

- Shariah Compliance
- Integrity & Innovation
- Professionalism
- Service Excellence
- Social Responsibility

### **Meezan Bank's Personality**

The Bank expects its employees to be:

- Sober
- Truthful
- Committed to excellence
- Empathetic
- Professional
- Extremely loyal
- Dependable friend
- Trustworthy business partner
- Committed to the cause of Islamic banking

### **Health & Hygiene**

Personal Hygiene is the most important aspect of our daily life. The personality is perceived by its degree of neatness. The personal hygiene covers care of body odor, bad breath, teeth, nails, ears, nose, hair, daily shower, shave (if not keeping proper beard), daily wear washed, clean, pressed clothes etc.

### **Computer, E-mail, Information Security**

Meezan Bank computer system contains an e-mail facility, access rights, information and software, which are

intended to promote effective communication within and outside the Bank, on matters relating to its business and facilitate routine information flow and smooth and safe transactions.

The e-mail system should therefore only be used for official/business purpose. All communication and information are the property of Meezan Bank and the Bank reserves the right to retrieve the contents of the messages for the purpose of monitoring. The employee shall be held accountable for all activities under his/her password.

### **Dress Code & Professional Attire**

Attire is a reflection of professionalism as well as that of the Bank's brand and personality. A professional business appearance together with a high standard of personal hygiene is expected from all employees. The Official Dress Code of Meezan Bank is professional corporate attire inline with traditional Islamic modesty. At Meezan Bank every staff member is expected to have a professional business appearance together with a high standard of personal hygiene.

## **Guidelines on Whistle-Blowing**

The purpose of these whistle blowing guidelines is to provide a mechanism to bank's stakeholders (employees, customers, vendors, etc.) to report any activity which in their opinion may cause financial and/or reputational loss to the bank. The major objectives of whistle blowing policy can be classified as:

- To provide an environment whereby stakeholders feel confident to blow the whistle without any fear of reprisal, subsequent discrimination and of being disadvantaged in any way;
- To develop a culture of accountability and integrity;
- To create awareness amongst stakeholders regarding the whistle blowing function; and
- To be a source of early warning signal.

### **Scope**

The scope of these guidelines includes, without limitation, disclosure of all types of unlawful acts / orders, fraud, corruption, misconduct, collusive practices or any other activity which undermines bank's operations, financial position, reputation and mission.

### **Who must blow the whistle and how?**

It is the responsibility of each and every stakeholder of the bank, instead of limiting it to a particular department or senior management only, that if any stakeholder observes any suspicious, fraudulent or unethical activity, transaction or act that may cause a potential threat to the bank or could be against the interest of the bank, he/she must immediately report this to Whistle Blowing Unit through various modes including but not limited to MBL website, E-mail, fax, mobile and landline.

### **Confidentiality & protection of whistle blowers**

The whistle blowing mechanism has been designed to ensure complete confidentiality of the entire process and also enables the bank to take immediate corrective measures. Identification of the whistleblower is kept completely confidential except as required by law or who have legitimate right to know. The bank stands committed to protect whistleblowers for whistle blowing and any subsequent harassment or victimization of the whistleblower is not tolerated.



# Summary of Information Security Policy

Information Security relates to protection of valuable assets against loss, misuse, disclosure or damage. Each asset has to be reviewed from the perspective of its Confidentiality, Integrity and its Availability to the authorized personnel. A number of factors play a critical role in the successful implementation of information security.

## Information Security Policy

The Information Security Policy defines the policies and supporting standards that guides the consistent application of information security and ensures that the interests/information are adequately protected against loss, improper disclosure and unauthorized modification. Meezan Bank's Information Security Policy is based on ISO 27001. The policy comprises of the following domains:

### Organization of Information Security

In order to manage information security within the Bank, a framework has been established by the Bank's management to initiate and control the implementation of information security within the organization.

### Risk Assessment & Treatment

To review of IT System and Operation for identifying and mitigating the risk that could affect the MBL infrastructure through internal and external attacks. The basis of these assessments is the Confidentiality, Integrity and Availability (CIA) of the information assets and services.

### Human Resources Security

This segment of the policy ensures that the Bank's employees, contractors and third party users understand their responsibilities and are suitable for the roles they are considered for, thereby reducing the risk of theft, fraud or misuse of facilities.

### Asset Management

To achieve and maintain appropriate protection of the Bank's Information Assets.

### Access Control

To control the access to information, information processing facilities and business processes based on business and security requirements.

### Cryptography

To protect the confidentiality, authenticity and integrity of

information by Cryptography (The conversion of data into a secret code for transmission over a public network.)

### Physical and Environmental Security

To prevent unauthorized physical access, damage to, and interference with the Bank's premises (head office and branches) and information.

### Operations Security

To ensure correct and secure operation of information processing facilities.

### Communications Security

To maintain the integrity and availability of information and information processing facilities.

### Information Systems Acquisition, Development and Maintenance

To ensure that security measures are always built into and are an integral part of all information systems.

### Supplier Management

To ensure the protection of the organization's Information assets that is accessible by IT suppliers for providing IT service delivery.

### Information Security Incident Management

To ensure that information security events and weaknesses associated with the Bank's information systems are communicated in a manner that allows timely corrective action to be taken.

### Information Security Aspects of Business Continuity Management

To counteract interruptions to business activities and to protect critical business processes from the effects of major failures of information systems or disasters and to ensure their timely resumption.

### Compliance

To ensure that any law, statutory, regulatory or contractual obligations and security requirements are not breached.

### Information Security Trainings and Awareness

Appropriate awareness programs and regular updates in organizational IT security policy and procedures, as relevant for their job function are conducted.

Each of the above domains comprise of multiple processes and controls to ensure promotion of an information security.

## Guidelines for Safety of Records of the Company

Comprehensive guidelines are in place at Meezan Bank for ensuring that physical documents are being archived in an organized, efficient and reliable manner. These guidelines encompass detailed processes for preservation, organization, transfer, retrieval and destruction of physical records. The guidelines comprise of the following elements:

### General Guidelines

This section deals with the role of the Administration Department in providing an Archive facility outside the branch and provides guidelines on when old records will be transferred to the Archive, Signatories that may authorize retrieval of records, treatment of records under litigation/dispute, type of records that may be kept under fire-proof cabinet, and the convention to be followed for allocating serial numbers to archived records.

### Preservation of Old Records

This section deals with maintenance of old records in a secured environment and the procedure for documenting their complete details to facilitate retrieval and destruction after expiry of retention timelines. This section also defines the responsibilities of the Archiving Officer.

### Procedures to Handle Records at Archives

These are detailed procedures with clearly allocated

responsibility of Branch/Head Office Departments and Archiving Officers for transferring/retrieval of records to and from Archives.

### Destruction of Records

This section provides guidelines about the type of records that need to be retained permanently or till the time approval from Regulators is obtained for their destruction. e.g. cases in litigation, records relating to suspicious transactions, etc. Relevant Branch Manager/Area Manager/Departmental Head is responsible for checking and verifying the list of records that need to be destroyed. For branch records, Head Office Operations will finally approve branch's request for destruction of record, which will be carried out in the presence of Branch Manager & Operations Manager.

### Retention of Old Records

These guidelines outline the various types of records and the recommended period for their retention and subsequent destruction in view of the Banking Companies Ordinance, SBP Prudential Regulations and other regulatory requirements.

### Standardized Formats

Formats for forms and registers have been provided to facilitate standardization and controls across Meezan Bank's network.

# Correspondent Banking Network

Country	Bank	Country	Bank
Afghanistan	Afghan United Bank Bank Alfalah Limited		HUA XIA Bank Zhesjiang Chouzhou Commercial Bank Co. Skandinaviska Enskilda Bank AB
Albania	Banka Kombetare Tregtare SH A		Weifang Rural Commercial Bank Co. Ltd. Bank Of New York
Argentina	Deutsche Bank		China Citic Bank (Formerly Citic Industrial Bank)
Australia	Bank Of America, N.A. Bank Of Western Australia Commonwealth Bank Of Australia Hsbc Bank J.P.Morgan Chase Bank National Australia Bank Westpac Banking Corporation		Citibank Na Commerzbank Deutsche Bank Hsbc Bank Industrial & Commercial Bank of China (ICBC) Industrial Bank Of Korea J.P.Morgan Chase Bank Laiwu City Commercial Bank Co. Ltd. Mizuho Corporate Bank (China) Ltd. Shengjing Bank Co.,Ltd. Société Générale Standard Chartered Bank The Korea Development Bank Wenzhou City Commercial Bank
Austria	Allgemeine Sparkasse Oberösterreich Bank AG Raiffeisen Bank International AG Commerzbank Deutsche Bank Aktiengesellschaft Erste Group Bank AG Oberbank AG Raiffeisenlandesbank Oberoesterreich Ag Unicredit Bank Austria AG Vorarlberger Landes		Bank of Cyprus Public Company Limited Hellenic Bank Ltd Czech Republic Ceskoslovenska Obchodni Banka Commerzbank HSBC Bank PLC Komerčni Banka A.S. Unicredit Bank Czech Republic Danske Bank A/S Nordea Bank Sweden Ab (Publ) Skjern Bank Nordjyske Bank
Bahrain	Al Baraka Islamic Bank Bsc Bank Al Habib Limited BMI Bank Bahrain Turkiye IS Bankasi Citibank Na Gulf International Bank B.S.C. Shamil Bank Of Bahrain Standard Chartered Bank United Bank Limited Woori Bank		Egypt Arab International Bank Bank of Alexandria SAE Egyptian Saudi Finance Bank (Now Al Baraka Bank Egypt) Emirates National Bank of Dubai SAE HSBC Bank Egypt Mashreq Bank Limited Nordea Bank Sweden AB (Publ) Versobank AS
Bangladesh	Bank Alfalah Limited Eastern Bank Limited Export Import Bank of Bangladesh Habib Bank Limited HSBC Bank International Finance Investment And Commerce Bank Ltd. Shahjalal Islami Bank Limited Mercantile Bank Limited Social Islami Bank Limited Standard Chartered Bank Woori Bank		Denmark Nordea Bank Sweden Ab (Publ) Ethiopia Awash International Bank Commercial Bank of Ethiopia Dashen Bank SC Danske Bank A/S Nordea Bank Sweden Ab (Publ) Pohjola Pankki Ovj (Pohjola Bank PLC) Sampo Bank Skandinaviska Enskilda Banken (Seb Bank)
Belarus	Joint Stock Company 'Savings Bank 'Belarusbank'		France Bank Of America, N.A. Bank of China BMCE Bank International PLC Commerzbank Credit Du Nord Credit Industriel Et Commercial Credit Mutuel – CIC Banques Deutsche Bank Habib Bank Limited Hsbc France National Bank Of Pakistan Société Générale Sumitomo Mitsui Banking Corporation U.B.A.F. Germany Commerzbank Deutsche Asset Management International Gmbh Deutsche Bank Dresdner Bank Dws Investment Gmbh HSH Nordbank AG JP Morgan Chase Bank
Belgium	Minsk Transit Bank Bank of America, N.A. Commerzbank Credit Europe Bank Nv Malta Branch Deutsche Bank Dexia Bank SA Habib Bank Limited KBC Bank NV		
Botswana	Firststrand Bank Ltd		
Brazil	Banco Do Brasil S.A. Banco Itau BBA SA Deutsche Bank HSBC Bank Brazil S.A.		
Bulgaria	Unicredit Bulbank		
Canada	Bank Of America, N.A. Canadian Imperial Bank of Canada Habib Canadian Bank Hsbc Bank JPMorgan Chase Bank, N.A. Royal Bank Of Canada Toronto Dominion Bank		
Chile	Banco Itau		
China	Agricultural Bank Of China Bank Of China Bank of Communications Bank of Jiangsu Mega International Commercial Bank		





Country	Bank	Country	Bank
	Landesbank Baden-Wuerttemberg		J.P.Morgan Chase Bank
	Mainzer Volksbank E.G.		Pt Bank Mandiri (Persero) Tbk
	National Bank Of Pakistan		Pt Bank Sbi Indonesia
	National-Bank Ag		PT. Bank CIMB Niada, TBK
	Nordea Bank Sweden Ab (Publ)		Standard Chartered Bank
	Raiffeisenlandesbank Oberoesterreich Ag	Iraq	Woori Bank
	Sparkasse Dortmund	Ireland	Rasheed Bank
	Sparkasse Koelnborn		Aib Bank
	Landesbank Hesen Thueringen Girozentrale		Bank Of America, N.A.
	SEB AG (Skandinaviska Enskilda Banken)		Bank Of Ireland International Banking
	Sparkasse Westmunsterland		Citibank
	Standard Chartered Bank		Intesa Sanpolo Bank Ireland PLC
	Sumitomo Mitsui Banking Corporation		National Irish Bank
	Unicredit Bank AG		San Paolo Imi Spa
	Volksbank Bocholt Eg	Italy	Banca Delle Marche Spa
	WGZ Bank AG		Banca Di Credito Cooperativo Di Fornacette
Greece	Bank Of America, N.A.		Banca Di Roma
	Egnatia Bank S.A.		Banca Intesa Spa
	Geniki Bank (General Bank Of Greece,		Banca Monte Dei Paschi Di Siena Spa
	Socgen Group)		Banca Nazionale Del Lavoro Spa
	Piraeus Bank SA		Banca Nuova SPA (Banca Popolare Di
	Probank Sa		Vicenza Group)
Hong Kong	Axis Bank Limited		Banca Popolare di Milano
	Bank Of America, N.A.		Banca Popolare dell'Emilia Romagna Societa`
	Citibank Na		Cooperativa
	Commerzbank		Credito Valtellinese
	Commonwealth Bank of Australia		Banca Popolare Di Sondrio
	DBS Bank Ltd.		Banca Popolare Di Vicenza Scparl
	Deutsche Bank		Banca Ubae Spa
	Habib Bank Limited		Banco Di Napoli
	HBZ Finance Limited		Banco Popolare Di Verona E Novara Scrl
	Hsbc Bank		Banco Popolare Soc. Coop (Formerly Banca
	Industrial and Commercial Bank of China		Popolare Di Novara)
	Intesa Sanpolo SPA		Banco Popolare
	J.P.Morgan Chase Bank		Bank Of America, N.A.
	Kbc Bank Nv		Bayerische Hypo Und Vereinsbank (Hvb)
	Kookmin Bank Hong Kong		Milan
	Mashreq Bank Limited		Bipop Carire Spa
	National Bank Of Pakistan		Cassa Di Risparmio Del Veneto S.P.A.
	Skandinaviska Enskilda Banken (Seb Bank)		Cassa Di Risparmio Di Parma E Piacenza
	Standard Chartered Bank		Cassa Di Risparmio Di Pistoia E Pescaia S.P.A.
	Sumitomo Mitsui Banking Corporation		Cassa Di Risparmio Di Venezia S.P.A.
	The Bank of New York Mellon		Cassa Di Risparmio In Bologna S.P.A.-Carisbo
	Wells Fargo Bank Na		Commerzbank
	Woori Bank		Credito Bergamasco S.P.A.
Hungary	Central-European International Bank		Deutsche Bank
	Commerzbank		Hsbc Bank
	Deutsche Bank		ICCREA Banca – Istituto Centrale Del Credito
	K & H Bank Nyrt.		Cooperativo
	Raiffeisen Bank ZRT		Mizuho Corporate Bank Ltd.
	Unicredit Bank Hungary Zrt		Uni Credit Spa
India	Axis Bank Limited		Unione Di Banche Italiane SCPA
	Bank Of America, N.A.		Veneto Banca SCPA
	Bank Of Ceylon	Japan	Bank Of America, N.A.
	Kotak Mahindra Bank		Bank Of New York
	Bank of Baroda		Bank of Tokyo Mitsubishi
	Citibank Na		Citibank Na
	Deutsche Bank		Commerzbank
	HDFC Bank Limited		Commonwealth Bank Of Australia
	J.P.Morgan Chase Bank		Deutsche Bank
	Jammu and Kashmir Bank		JP Morgan Chase Bank
	Mashreq Bank Limited		Mizuho Corporate Bank Ltd.
	Punjab National Bank		National Bank Of Pakistan (Tokyo & Osaka)
	Standard Chartered Bank		Societe` Generale
	State Bank of Bikaner and Jaipur		Standard Chartered Bank
	State Bank of India		State Bank of India
Indonesia	Bank Central Asia		Sumitomo Mitsui Banking Corporation
	Bank Of America, N.A.		U.B.A.F.
	Bank Syariah Mandiri		Wachovia Bank, Na
	Deutsche Bank		Woori Bank
	Hsbc Bank	Jersey	AIB Bank (Ci) Limited

<b>Country</b>	<b>Bank</b>	<b>Country</b>	<b>Bank</b>
Jordan	Housing Bank For Trade & Finance HSBC		Bank Sohar Habib Bank Limited HSBC Bank Oman
Kazakhstan	Jordan Islamic Bank For Finance & Investment	Pakistan	Al Baraka Islamic Bank Al Baraka Islamic Bank Bsc Allied Bank Limited Askari Commercial Bank Ltd Bank Al Habib Limited Bank Alfalah Limited Bank Islami Pakistan Bank Of Khyber Bank Of Punjab Burj Bank Ltd. Citibank Na Deutsche Bank Dubai Islamic Bank Faysal Bank Habib Bank Limited (Hbl) Habib Metropolitan Bank Industrial & Commercial Bank of China (ICBC) JS Bank Limited Mcb Bank Limited National Bank Of Pakistan Nib Bank Samba Bank Limited Silk Bank Limited Sindh Bank Limited Soneri Bank Limited Standard Chartered Bank Summit Bank Limited United Bank Limited
Kenya	SB Sberbank JSC Gulf African Bank Ltd. Habib Canadian Bank Kenya Commercial Bank Limited		
Kuwait	Boubyan Bank (K.S.C) Burgan Bank, Sak Citibank Na HSBC Bank Middle East Commercial Bank Of Kuwait, Sak Kuwait Finance House National Bank Of Kuwait Noor Financial Investment Company		
Latvia	Unicredit Bank, Latvia Nordea Bank Sweden Ab (Publ)		
Lebanon	Lebanon And Gulf Bank SAL Byblos Bank S.A.L		
Lithuania	Nordea Bank Sweden Ab (Publ)		
Luxembourg	Societe Generale Bank And Trust		
Macau	HSBC Bank		
Macedonia	NLB Tutunska Banka		
Malaysia	Al Rajhi Banking and Investment Corporation Ambank Berhad Bank Muamalat Malaysia Berhad Bank of America, N.A. Bank of Tokyo Mitsubishi CIMB Bank CIMB Islamic Citibank Na Deutsche Bank Hsbc Bank Industrial and Commercial Bank of China J.P.Morgan Chase Bank Malayan Banking Berhad (Maybank) Rhb Bank Berhad Standard Chartered Bank	Papua New Guinea	Bank of South Pacific Ltd
	Credit Europe Bank Nv Malta Branch	Philippines	Asian Development Bank (ADB) Banco De Oro Universal Bank Bank of America, N.A. Deutsche Bank HSBC Bank Bank BPH SA Bank Polska Kasa Opieki SA Bank Zachodni WBK SA BRE Bank SA Deutsche Bank HSBC Polska Nordea Bank Sweden Ab (Publ) Société Générale Banco Espirito Santo SA Montepio Geral - Caixa Economica
Malta	HSBC Bank	Poland	Barwa Bank Doha Bank Qatar Mashreq Bank Limited Standard Chartered Bank Qatar International Islamic Bank United Bank Limited
Mauritania	Banque Islamique De Mauritanie		
Mauritius	Afrasia Bank Hsbc Bank (Mauritius) Limited Mauritius Post And Cooperative Bank Ltd	Portugal	
Mexico	Banca Del Bajio S.A. Bank of America, N.A.		
Mongolia	Trade & Development Bank of Mongolia	Qatar	
Morocco	Attijariwafa Bank Banque Marocaine Du Commerce Extérieur Société Générale		
Nepal	Bank of Kathmandu Ltd Himalayan Bank Limited Nabil Nepal Arab Bank Ltd Nepal Industrial And Commercial Bank Ltd	Romania	Citibank Na MKB Nextebank Sa Unicredit Bank Czech Republic
Netherlands	ABN Amro Bank N.V. Bank Of America, N.A. HSBC Bank PLC Commerzbank Deutsche Bank Finansbank (Holland) N.V. Habib Bank Limited Kbc Bank Nv Rabobank Nederland Bank of New Zealand HSBC New Zealand	Russian Federation	Alef Bank Bank Of Moscow Bank Otkritie Financia Corporation OJSC Commerzbank Credit Bank of Moscow HSBC Bank International Moscow Bank
New Zealand		Saudi Arabia	Al Inma Bank Al Rajhi Bank Bank Al Bilad Bank Al Jazira Banque Saudi Fransi Deutsche Bank Ag, Riyadh Branch Emirates NBD PJSC Gulf International Bank B.S.C.
Norway	DNB Nor Bank ASA Focus Bank Nordea Bank Sweden Ab (Publ)		
Oman	Bank Dhofar Bank Muscat Bank Nizwa		



Country	Bank	Country	Bank
Singapore	Islamic Development Bank	Sri Lanka	Banco de Valencia
	JP Morgan Chase Bank		Bank Of America, N.A.
	National Bank Of Pakistan, Riyadh		Bankia S.A.
	National Commercial Bank		Bilbao Bizkaia Kutxa
	Riyadh Bank		Caxiabank, S.A.
	Saudi Hollandi Bank		Caja De Ahorros De Galicia (Caixa Galicia)
	State Bank of India		Commerzbank
	The Saudi British Bank		Hsbc Bank
	Abn Amro Bank		Amana Bank Limited
	Axis Bank Limited		Axis Bank Limited
	Bank Of America, N.A.		Bank Of Ceylon
	Bank Of China		Deutsche Bank
	Bank of Tokyo Mitsubishi		Habib Bank Limited
	CIMB Bank Berhad		Hatton National Bank
	Citibank Na		Hsbc Bank
	Commerzbank		Mcb Bank
	Commonwealth Bank Of Australia		Nations Trust Bank PLC
	DBS Bank Ltd.		People's Bank
	Deutsche Bank		Public Bank Berhad
	Emirates NBD PJSC		Sampath Bank PLC
	Fortis Bank (Nederland) Nv		Standard Chartered Bank
	Fortis Bank		Danske Bank A/S
	Habib Bank Limited		Nordea Bank Sweden Ab (Publ)
	Hana Bank		Skandinaviska Enskilda Banken (Seb Bank)
	HE Bank of New York		Svenska Handelsbanken
	Hsbc Bank		Swedbank
	JP Morgan Chase Bank		Arab Bank
	Kbc Bank Nv		Banca Popolare Di Sondrio
	Mizuho Corporate Bank Ltd		Banque Cantonale Vaudoise
	National Bank Of Kuwait		Banque De Commerce Et De Placements
	Nordea Bank Sweden Ab (Publ)		Commerzbank (Schweiz) Ag
	Pt Bank Mandiri (Persero) Tbk		Credit Agricole Indosuez
	Rabobank Asia Ltd		Credit Europe Bank (Suisse) SA.
Shinhan Bank	UBS Switzerland AG		
Société Générale	Deutsche Bank		
Standard Chartered Bank	Habib Bank Ag Zurich		
Sumitomo Mitsui Banking Corporation	Hsbc Private Bank (Suisse) S.A.		
U.B.A.F.	Merrill Lynch Bank (Suisse) S.A.		
UniCredit Bank AG Singapore	United Bank AG Zurich		
Woori Bank	Zuercher Kantonalbank		
Slovak Republic	Bank Of America, N.A.		
Slovenia	Bank Of New York		
	Chinfon Commercial Bank		
South Africa	Citibank Na		
	Commerzbank		
	Firstrand Bank Ltd		
South Korea	Habib Overseas Bank Limited		
	HBZ Bank Limited (Habib Bank AG Zurich)		
	Standard Chartered Bank		
	Bank Of New York		
	Daegu Bank Ltd.,		
	Deutsche Bank		
	Hana Bank		
	Hsbc Bank		
	Industrial Bank Of Korea		
	J.P.Morgan Chase Bank		
Spain	Kookmin Bank		
	Korea Exchange Bank		
	Kyongnam Bank		
	National Agricultural Cooperative Federation Bank		
	National Bank Of Pakistan		
	Pusan Bank		
	Standard Chartered Bank		
	Sumitomo Mitsui Banking Corporation		
	U.B.A.F.		
	Wachovia Bank, Na		
	Woori Bank		
	Banco Bilbao Vizcaya Argentaria S.A.		
	Banco De Sabadell Sa		
	Sweden	Taiwan	
		Bank Of America, N.A.	
		Bank Of New York	
		Citibank Na	
Deutsche Bank			
J.P.Morgan Chase Bank			
Mega International Commercial Bank			
Société Générale			
Standard Chartered Bank			
Sumitomo Mitsui Banking Corporation			
Tainan Business Bank			
Taiwan Cooperative Bank			
Union Bank Of Taiwan			
Amana Bank Ltd			
Habib African Bank			
Tanzania		Bangkok Bank Public Company Limited	
		Bank Of America, N.A.	
	Krung Thai Bank Public Company Limited		
	Citibank Na		
	Deutsche Bank		
	Hsbc Bank		
	J.P.Morgan Chase Bank		
	Standard Chartered Bank		
	Sumitomo Mitsui Banking Corporation		
	Arab Tunisian Bank		
Thailand	Citibank Na		
	Société Tunisienne De Banque		
	Aktif Yatirim Bankasi A.S		
	Al Baraka Turkish Finance House		
	Asya Katilim Bankasi A.S. (Bank Asya)		
	Citibank Na		
	Turkey	Tunisia	
		Turkey	

Country	Bank	Country	Bank
	Denizbank A S		Northern Bank Limited (Danske Group)
	Habib Bank Limited		Standard Chartered Bank
	Hsbc Bank		Sumitomo Mitsui Banking Corporation
	Kuveyt Turk Evkaf Finans Kurumu A.S		United Bank UK
	OdeabankA.S.		Woori Bank
	Sekerbank T.A.S.	United States	Abacus Federal Savings Bank
	Tekstilbank		ABN Amro Bank
	Türkiye Cumhuriyeti Ziraat Bankasi		American First National Bank
	Türkiye Finans Katilim Bankasi As		Banco Do Brasil S.A.
	Türkiye Garanti Bankasi As		Bangkok Bank Public Company Limited
	Türkiye Halk Bankasi As		Bank Of America, N.A.
	Türkiye Is Bankasi As		Bank Of New York
	Türkiye Vakiflar Bankasi T.A.O		Bank of Tokyo Mitsubishi
	Turkland Bank (T-Bank)		Branch Banking & Trust Co
Ukraine	Yapi Ve Kredi Bankasi A.S.		Brown Brothers Harriman And Co.
	Prominvestbank		California Bank and Trust
	JSC The State Export-Import Bank of Ukraine		Capital One, Na
United Arab Emirates	Abu Dhabi Commercial Bank		Cathay Bank
	Abu Dhabi Islamic Bank		Citibank Na
	Ajman Bank		Commerzbank
	Axis Bank Limited		Commonwealth Bank Of Australia
	Commercial Bank of Dubai		Deutsche Bank
	Citibank Na		Deutsche Bank Trust Company Americas
	Credit Europe Bank (Dubai) Ltd.		Doha Bank
	DBS Bank Ltd.		First Tennessee Bank, N.A.
	Deutsche Bank		Fortis Bank
	Dubai Islamic Bank		Gulf International Bank B.S.C.
	Emirates NBD)		HAB Bank
	Emirates Islamic Bank		Habib Bank Limited
	First Gulf Bank		Hana Bank
	Habib Bank Ag Zurich		Hanmi Bank
	Habib Bank Limited		Hsbc Bank
	Hsbc Bank Middle East		Interbusiness Bank, N.A.
	Korea Exchange Bank		International Finance Corporation (IFC)
	Kuwait Turkish Participation Bank Dubai Limited		Israel Discount Bank Of New York
	Mashreq Bank Limited		JP Morgan Chase Bank
	National Bank Of Abu Dhabi		Keybank National Association
	National Bank Of Fujairah		Malayan Banking Berhad
	Noor Bank		Mashreq Bank Limited
	Standard Chartered Bank		Mizuho Corporate Bank Ltd.
	State Bank of India		National Bank Of Pakistan
	Union National Bank		National City Bank
	United Arab Bank		New York Commercial Bank
United Kingdom	United Bank Limited (Ubl)		Nonghyup Bank
	Aib Bank		Nordea Bank Sweden Ab (Publ)
	Bank Mandiri (Europe) Ltd.		PNC Bank
	Bank Of America, N.A.		Regions Bank
	Bank of China		Société Générale
	British Arab Commerical Bank PLC		Standard Chartered Bank
	Skandinaviska Enskilda Banken London		State Bank of India (California)
	Citibank Na		Sumitomo Mitsui Banking Corporation
	Commerzbank		Suntrust Bank
	Commonwealth Bank Of Australia		U.S. Bank Na
	Deutsche Bank		UniCredit Bank
	Emirates NBD PJSC		Uniti Bank
	European Islamic Investment Bank (EIIB)		United Bank Limited Ag Zurich
	Gulf International Bank B.S.C.		Wells Fargo Bank Na
	Habib Bank Ag Zurich	Uruguay	Woori Bank
	Habib Bank Limited	Vietnam	Banco Itau
	Hsbc Bank		Deutsche Bank
	Jordan International Bank PLC		J.P.Morgan Chase Bank
	JP Morgan Chase Bank		Vietnam Bank For Agriculture
	Kbc Bank Nv	Yemen	Woori Bank
	Korea Exchange Bank		Saba Islamic Bank
	Mashreq Bank Limited		Shamil Bank of Yemen And Bahrain
	Merrill Lynch International Bank Limited		United Bank Limited
	Mizuho Corporate Bank Ltd., London		
	National Bank of Abu Dhabi		
	National Westminster Bank Plc		
	Nordea Bank Sweden Ab (Publ)		





## Branch Network

Alhamdulillah, Meezan Bank has established 551 branches in 143 cities across Pakistan. This is a milestone that is not only the success story of Meezan Bank but also the continuing success story of Islamic banking in Pakistan. With this extensive network, our existing and potential customers are now closer than ever in attaining Islamic banking at their doorstep. All branches provide real time online banking facilities to customers.

As the first and largest dedicated Islamic bank in Pakistan, Meezan Bank's team continues to build on its Vision of establishing 'Islamic banking as banking of first choice'. One of the key objectives of the Bank is to have its footprint strategically placed throughout the country enabling public to avail the benefits of Shariah-compliant banking in their neighbourhood.

The Bank presently operates in the following cities of Pakistan:

Abbottabad	Jampur	Okara
Ahmedpur East	Jaranwala	Pabbi
Arifwala	Jhang	Pakpattan
Attock	Jhelum	Pattoki
Bahawalnagar	Kabirwala	Peshawar
Bahawalpur	Kahror Pakka	Phalia
Bannu	Kahuta	Pirmahal
Batagram	Kamalia	Pishin
Burewala	Kamoki	Qalanderabad
Chakwal	Karachi	Qila Saifullah
Chamman	Karak	Quetta
Charsadda	Kasur	Rahim Yar Khan
Chichawatni	Khairpur	Raiwind
Chiniot	Khanbela	Rajanpur
Chishtian	Khanewal	Rashidabad
Chung	Khanpur	Rawalakot
Dadu	Kharian	Rawalpindi
Dadyal	Khushab	Rawat
Daska	Kohat	Sadiqabad
Depalpur	Kot Addu	Sahiwal
Dera Ghazi Khan	Kot Radha Kishan	Sakrand
Dera Ismail Khan	Kotli	Samundri
Digri	Kunri	Sanghar
Dina	Lahore	Sara-e-Alamgir
Dinga	Lalamusa	Sargodha
Dukki	Larkana	Shahdadpur
Dunyapur	Layyah	Shakargarh
Faisalabad	Liaquatpur	Sheikhupura
Fatehpur	Lodhran	Shikarpur
Fort Abbas	Loralai	Sialkot
Gaggo Mandi	Mailsi	Sukkur
Ghotki	Mandi Bahauddin	Swabi
Gilgit	Mansehra	Swari
Gojra	Mardan	Swat
Gujar Khan	Mehar	Tando Adam
Gujranwala	Mian Channu	Tando Allahyar
Gujrat	Mianwali	Tando Mohammad Khan
Hafizabad	Mirpur Azad Kashmir	Tarlai
Haripur	Mirpurkhas	Taunsa
Haroonabad	Moro	Taxila
Hasilpur	Multan	Timergara
Hassanabdal	Muridkay	Toba Tek Singh
Havelian	Muslim Bagh	Umerkot
Hub (Lasbela)	Muzaffarabad	Vehari
Hyderabad	Muzaffargarh	Wah Cantt
Islamabad	Narowal	Wazirabad
Jacobabad	Nawabshah	Zhob
Jalalpur Jattan	Nowshera	

For 2016, Meezan Bank has planned to expand its Branch Network by 30 branches countrywide. Meezan Bank's mission is to provide its customers dedicated and pure Islamic banking facilities with the greatest of convenience and personalized services. It remains the Bank's endeavour to establish solid foundations of Islamic banking in Pakistan.

## Abbottabad

**Abbottabad Branch**  
Plot No. 843-846, Mansehra Road,  
Abbottabad  
Tel: (92-992) 344701-3

**City Abbottabad Branch**  
Jamal Building, Eidgah Road, Abbottabad  
Tel: (92-992) 341990-03

## Ahmedpur East

**Ahmed Pur East Branch**  
Property No. 338, Block-IV, Kutchery  
Road, Ahmed Pur East  
Tel: (92-62) 2273261-2

## Arifwala

**Arifwala Branch**  
3-A, Lakkari Mandi, City Road, Arifwala  
Tel: (92-457) 834502-3

## Attock

**Attock Branch**  
B-143, Fawwara Chowk, Civil Bazar, Attock  
Tel: (92-572) 701003-5

## Bahawalnagar

**Bahawalnagar Branch**  
Shop No. 12, Grain Market, Minchanabad  
Road, Bahawalnagar  
Tel: (92-63) 2271611-2

## Bahawalpur

**Circular Road Branch**  
Circular Road, Near Milad Chowk,  
Bahawalpur  
Tel: (92-62) 2732145-47

## Dubai Chowk Branch

Property No. 209-CB, Ahmedpur East  
Road, Near Dubai Chowk, Bahawalpur  
Tel: (92-62) 2889417-18

## Satellite Town Branch

Plot No. 20/D, Street No.30, One Unit  
Chowk, Satellite Town, Bahawalpur  
Tel: (92-62) 2285303-04, 2285306-07

## Shahi Bazar Branch

Property No. 3 BIV-400 Zanana Hospital  
Chowk Shahi Bazar, Bahawalpur.  
Tel: (92-62) 2730042-43

## Bannu

**Bannu Branch**  
Property No. 322-D, 322-D/A, Outside  
Qasayban Gate Hospital Road, Bannu  
Tel: (92-928) 620841-3

## Batagram

**Batagram Branch**  
Khasra No. 3359/971 & 3360/971,  
Kahata No. 880/1351 & 881/1351, Sultan  
Market, Ajmeera, Batagram  
Tel: (92-997) 310850-51

## Burewala

**Burewala Branch**  
Multan Road, Opp. College Road, Burewala  
Tel: (92-67) 3773751-4

## Vehari Bazar Branch

Property 44 Block-F, Vehari Bazar,  
Burewala.  
Tel: (92-67) 3351112-13

## Chakwal

**Chakwal Branch**  
B-VI/4-A, Bab-e-Chakwal, Talagang  
Road, Chakwal  
Tel: (92-543) 543381-4

## Chamman

**Chamman Branch**  
Khasra # 579-580 Jogi Ram Road,  
Trunch Bazar, Chamman  
Tel: (92 826) 618355

## Charsadda

**Mardan Road Charsadda Branch**  
Shop No. 286-287, Khata No.486, Sultan  
Building, Main Mardan Road Charsadda  
Tel: (92-91)9220171-73

## Chichawatni

**Chichawatni Branch**  
Property No. 278-279, Adjacent National  
Saving Centre, G.T. Road, Chichawatni  
Tel: (92-405) 487601-03

## Chiniot

**Sharah-e-Quaid-e-Azam Chiniot Branch**  
P-468, Al-469 II,  
Shahrah-e-Quaid-e-Azam, Chiniot  
Tel: (92-47) 6331103-4

## Chishtian

**Chishtian Branch**  
Plot No. 109, B- Block, Opposite Ghalla  
Mandi Gate, Chishtian  
Tel: (92-63) 2509301-2

## Chung

**Chung Multan Road Branch**  
Main Stop Chung, Main Multan Road,  
Chung, Lahore  
Tel: (92-42) 35404761- 63

## Dadu

**Dadu Branch**  
Ground Floor, Nareja Shopping Centre,  
Kutchery Chowk, Near College Road, Dadu  
Tel: (92-245) 710816-8

## Dadyal

**Dadyal Branch**  
Plot No. 313, Hussain Shopping Centre,  
Main Bazar Dadyal, Mirpur Azad Kashmir  
Tel: (92-5827) 465881-3

## Daska

**Daska Branch**  
Rest House Chowk, Gujranwala Road, Daska  
Tel: (92-52) 6612837-41

## Depalpur

**Depalpur Branch**  
Khewat No. 2100/2053, Khatooni No.  
3159, Kutchery Road Depalpur  
Tel: (92 44) 4544550-51

## Dera Ghazi Khan

**Dera Ghazi Khan Branch**  
Jampur Road, Dera Ghazi Khan  
Tel: (92-64) 2474255-7

## Sangham Chowk D.G Khan Branch

Khata No 711, Khasra No 91/12/3,  
Mauza Gadai Shumali, Sangham Chowk,  
Dera Ghazi Khan  
Tel: (92-64) 2460613-15

## Dera Ismail Khan

**Dera Ismail Khan Branch**  
East Circular Road, Dera Ismail Khan  
Tel: (92-966) 717257-8

## Digri

**Digri Branch**  
Survey No. 413, Ward No.B, Tando  
Ghulam Ali Road, Digri  
Tel: (92-233) 870213-16

## Dina

**Dina Branch**  
Al-Bilal Shopping Centre, Main Chowk,  
G.T. Road, Dina, Distt. Jhelum  
Tel: (92-544) 636119-21

## Dinga

Khewat No.1246, Khatooni No.2599,  
Khasara # 4165 Fowara Chowk Kharian  
Road Dinga  
Tel: (053) 7401692-94

## Dukki

**Dukki Branch**  
Plot No.329, Nana Sahab, Ziarat Road, Dukki  
Tel: (92-824) 666013

## Dunyapur

**Dunyapur Branch**  
Khewat No. 189, 225 Khatooni No. 516,  
517 Dokota Road Dunyapur  
Tel: (92 60) 8304118-19

## Faisalabad

**Bilal Gunj Market Branch**  
P-1154, Islam Nagar, Bilal Gunj Market,  
Sargodha Road, Faisalabad  
Tel: (92-41) 8784051-53

## Bhowana Bazar Branch

150-D. Main Bhowana Bazar, Faisalabad  
Tel: (92-41) 2633042-4

## Canal Road Branch

P-404, 405, Amin Town, Near Kashmir  
Bridge, West Canal Road, Faisalabad  
Tel: (92-41) 8505438-40

## Circular Road Branch

Shop # 6,7,8, Jinnah Market, Circular  
Road, Faisalabad.  
Tel: (92-41) 2628261-63

## Civil Lines Branch

Plot No. 17/K, Civil Lines, Bilal Road,  
Faisalabad  
Tel: (92-41) 2603471-473

## Clock Tower Branch

P-175, Clock Tower, Karkhana Bazar, Faisalabad  
Tel: (92-41) 2606085-7

## Dijkot Road Branch

Shops No. 68 & 69, Dijkot Road,  
Adjacent to Grain Market, Faisalabad  
Tel: (92-41) 2416141-4

## Ghulam Muhammad Abad Branch

P-317, Alaf Sani Chowk, Main Saddar Bazar,  
Ghulam Muhammad Abad, Faisalabad  
Tel: (92-41) 2694381- 83

## Gole Cloth Katchery Bazar Branch

P-54 Gole Cloth, Katchery Bazar, Faisalabad  
Tel: (92-41) 2610373-4

## Gulberg Branch

P-307-A, Gulberg Colony, Main Bazar,  
Faisalabad  
Tel: (92-41) 2541611-13

## Hajiabad Branch

Plot No. P-409, Main Sheikhpura Road  
Hajiabad Faisalabad  
Tel: (92-41) 8846181-83

## Jail Road Branch

Plot No.17-B, Jail Road, Faisalabad  
Tel: (92-41) 111 852 852

## Jaranwala Road Branch

Property No.P-1, Near Hassan Park,  
Corner Farid Road, Main Jaranwala  
Road, Faisalabad  
Tel: (92-41) 2428241-43

## Jhang Road Branch

Plot No. S-29-30, Near Ayub Colony,  
Opposite Motor Market, Jhang Road,  
Faisalabad  
Tel: (92-41) 2650854-6

## Madina Town Susan Road Branch

Plot No. 98/23, Madina Town, Susan  
Road, Faisalabad  
Tel: (92-41) 8557141-3

## Mansoorabad Branch

Plot No. P-1224 Corner Dipu Bazar, Main  
Jhumra Road, Mansoorabad, Faisalabad  
Tel: (92-41) 8734400-02

**Millat Chowk Branch**

158-B-1, Gulistan Colony No. 2, Millat Chowk, Faisalabad  
Tel: (92-41) 8784346-7

**Kotwali Road Branch**

P-63, Kotwali Road, Faisalabad  
Tel: (92-41) 2602587

**Peoples Colony Branch**

1/A-II, Peoples Colony-1, Faisalabad  
Tel: (92-41) 8555002-4

**PMC Branch Branch**

P-1, Allied Moor, Opposite Punjab Medical College, Jail Road, Faisalabad.  
Tel: (92-41) 8781381-83

**Samanabad Branch**

Plot No. P-178/1 A, Main Road, Samanabad, Faisalabad  
Tel: (92-41) 2663840-2

**Sargodha Road Branch**

Plot No. 654-656, Near Hafeez Plaza, Ali Town Sargodha Road, Faisalabad  
Tel: (92-41) 8785151-3

**Satyana Road Branch**

P 719, Batala Colony, Main Satyana Road, Faisalabad  
Tel: (92-41) 8500715-20

**Serena Hotel Branch**

Serena Hotel, Club Road, Faisalabad  
Tel: (92-41) 2602595-7

**Tata Market Branch**

Chak No. 212-RB Main Road, Factory Area, Opposite Madina Centre, Tata Market, Faisalabad  
Tel: (92-41) 2417555-7

**Yarn Market Branch**

P-180, Yarn Market, Montgomery Bazar, Faisalabad  
Tel: (92-41) 2541501-03

**Fatehpur**

Khewat No.14, Karor Lal Eisan Road, Fateh Pur  
Tel: (0606) 841135-37

**Fort Abbas**

Khewat No.347/348, Khatooni No.347, Qasba Mandi, Zia-ul-Haq Shaheed Road Fort Abbas  
Tel: (063) 2510584-85

**Gaggo Mandi**

Khasra No.59/3, Khewat No. 56/52, Khatooni No. 218, Opposite Grain Market, Sheikh Fazal Road, Gaggo Mandi  
Tel: (067) 3500574-75

**Ghotki**

Survey No.10, Deh Odharwali Tappo Ghotki  
Tel: (0723) 600134-36

**Gilgit**

Shop No. 433/102, Northern Light Infantry, Welfare Complex Gilgit Baltistan  
Tel: (0581) 458039-41

**Gojra**

**Gojra Branch**  
Al Khalid Shopping Centre, Opposite Surayya Hospital, Tehsil Office Road, Gojra  
Tel: (92-46) 3516272-3

**Gujar Khan**

**Gujar Khan Branch**  
B-III, 215-E, G.T. Road, Gujar Khan  
Tel: (92-51) 3515679-83

**Gujranwala**

**Dal Bazar Branch**  
Property No. BII-19S-31, Near Chowk Chashma, Dal Bazar, Gujranwala  
Tel: (92-55) 4227592-6

**D.C Colony Branch**

Shops No.UG-08 - UG-11, Commercial Centre, Ravi Block, PGECHS, D.C Colony, Gujranwala  
Tel: (92-55) 3782805-07

**Hafizabad Road Branch**

Khewat # 2116, Khatooni # 2352, Khasra # 20, Mohallah Baghbanpura, Hafizabad Road Gujranwala  
Tel: (92-55) 4442104-06

**Kashmir Plaza Branch**

Kashmir Plaza, Near Ghalla Mandi G.T Road, Gujranwala  
Tel: (92-55) 3847205-8

**Peoples Colony Branch**

13-Y/ 7-SITE-1, Peoples Colony Gujranwala  
Tel: (92-55) 4240571-3

**Sheikhupura Road Branch**

Khewat No. 42, Khatooni No. 43, Khasra No. 182, Mian Sansi, Sheikhupura Road Gujranwala  
Tel: (92-55) 4233981-83

**Satellite Town Gujranwala Branch**

Plot No.40-A, Nursery Chowk, Satellite Town, Gujranwala  
Tel: (92-55) 3847191-3

**Sialkot Road Branch**

Khewat No. 517, Khatooni No. 632, Khasra No. 227, Wania More, Sialkot Road Gujranwala  
Tel: (92-55) 3200102-04

**Wapda Town Gujranwala Branch**

Block No.13, Wapda Town, Gujranwala  
Tel: (92-55) 4283902-5

**Gujrat**

**Chowk Pakistan Branch**  
Property No. B-II 849-850, Chowk Pakistan, Circular Road, Gujrat  
Tel: (92-53) 3522352-4

**Gujrat Branch**

Amin Fan Building, G.T Road, Gujrat  
Tel: (92-53) 3538104-7

**Kutchery Chowk Branch**

B-1/92, Opposite Bar Room, Kutchery Chowk, Gujrat  
Tel: (92-53) 3600751-753

**Hafizabad**

**Hafizabad Branch**  
Sagar Road Branch, Hafizabad  
Tel: (92-54) 7540811-2

**Haripur**

**Haripur Branch**  
Rehana Plaza, G.T. Road, Haripur  
Tel: (92-995) 627250-3

**Main Bazar Branch**

Main Bazar, Near Sheranwala Gate, Haripur  
Tel: (92-995) 615103, 615322

**Haronnabad**

**Haronnabad Branch**  
14-C, Grain Market, Haroonnabad  
Tel: (92-63) 2251751-2

**Hassan Abdal**

Khewat No.1756, Khatooni No.2201, Khasra No.1956 Near Bus Stand Main G.T Road Hassan Abdal  
Tel: (057) 2520708-711

**Hasilpur**

**Hasilpur Branch**  
68/B, Baldia Road, Hasilpur  
Tel: (92-62) 2443300-1

**Havelian**

**Havelian Branch**  
Near Old TMA Office, Main Bazar Havelian, Distt. Abbottabad  
Tel: (92-992) 811501-3

**Hub (Lasbela)**

**Hub Chowki Branch**  
Hub City, District Lasbela, Balochistan  
Tel: (92-853) 310252-3

**Hyderabad**

**Auto Bhan Branch**  
Shop No 6 & 7, Boulevard Enclave Auto Bhan Road Latifabad No. 3, Hyderabad  
Tel: (92-22) 3821291-8

**Citizen Colony Branch**

Shop No.1-4, Citizen Plaza, Citizen Colony, Jamshoro Road, Hyderabad  
Tel: (92-22)2100904-8

**Cloth Market Branch**

C/916/918, Guru Nagar, Hyderabad  
Tel: (92-22) 2621341-2

**Gari Khata Branch**

City Survey No. F/1054, Ward - F, Gari Khata, Hyderabad  
Tel: (92-22) 2725671-2

**Hyderabad Branch**

Saddar Bazar Cantonment, Hyderabad  
Tel: (92-22) 2782772

**Latifabad Branch**

3/D Commercial Area, Latifabad No. 7, Hyderabad  
Tel: (92-22) 3866964-5

**Latifabad-II Branch**

Plot No. A/53 Block-B, Unit No. 05, Shah Latifabad, Hyderabad  
Tel: (92-22) 3864281-84

**Market Road Branch**

Market Road Hyderabad, Survey No. 2669, 2669/1, Ward-A, Market Road, Hyderabad  
Tel: (92-22) 2638362-6

**Qasimabad Branch**

Plot No. QEA/R-6/03-4, 11-12, Housing Scheme No. 1, Main Road Qasimabad, Hyderabad  
Tel: (92-22) 2670511-5

**Station Road Branch**

Shop No.F-438/2, F-438/3, Ward "F", Station Road, Hyderabad  
Tel: (92-22) 2729791-94

**Islamabad**

**Aabpara Branch**  
Plot No. Ramna 6/1-4, Aabpara Market, Sector G-6, Islamabad  
Tel: (92-51) 2603061-4

**Bani Gala Branch**

Khasra No. 631-632, Khewat No. 504, Sadaat Market, Main Bazar Bani Gala Islamabad  
Tel: (92-51) 2612790-92

**Barakahu Branch**

Fazal ul Haq Plaza, Main Murree Road, Baharakahu, Islamabad  
Tel: (92-51) 2232881-2

**DHA Phase II Branch**

Plot No. 7, Sector A, Near Gate No-3, Kalsum Plaza, DHA Phase-II, Islamabad  
Tel: (92-51) 5161562-4

**E-11 Markaz Branch**  
Plot No. 02, 03, 04, Square Eleven Plaza,  
Islamabad Garden Phase II, Sector  
E-11/1 Islamabad.  
Tel: (92-51) 2305691-92

**F-6 Markaz Branch**  
Ground & First Floor, Sethi Plaza, Super  
Market, F-6 Markaz, Islamabad  
Tel: (92-51) 2601791-5

**F-7 Jinnah Super Market Branch**  
Unit No. 14, Plot No. 12-B, F-7 Markaz,  
Jinnah Super Market, Islamabad  
Tel: (92-51) 2655001-4

**F-8 Branch**  
Panther Plaza, F-8 Markaz, Islamabad  
Tel: (92-51) 2817403-5

**F-10 Markaz Branch**  
Plot No. 2-F, F-10 Markaz, Islamabad  
Tel: (92-51) 2112762-3

**F-11 Branch**  
Shops No. 2, 3, 9, 10, 11 & 12, Ground Floor,  
Sardar Arcade, F-11 Markaz, Islamabad  
Tel: (92-51) 2228384-5, 2228388-9

**Jinnah Super Branch**  
Plot No.11, Class-III, Shopping Centre,  
Sector F-7/2, Islamabad  
Tel: (92-51) 111 852 852

**G-8 Branch**  
Plot No. 40-A , I & T Centre, Jhelum  
Road , G – 8/1 , Islamabad.  
Tel:(92-51) 2261040 - 41

**G-9 Markaz Branch**  
21-B, G-9 Markaz, Islamabad  
Tel: (92-51) 2285849-51

**G-11 Branch**  
Plot No.15, Penorama Arcade,  
G-11 Markaz, Islamabad  
Tel: (92-51) 2830513-6

**G-13 Branch**  
Plot No 2-A , Qaiser Wasim Plaza, G-13  
Markaz, Islamabad  
Tel:(92-51)2285849 – 50

**G-15 Markaz Branch**  
Plot No. 18 , Family Plaza, Jammu & Kashmir  
Housing Society, G-15 Markaz Islamabad  
Tel: (92-51)2328317-8

**Ghouri Town Branch**  
Plot No. 11-12 Sadiq Center Phase V-A  
Ghouri Town Islamabad  
Tel: (92-51) 2157680-83

**I-8 Branch**  
Plot No. 25, VIP Square, I-8 Markaz, Islamabad  
Tel: (92-51) 4861389-92

**I-9 Branch**  
Plot No. 2/A, Industrial Area, I-9, Islamabad  
Tel: (92-51) 4859644-7

**I-10 Branch**  
Shop No. 7-10, Ahmadal Plaza, Plot No.  
3-I, Sector I-10 Markaz, Islamabad  
Tel: (92-51) 4432711-3

**I-11 Sabzi Mandi Branch**  
Plot No.189/A, Sabzi Mandi, I-11, Islamabad  
Tel: (92-51) 4100637-40

**Jinnah Avenue Branch**  
Plot No. 37-B, Tahir Plaza, Jinnah  
Avenue, Blue Area, Islamabad  
Tel: (92-51) 2276712-5, 2801112-5

**PWD Branch**  
Plot No. 786-G, Block-C, Pakistan PWD  
Employees Co-operative Housing Society,  
Lohi Bher, Islamabad  
Tel: (92-51) 5170756-8

**74-E Blue Area Branch**  
Unit No. 03-04 , Plot No.74-East Ajaib  
Plaza, Blue Area Islamabad  
Tel: (92-51) 2605693-97

**Soan Garden Branch**  
Plot No. SC-17, Iftikhar Shopping Mall,  
Main Double Road, Soan Garden  
Islamabad  
Tel: (92-51) 5739501 - 2

**Jacobabad**  
Survey No.764/1, Old College  
Road Ward No.02, Jacobabad  
Tel: (92-0722) 650276-78

**Jalalpur Jattan**  
**Circular Road Branch**  
Khewat No.1729/1730 Khatooni No.  
2355-2358 2359-2362, Circular Road,  
Jalalpur Jattan  
Tel: (92 53) 3430313-5

**Jampur**  
**Jampur Branch**  
Indus Highway, Dera Road,  
Opposite Nadra Office, Jampur  
Tel: (92-604) 569446-8

**Jaranwala**  
P-92, Main Hassan Road, Jaranwala City  
Tel: (041) 4312084-85-86

**Jhang**  
**Rail Bazar Chowk Branch**  
P-864, Block-9, Circular Road,  
Rail Bazar Chowk, Jhang  
Tel: (92-47) 7652203-4

**Yousaf Shah Road Branch**  
P- 5, Yousaf Shah Road, Near Church  
Chowk, Jhang  
Tel: (92-47) 7652101-3

**Jhelum**  
**Jhelum Branch**  
B-VI-24-S-II, Mehar Plaza, Civil Lines,  
Jhelum  
Tel: (92-544) 611751-5

**Kabirwala**  
**Kabirwala Branch**  
Property No. 162, Khanewal Road,  
Opposite PSO Petrol Pump, Kabirwala  
Tel: (92-65) 2400721-3

**Kahrer Pakka**  
**Kahrer Pakka Branch**  
Plot No.107/C/4, Khewat No.27, Dunya  
Pur Road, Kahrer Pakka, District Lodhran  
Tel: (92-608) 341016-17

**Kamoki**  
**G.T Road Kamoki Branch**  
Main G.T Road, Kamoki  
Tel: (92-55) 6810351-3

**Karachi**  
**26 Street DHA Karachi Branch**  
C-38- D, 26 Tauheed Commercial St.,  
Phase V, D.H.A., Karachi  
Tel: (92-21) 35833182

**Abdullah Haroon Road Branch**  
S/1, Plot No. P.R 2/31/5, Preedy Quarters,  
Abdullah Haroon Road, Karachi  
Tel: (92-21) 32700143-5

**Abul Hasan Isphani Road Branch**  
Plot No. 25-A, Main Abul Hasan Isphani  
Road, Azeem Khan Goth,  
Gulshan-e-Iqbal, Block 4-A, Karachi  
Tel: (92-21) 34810729-32

**Al-Hilal Society Branch**  
Nafees Arcade, Plot No. SC-14, Chandni  
Chowk, KDA Scheme No.7, Main  
University Road, Karachi  
Tel: (92-21) 34124111-5

**Al-Tijarah Centre Branch**  
S-8, Ground Floor, Al-Tijarah Centre,  
Block-6, PECHS, Shahrah-e-Faisal, Karachi  
Tel: (92-21) 34169030-4

**Alamgir Road Branch**  
Plot No. Z-484, Block No-3, Bhadur Yar  
Jang Co-operative Housing Society,  
Alamgir Road, Karachi  
Tel: (92-21) 34140968

**Allama Iqbal Road Branch**  
Plot No. 830-C, Central Commercial  
Area, Block 2, PECHS, Allama Iqbal  
Road, Karachi  
Tel: (92-21) 34373263

**Azizabad Branch**  
Shop Nos. S-3, S-4, S-5, S-6, Plot  
No.CS-54, Azizabad, Block 7, Federal B  
Area, KDA Scheme No.16, Karachi  
Tel: (92-21) 36376211-15

**Babar Market Landhi Branch**  
2-A/167,168 & 169, Babar Market,  
Landhi Township, Karachi  
Tel: (92-21) 35011071-5

**Badar Commercial Branch**  
Plot No. 15-C, Badar Commercial Street  
No.1, DHA Phase V, Karachi  
Tel: (92-21) 35161361-65

**Bahadurabad Branch**  
Plot No.28, Adam Arcade, Bihar Muslim  
co-operative Housing Society, Bahadura-  
bad Karachi  
Tel: (92-21) 34145018-21

**Baitul Mukkaram Masjid Branch**  
Shop No. S-3, S-4, Yasir Apartments,-  
FL-6,Block No. 16, Gulshan-e-Iqbal,  
Karachi  
Tel: (92-21) 34839021-3

**Baitus Salam Branch**  
Plot # 22-C, Commercial Street No.03,  
Baitus Salam DHA Phase-IV, Karachi  
Tel: (92-21) 35805181-85

**Baldia Town No.9 Branch**  
Plot No.ST-21, Saeedabad, Baldia Town  
No.9, Karachi  
Tel: (92-21) 32819106-10

**Baradari North Karachi Branch**  
Plot No A-45, Sector 11-B, North Karachi  
Township, Karachi  
Tel: (92-21) 36900930-34

**Barkat-e-Hyderi Branch**  
D-10, Block-H, Scheme No 2, North  
Nazimabad, Karachi  
Tel: (92-21) 36705073-159-162-146-194-215

**Beaumont Plaza Branch**  
Plot No.4, Shop No.7 & 8, Beaumont  
Road, Civil Lines Quarters, Karachi  
Tel: (92-21) 35642370-74

**Bhittai Colony Korangi Branch**  
Plot No.395, Block "A", Bhittai Colony,  
Korangi, Karachi  
Tel: (92-21) 3515-1741-45

**Bilawal Chowk Branch**  
Plot No. Commercial 7/1, Green Belt  
Residency, Shop No 4 & 5, Block 2 ,  
Scheme 5, Clifton Karachi  
Tel: (92-21) 35830628,729,1448, 2083

**Bin Qasim National Highway Branch**  
Survey # 435, Deh Landhi, Taluka Bin  
Qasim town, Karachi





Tel: (92-21) 35012365, 35012376

**Block -A North Nazimabad Branch**  
Plot No. SD-1, Block A, KDA Scheme No. 2,  
North Nazimabad, Karachi  
Tel: (92-21) 36722430-4

**Block E North Nazimabad Branch**  
Plot No. ST-4, Shop # A/D-66 & 67, Block  
"E" Hyderi, North Nazimabad, Karachi  
Tel: (92-21) 36724294-96

**Block-F North Nazimabad Branch**  
Shop # 9,10,11 & 12 Sub-Plot # SC14-3  
Plot No SC-14,Block -F, KDA Scheme  
No. 2 ,Samar Residency North Nazima-  
bad Karachi  
Tel: (92-21) 36723549-554

**Block-18, Gulistan-e-Jauhar Branch**  
Rufi Lacks Drive, Unit No. 34 & 35,  
Perfume Chowk, Block-18,  
Gulistan-e-Jauhar, Karachi  
Tel: (92-21) 34198130-134

**Block-3 A Gulistan-e-Jauhar Branch**  
Palm Residency, Unit # 01, Block- 3A,  
Kamran Chowrangi, KDA Scheme-36,  
Gulistan-e-Jauhar  
Tel: (92-21) 34161921-25

**Boat Basin Branch**  
Shop No. 40-43, Commercial Sub  
Plot No. FL-7/C/4 of Plot No. 7, Block  
No. 5, Clifton, Karachi  
Tel: (92-21) 35870697-8

**Bohrapir Branch**  
Ranchore Quarter, Prince Street,  
Bohrapir, Karachi  
Tel: (92-21) 32712915-8, 32712909

**Boulton Market Branch**  
Plot No. 8-9/D-I, Serai Quarters, Boulton  
Market, M.A. Jinnah Road, Karachi  
Tel: (92-21) 32467811-5

**Bombay Bazar Branch**  
Plot No. 105, Shop No. 1 & 2, Mashallah  
Terrace, Old Town Quarters, Bombay  
Bazar, Karachi  
Tel: (92-21) 3246-8701 -05

**Buffer Zone Branch**  
R-914, Sector-15-A/1, Buffer Zone,  
North Karachi, Karachi  
Tel: (92-21) 36965851-5

**Cattle Colony Landhi Branch**  
Plot No. 45/B, Cattle Colony Landhi,  
Karachi  
Tel: (92-21) 35135-181- 85

**Commercial Avenue Phase VII DHA  
Branch**  
Plot No.33-D, Khy-e-Sehar Lane 4,  
Commercial Avenue, Phase VII, D.H.A,  
Karachi  
Tel: (92-21) 35171201-05

**Clifton Branch**  
Shop # 5, 6, Ground Floor, Al-Karam  
Centre, BC1, Block-7, Main Clifton  
Road, Clifton, Karachi, Add Space Shop #  
4, Plot # BC 2, Block 7 Clifton, 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

**DHA Phase II Extension Branch**  
C-69 & C-71, 12th Commercial Street,  
Phase-II (Extension), DHA, Karachi

Tel: (92-21) 35311953-8

**DHA Phase I Branch**  
Ground Floor, Plot No. 119,  
DHA Phase I, Korangi Road, Karachi  
Tel: (92-21) 35396854-8

**DHA IV Branch**  
Plot No 78, 10th, Commercial Street,  
Phase IV, DHA, Karachi  
Tel: (92-21) 35314861-4

**Dhorajee Branch**  
Plot # 35/182 C.P & Berar Cooperative  
Housing Society Karachi  
Tel: (92-21) 34860861-4

**Drigh Road Branch**  
Plot No.26/183 Drigh Road Cantt Bazar  
Faisal Base Karachi  
Tel: (92-21) 34687172-76

**F.B Area Branch**  
C-12, Block-10, F.B. Area, Karachi  
Tel: (92-21) 36805370

**Federal B Industrial Area Branch**  
Plot No. ST-7, Block – 22,  
Federal B Industrial Area, Karachi  
Tel: (92-21) 36834625-29

**FTC Branch**  
Ground Floor, Block-B, Finance & Trade  
Centre, Shahrah-e-Faisal, Karachi  
Tel: (92-21) 35650771-5

**Garden West Branch**  
Shop No. 9,10,11 & 12 , Plot Survey  
no.130/1 Sheet No. G-R.2, Garden West  
Karachi  
Tel: (92-21) 32241383-87

**Gizri Branch**  
Plot No. K-7/9 Gizri, Chaudhry  
Khalique-uz-Zaman Colony, Bakhshan  
Village, Bazar Area, Clifton, Karachi  
Tel: (92-21) 35865670-4

**Gole Market Nazimabad Branch**  
Plot No. 2-E/3, Gole Market Nazimabad,  
Karachi  
Tel: (92-21) 3641 8011-15

**Gulbahar Branch**  
Shop No. G-8, G-9, G-10 and G-11, Sub  
Plot No.20/3, Sana Towers, Firdous  
Co-operative Housing Society, Golimar  
Chowrangi, Nazimabad, Karachi  
Tel: (92-21) 36701155-9

**Gulbai SITE Area Branch**  
Plot No. C-25, Gulbai, SITE Area, Karachi  
Tel: (92-21) 32594711-5

**Gulberg Branch**  
Plot No. B-1, Block 18, Gulberg, F.B.  
Area, Karachi  
Tel: (92-21) 36829112-5

**Gulshan-e-Iqbal Branch**  
Shop No. 1, 2, 3 & 4, Plot No.B-41, Block  
13-A, Gulshan-e-Iqbal, Karachi  
Tel: (021) 4811901-905

**Gulshan-e-Hadeed Branch**  
Plot No.C-27, Sub Sector 8-C/I, Phase I,  
Gulshan-e-Hadeed, Steel Town, Karachi  
Tel: (92-21) 34712151-155

**Block-1, Gulistan-e-Jauhar Branch**  
Shops No. 1, 2, 3, 7, Ground Floor,  
Samrah Arcade, Plot No. SB-04, Block 1,  
KDA Scheme No. 36,  
Gulistan-e-Jauhar, Karachi  
Tel: (92-21) 34013922-6

**Gulshan Block 2 Branch**  
Plot No. SB 08, Gulshan-e-Iqbal Block 2,  
Near Rab Medical Centre, Karachi  
Tel: (92-21) 34971232

**Gulshan Chowrangi Branch**  
Gulistan-e-Erum, Sub-Plot # 5-A/1-10,  
Plot No.FL-5, Block-3, Scheme 24  
Gulshan-e-Iqbal, Karachi  
Tel: (92-21) 34811849-56, 34810762

**Gulshan-e-Iqbal Block 6 Branch**  
Plot No. FL-6 /1/A-4, Al-Shams Plaza,  
Block-6, KDA Scheme No. 24, Rashid  
Minhas Road, Gulshan-e-Iqbal, Karachi  
Tel: (92-21) 3481-3521-25

**Gulistan-e-Jauhar Branch**  
Plot No ST-19,Block 15, Scheme  
36,Gulistan-e-Jauhar, Karachi  
Tel: (92-21) 34030251-55

**Gulshan-e-Maymar Branch**  
Flat No. A-102 & shop no. 1 & 2, Sub Plot  
no. SB-1 / X / IV,Gulshan-e-Maymar  
Karachi  
Tel: (92-21) 36350513-4-5

**Gulzar-e-Hijri Branch**  
Plot No.B-14, Al-Memon Welfare  
Cooperative Housing Society, Unit  
No.1-3, Sector 13-A, Scheme-33  
Gulzar-e-Hijri, Karachi  
Tel: (92-21) 3465-5860-64

**Hub River Road Branch**  
Building No. 06 Commercial Sector No. 04,  
Haroon Bahria Coperative Housing Society,  
Hub River Road, Karachi  
Tel: (92-21) 32364236-9

**Hussainabad Branch**  
Plot # 1109 & 1110,Block # 3, Ground  
Floor,Pakistan Memon Education &  
Welfare Society Hussainabad Karachi  
Tel: (92-21) 36320461

**I.I.Chundrigar Branch**  
Shop No. 9 & 10, Gul Tower, I.I.Chundigar  
Road Karachi  
Tel: (92-21) 32423676

**Indus Mehran Cooperative Housing  
Society Branch**  
Plot No.14-A , 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

**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

**Kekhshah Clifton Branch**

Building No.BC-1, Ground Floor, Al-Karam Center, Block 7, Clifton, Karachi, Pakistan  
Tel: (92-21) 111 000 852

**Khadda Market Branch**

(Khayaban-e-Shamsheer) Branch  
Plot No.4-C, Khadda Market, Khayaban-e-Shamsheer, DHA Phase V, Karachi  
Tel: (92-21) 35240811-5

**Khadija Market, Block I North Nazimabad Branch**

Plot No. SC-4, Shop Nos. 2, 2-A, 3, 4,5 Khadija Market, Block I North Nazimabad Karachi  
Tel: (92-21) 3672-2790 - 94

**Khalid Bin Waleed Branch**

Plot No. 89/N, Muhammadi Terrace, Block-2, Khalid Bin Waleed Road, P.E.C.H.S, Karachi  
Tel: (92-21) 34383914-16

**Kharadar Branch**

Shop No.1, Ground Floor, Al-Fatima Plaza, Paria Street, Ghulam Hussain Kassam Quarters, Kharadar, Karachi  
Tel: (92-21) 32316510-4

**Khayaban-e-Bokhari Branch**

Plot No 22-C, Khayaban-e-Bokhari, Ph-VI, DHA Karachi  
Tel: (92-21) 35243561-5

**Khayaban-e-Rahat Branch**

Plot No. 32/C, Shop No.1-5, Khayaban-e-Rahat Phase VI, DHA Karachi  
Tel: (92-21) 3585-7531-35

**Khayaban-e-Sehar Branch**

9-C, Shahbaz Commercial. Lane 1, Khayaban-e-Sehar, Phase VI, DHA, Karachi  
Tel: (92-21) 35349307-13

**Khayaban-e-Shamsheer Branch**

23-C, Main Khayaban-e-Shamsheer, Phase V (Ext) DHA, Karachi  
Tel: (92-21) 35247600-04

**Kh-e-Ittehad Branch**

Plot No.124-N, Khayaban-e-Ittehad DHA Phase VI Karachi  
Tel: (92-21) 3515-5911-15

**Korangi Branch**

Plot No. LS-3, ST-3/1, Sector No.15, Korangi Industrial Area, Karachi  
Tel: (92-21) 35114324-5

**Korangi II Branch**

Q 37, Sector 33-A, Main Road Korangi, Karachi  
Tel: (92-21) 35059215-16

**Korangi Industrial Area II Branch**

Plot No.27 & 28, Sector - 16, Korangi Industrial Area, Karachi  
Tel: (92-21) 3514-4341-45

**Korangi Darul Uloom Branch**

Sector 28, Darul Uloom, Main Korangi

Industrial Road, Karachi

Tel: (92-21) 35123134-35, 35123138-40

**Lea Market Branch**

Plot No. 3/20, Khajoor Bazar, Lea Market, Karachi  
Tel: (92-21) 32521650-4

**Liaquatabad Branch**

No.18, Plot No. 1/19, S.M.Taufiq Road, Liaquatabad, Karachi  
Tel: (92-21) 34125673

**Liaquat Market Malir Branch**

Plot No. LS-38, ST-32 Block-04, Malir Township Liaquat Market Malir, Karachi  
Tel: (92-21) 34502880-84

**Light House Branch**

Plot No. 57, Jahangir Mansion, Shop No.14, Thatia Compound Street, 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

**Maskan Chowrangibranch**

Plot No. FL-12/B-41, Allah Noor Apartment, Block 7, KDA Scheme No. 24, Maskan Chowrangi, Gulshan-e-Iqbal Karachi  
Tel: (92-21) 34835100-04

**Mehmoodabad Branch**

Plot No. 178 -179, Survey No. 250- 251 Sheet No. MAC-II Mehmoodabad  
Tel: (92-21) 35319051 - 055

**Metroville SITE Branch**

Plot No.E-11, E-12 Block-1 Metroville, SITE Karachi  
Tel: (92-21) 36752601-5

**Model Colony Branch**

Plot No.6, Survey No.N-55, Tina Square Housing Project,Deh Mehran,Tappo, Malir Karachi  
Tel: (92-21) 34492445-7

**Mohammad Ali Society Branch**

Plot # 2-F, Commercial Shop # 2 Fatima Jinnah Street Moulana Muhammad Ali Jauhar Memorial Cooperative housing society Karachi  
Tel: (92-21) 34301863-4

**Nanakwara Branch**

Plot No. WO-1/13, Muhammadi Manzil, Syedna Tahir Saifuddin Road, Paan Mandi, Nanakwara, Karachi  
Tel: (92-21) 327141014-105

**Nadir House Branch**

Nadir House Branch, I.I. Chundrigarh Road Karachi  
Tel: (92-21) 32410085-88

**Nazimabad No. 3 Branch**

3-A-1/13 Nazimabad No. 3, Karachi  
Tel: (92-21) 36707431-4

**New Challi Branch**

Fakhri Trade Centre, Plot No. SR - 6/10, Shahra-e-Liaquat, New Challi, Karachi.  
Tel: (92-21) 32602121-126

**New Town Branch**

Plot No.371 Kutiana Centre, Shop No.10-13, Jamshed Quarters, Karachi  
Tel: (92-21) 34943581-5

**New Truck Stand Hawksbay Branch**

Plot No.F-1/4 to F-1/9, K-28 Phase-I Trans Lyari, Hakwsbay Road, Karachi  
Tel: (92-21) 32373204-13

**New Fruit & Vegetable Market Super Highway Branch**

Block No. C-X, New Fruit & Vegetable Market, Super Highway, Karachi  
Tel: (92-21) 3687-0190-94

**North Karachi Branch**

Plot # SA-6 (ST-8),11-C-1 North Karachi  
Tel: (92-21) 36965051-55

**North Karachi Industrial Area Branch**

Plot # 1-A, Sector # 12-C,North Karachi Town ship Karachi  
Tel: (92-21) 36963117-121

**North Napier Branch**

Shop No. 12,Poona wala, Trade Tower,W.O 1/55, Opposite City Court Chabba Gali,Main North Napier Road Karachi  
Tel: (92-21) 32713530-34

**North Nazimabad Block-M Branch**

Plot No. SB-2, Block-M, North Nazimabad, Karachi  
Tel: (92-21) 36627054-5

**Nursery Branch**

Plot No.13-A, Survey Sheet No. 35-P/1, Amber Pride show room No.1, Ground Floor, Block-06 P.E.C.H.S, Nursery, Karachi  
Tel: (92-21) 34396510-14

**Orangi Town Branch**

Plot No. LS-15, Sector 6-E, Orangi Town, Karachi  
Tel: (92-21) 36694370-4

**Panorama Center Branch**

Survey # 248 , Shop # 6 & 6-A Panorama Centre, Staff Line, Fatima Jinnah Road Saddar, Karachi  
Tel: (92-21) 335642587-91

**P & O Plaza Branch**

Ground Floor, P & O Plaza, Opposite Muhammadi House, I.I Chundrigar Road, Karachi  
Tel: (92-21) 32467901-5

**Pakistan Chowk Branch**

Ground Floor, Plot No. 08, Survey Sheet No. RB-5, Pakistan Chowk Arambagh Road, Karachi  
Tel: (92-21) 32219651-6

**Paposh Nagar Branch**

Plot No.18, Row No.1, Block-E, Block No-V, Paposh Nagar Nazimabad Karachi  
Tel: (92-21) 36700640-44

**PIB Colony Branch**

Plot No 390-391, PIB Colony Main Road Karachi  
Tel: (92-21) 34191201-205

**Plaza Quarters Branch**

Plaza Square Karachi, Bombay Building, City Survey No. 37/22, Off M.A. Jinnah Road, Karachi  
Tel: (92-21) 32751560, 32751124

**PNSC (Lalazar) Branch**

37-A, Lalazar Area, Off Moulvi Tamizuddin Khan Road, Karachi  
Tel: (92-21) 35636240

**Power House Branch**

Plot No. R-17, Sector 5-C/4, North Karachi



Tel: (92-21) 36902608-12

#### **Rashid Minhas Road Branch**

Ground Floor, Aqsa Tower, Block-C,  
Rashid Minhas Road, KDA Scheme  
No.33, Karachi  
Tel: (92-21) 34978062, 34978064

#### **Razi Road Branch**

Plot No 44-A, Nice Trade Orbit, Block 6,  
Razi Road, PECHS, Karachi  
Tel: (92-21) 34370151-155

#### **Regal Chowk Branch**

Shop No. 1-B, Survey No. 273/2,  
Sheet A.M (Part -2), Rahman Mansion,  
Artillery Maidan Quarter, Frere Road,  
Saddar, Karachi  
Tel: (92-21) 32701151-5

#### **Saddar Branch**

Survey No.70/2, Survey Sheet No.SB-6,  
Javeria Gems & Jewels centre, Raja  
Ghazanfar Ali Khan Road, Saddar Bazar  
Quarters Karachi  
Tel: (92-21) 35224601-05

#### **Saeedabad Baldia Town Branch**

Plot No.604 & 609/1-A, Sector 5-J,  
Saeedabad Baldia Town, Karachi  
Tel: (92-21) 32817511-5

#### **Safora Chowk Branch**

Shop No. 3, 4, 5 & 6, Ground Floor, Prime  
Tower, Plot No. SB-20, Block 7,  
KDA Scheme No. 36,  
Safora Chowk, Gulistan-e-Jauhar, Karachi  
Tel: (92-21) 34660661-5

#### **Sharafabad Branch**

Plot No.525, Block-3, Shop No. 1-3,  
Ground Floor, Karachi Memon Cooperative  
Housing Society, Sharafabad, Karachi  
Tel: (92-21) 3494-2941-45

#### **Shaheen Complex Branch**

Shaheen Commercial Complex, M.R. Kayani  
Road, GPO Box 121, Karachi  
Tel: (92-21) 111 852 852

#### **Shahrah-e-Faisal Branch**

Shops No. 9,10,11,12 Ground Floor and  
Mezzanien Plot No.6/29-A, Sabah  
Palace, PECHS, Karachi  
Tel: (92-21) 34322184-90

#### **Shahrah-e-Quaideen Branch**

Plot # 19/A, Block 2, PECHS, Main  
Shahrah-e-Quaideen Road, Karachi  
Tel: (92-21) 3418 8601-05

#### **Shahrah-e-Orangi Branch**

Plot No. CI-59, Sector 11, Orangi  
Township, Orangi, Karachi  
Tel: (92-21) 36699621-25

#### **Shadman Karachi Branch**

Plot No. ST 21/2A Sec.No 14-B,  
Shadman, North Karachi  
Tel: (92-21) 36940650-54

#### **Shaheed-e-Millat Road Branch**

Plot No. 7-A/228, Block-3, Dehli  
Mercantile Muslim Cooperative Housing  
Society Ltd, Shaheed-e-Millat Road  
Karachi  
Tel: (92-21) 34140151-155

#### **Saba Avenue Branch**

Plot # 22-C-C, Saba Avenue, DHA Phase  
VI, Karachi  
Tel: (92-21) 35155901-905

#### **Shah Faisal Colony Branch**

CB-33, Al Falah Society, Shah Faisal  
Colony, Karachi  
Tel: (92-21) 34686271-3

#### **Shamsi Society Malir Halt Branch**

Plot No. CM 44 & 45, Ground Floor

Shamsi cooperative Housing Society  
Ltd., Malir Halt, Karachi  
Tel: (92-21) 34682405-07

#### **Shershah Branch**

Plot No. D.283/15 & 16, Quality Godown  
Shershah Road, SITE Karachi  
Tel: (92-21) 32562411-15

#### **Sidco Centre Branch**

Shop No.13, Sidco Centre Din Muham-  
mad Wafai Road Karachi  
Tel: (92-21) 35224850-54

#### **Shireen Jinnah Colony Branch**

Plot No. 4-B,Block No. 1, Clifton Karachi  
Tel: (92-21) 35833025, 35836758,  
35836780

#### **Sir Syed Road Branch**

Plot No. 152-S, Ground Floor, Sir Syed  
Road, Block 2, PECHS, Karachi  
Tel: (92-21) 35143500-4

#### **SITE Branch**

Plot No. B/9-C, Site Area, Karachi  
Tel: (92-21) 32550328-31

#### **SITE-II, Super Highway Branch**

Showroom # 1 & 2, Plot # D/41-A, SITE-  
Super Highway Phase-II, Karachi  
Tel: (92-21) 36880342-349

#### **Soldier Bazar Branch**

G-2, Ground Floor, Plot No. SOL.B-2/16,  
VII-E/100/1, Soldier Bazar Quarters, Karachi  
Tel: (92-21) 32290320-24

#### **Stock Exchange Branch**

Office # 41, 42 & 43 1st Floor Stock  
Exchange Building, I.I Chundrigar Road Karachi  
Tel: (92-21) 32470920-8

#### **Super Highway Branch**

Highway Trade Centre, Shop # 11-12-13  
&14 Block-2, Sector1-A, Super Highway,  
Karachi  
Tel: (92-21) 36830076-78, 36830045 &  
36830107

#### **Tahir Villa Chowranghi Branch**

Plot No. 74/1, Block 5, Tahir Villa  
Chowranghi, F.B.Area, Karachi  
Tel: (92-21) 36364452-54

#### **Tariq Road Branch**

Plot No. 138-A, Block No. 02, PECHS,  
Tariq Road, Karachi  
Tel: (92-21) 34300180-84

#### **Textile Avenue Branch**

Plot No. H-6, SITE Survey Sheet No. 21,  
Near Site Police Station SITE, Karachi  
Tel: (92-21) 32584850-59

#### **Timber Market Branch**

Plot No. 03, Main Timber Market,  
Siddique Wahab Road Karachi  
Tel: (92-21) 32740060 - 64

#### **Urdu Bazar Branch**

Shops No. 11 & 12, Anfal Centre,  
Plot No. RB-9/1, Rambagh Quarters,  
Urdu Bazar, Karachi  
Tel: (92-21) 32603031-5

#### **Water Pump Branch**

Plot No. BS-13,Block No.14, Federal  
B.Area Karachi.  
Tel: (92-21) 36332443, 36332523

#### **West Wharf Road Branch**

Plot No.14, A & K Chambers West Wharf  
Road, Karachi  
Tel: (92-21) 32203445-9

#### **Karak**

Khasra Nos.615-616-243-236-233-235,  
Tehsil Road, Karak  
Tel: (092) 7211032-34

#### **Kahuta**

Khewat # 15-16 Khatooni # 17-20, Gul  
Siraj Plaza Rawalpindi Road Kahuta  
Tel: (051) 3313015-16

#### **Kamalia**

Khasra No. 4169 - 4191, Muhallah  
Mitianwala, Railway Road, Kamalia  
Tel: (046) 3413590-94

#### **Kasur**

##### **Kasur Branch**

216-9, R-IV, Railway Road, Kasur  
Tel: (92-492) 2764999

#### **Khairpur**

##### **Khairpur Branch**

Shop No.1,2,3 Ground Floor  
Civic Centre, Mall Road, Khairpur  
Tel: (92-243) 715772-73

#### **Khanewal**

##### **Khanewal Branch**

Plot No. 624-625, Block No. 8, Sir Syed  
Road, Khanewal  
Tel: (92-65) 2556625-7

#### **Khanpur**

##### **Khanpur Branch**

Kutchery Road, Khanpur  
Tel: (92-68) 5577127-8

#### **Khan Bela**

Main K.L.P Road, Khan Bela  
Tel: (068) 5580100-101

#### **Kharian**

##### **G.T Road Kharian Branch**

Ground Floor, Barakat Plaza, Main G.T  
Road, Kharian  
Tel: (92-537) 533497-8

#### **Khushab**

##### **Katha Chowk Khushab Branch**

P-4106-27-1, Sargodha Road, Katha  
Chowk, Khushab  
Tel: (92-454) 711683-4

#### **Kohat**

##### **Kohat Branch**

1st Floor, Jinnah Municipal Plaza, TMA,  
Near King Gate, Bannu Road, Kohat  
Tel: (92-922) 523037-40

#### **Kot Addu**

##### **Kot Addu Branch**

Khewat No. 264/241, Ward No. 2,  
Mauza Pirhar Sharqi, G.T.Road,  
Kot Addu.  
Tel: (92-66) 2240333-37

#### **Kot Radha Kishan**

Shop No. 9, Grand City Center, Main  
Raiwind Pattoki Road, Kot Radha Kishan  
Tel: (049) 2382011

#### **Kotli AJ&K**

Mouza Pang Piran, Pindi Road, Kotli AJK  
Tel: (05826) 444673-4-5

#### **Kunri**

##### **Kunri Branch**

Plot No. 12, Survey No. 263,  
Station Road, Deh Gorraho, Kunri,  
District Umerkot  
Tel: (92-238) 558412-15

#### **Lahore**

##### **Akbar Chowk Branch**

Plot No.46, Block-10 Sector B-1  
Township Lahore  
Pabx: (92-042) 35201425-26



**Al-Saeed Chowk Branch**

Al-Saeed Chowk, near Phool Mandi,  
Saggian By pass, Jaranwala Road, Tehsil  
Ferozwala, District Sheikhpura, Lahore  
Tel: (92-42) 37163873-5

**Akbari Mandi Branch**

Outside Akbari Mandi, Circular Road, Lahore  
Tel: (92-42) 37660969-70

**Allama Iqbal Town Branch**

8, Hunza Block, Allama Iqbal Town, Lahore  
Tel: (92-42) 35296701-5

**Avian Chowk Branch**

H # 44, Nadeem Shaheed Road, Avian  
Chowk, Near Pakki Thatti, Samanabad,  
Lahore  
Tel: (92-42) 37563352-54

**Azam Cloth Market Branch**

19-Bismillah Block, Azam Cloth Market, Lahore  
Tel: (92-42) 37642011-3

**Bahria Town Branch**

Plot No.68/69-B, Sector-C, Bahria Town Lahore  
Tel: (92-42) 35976270-72

**Bank Square, Model Town Branch**

Ground Floor, Central Commercial Market  
Area, Model Town, Lahore  
Tel: (92-42) 35915601

**Badami Bagh Auto Market Branch**

Property No. 355,357 Circular Road,  
Outside Kashmiri Gate, Badami Bagh  
Auto Market Lahore  
Tel: (92-42) 37104010-13

**Bedian Road Branch**

Khasra No. 3799, Mauza Lidhar, Main  
Bedian Road, Lahore  
Tel: (92-42) 35749607-10

**Bedon Road Branch**

Plot No.15 Bedon Road Lahore  
Tel: (92-42) 36290273-76

**Begum Kot Branch**

Plot # 4/A Geya Musa, Begum Kot  
Shahdrah, Lahore  
Tel: (92-42) 37929103-05

**Brandrath Road Branch**

46 Brandrath Road, Lahore  
Tel: (92-42) 37676388-92

**Burki Road Branch**

Khasra No.159, Khatooni No.30, Khewat  
No.20, Main Burki Road, Adjacent  
Paragon City, Lahore  
Tel: (92-42) 37167203-4

**Bund Road Branch**

Property No. SW XI 1-S-1/B/6,  
Main Bund, Road, Lahore  
Tel: (92-42) 37482671-3

**Canal Bank Road Branch**

Mughalpurah Lahore Branch PlotNo. 125,  
StNo. 33, Naya Pul, Punj Pir Road, Canal  
Bank Road, Mughalpurah, Lahore  
Tel: (92-42) 365543-44

**Cavalry Ground Branch**

72-Commercial Area, Cavalry Ground,  
Lahore Cantt  
Tel: (92-42) 36619780-3

**Chowk Yateem Khana Branch**

Bund Road Chowk Yateem Khana Lahore  
Tel: (92-42)37467113-16

**Chowk Baba Attar Ichra Branch**

Plot # SXVIII-44-S-110/A, Ichra II, Chowk  
Baba Attar, Lahore  
Tel: (92-42) 37534152-54

**Chungi Amar Sadhu, Branch**

Khasra # 1050, DAR Plaza, Chungi Amar  
Sadhu , Main Ferozpur Road, Lahore  
Tel: (92-42) 35922114-17

**Circular Road Branch**

141- Circular Road, Outside ShahAlam  
Gate, Lahore  
Tel: (92-42) 37642001-4

**Civic Centre Johar Town Branch**

Property No. 20, Civic Centre, Johar  
Town, Lahore  
Tel: (92-42) 35189531-3

**Cloth Market Branch**

F-2332, Rrara Tailian, Near Kashmir  
Block, Azam Cloth Market, Lahore  
(92-42) 7380461-65

**College Road Branch**

6-2/C-1, College Road Township, Lahore  
Tel: (92-42) 35157184-6

**G.T Road Daroghawala Branch**

Plot No. 329-F, Main G.T Road,  
Daroghawala, Lahore  
Tel: (92-42) 36550501-3

**DHA Phase I Branch**

167- G, DHA Phase I, Lahore  
Tel: (92-42) 35742891-2

**DHA Phase III Branch**

Plot No. 97-Y, DHA Phase III Commercial,  
Opposite Sheba Park, Lahore  
Tel: (92-42) 35742582-3

**DHA Phase IV Branch**

210-CCA, Phase-IV DHA, Lahore  
Tel: (92-42) 35747761-2

**DHA Phase V Branch**

Plot No.6 - CCA Phase V, DHA Lahore  
Tel: (92-42) 37182334-5

**DHA Phase VI Branch**

Plot No. 101, Main Boulevard Phase VI  
(Commercial), DHA Lahore  
Tel: (92-42) 35006026, 042-35006028-9

**DHA Phase VIII Branch**

Plot No.C-3, Commercial Broadway,  
Phase VIII, DHA Lahore  
Tel: (92-42) 38107774-75

**Doctors Hospital - Johar Town Branch**

Plot No.3-A, G-Block,  
Doctors Hospital, Johar Town, Lahore  
Tel: (92-42) 35453153-55

**EME Housing Society Branch**

Plot No. 1 & 37, Block-D Commercial,  
EME Sector, DHA, Lahore  
Tel: (92-42) 37498956-8

**Faisal Town Branch**

Plot # 16, Block B, Faisal Town, Lahore  
Tel: (92-42) 35202116 - 8

**Ferozpur Road Branch**

Opposite DESCON Head Quarters,  
18-KM Main Ferozpur Road, Lahore  
Tel: (92-42) 35401873-6

**Garhi Shahu Branch**

Property No.84, Allama Iqbal Road,  
Garhi Shahu, Lahore  
Tel: (92-42) 36294191-92

**Ghalib Market Branch**

64 A-II, Gulberg III, Ghalib Market, Lahore  
Tel: (92-42) 35772147-9

**Gulberg Branch**

60-Main Boulevard Gulberg, Lahore  
Tel: (92-42) 35879870-2

**Gulshan-e-Ravi Branch**

Plot No. 9, Block F, Gulshan-e-Ravi, Lahore  
Tel: (92-42) 37404822-5

**Haider Road Township Branch**

434, A-1, Haider Road Township, Lahore  
Tel: (92-42) 35157101-3

**Hall Road Branch**

S-50-R-19, Hall Road, Lahore

Tel: (92-42) 37211806-8

**Ichra Branch**

156-Main Ferozpur Road, Ichra, Lahore  
Tel: (92-42) 37522989-1

**Islampura Branch**

Property No. 61, Main Bazar, Islampura,  
Lahore  
Tel: (92-42) 37117463-4

**J-III Johar Town Branch**

Plot No. 12, Block- J-III,  
Opposite Expo Centre Johar Town, Lahore  
Tel: (92-42) 35311862 - 864

**Johar Town Branch**

63/R-1, M.A Johar Town Branch, Lahore  
Tel: (92-42) 35314631-4

**Karim Block Branch**

Baig Plaza, 21 Commercial Zone, Karim  
Block, Allama Iqbal Town, Lahore  
Tel: (92-42) 35296701-5

**Kahna Nau Ferozpur Road Branch**

Khasra # 1508, Hakeem Colony, Mouza  
Gujjumatta Tehsil Cantt, Kahna Nau,  
Ferozpur Road, Lahore  
Tel: (92-42) 35270205-7

**Kot Abdul Malik Branch**

Mouza Sharqpur Khurd, Kot Abdul Malik  
Main Sheikhpura Road, Lahore  
Tel: (92-42) 37340743-5

**Khayaban-e-Jinnah Road Branch**

Plot No. 630/325 Air line Housing  
Society, Block B, Phase I, Iqbal Avenue  
Cooperative Housing Society, Khaya-  
ban-e-Jinnah Road, Lahore  
Tel: (92-42) 35955461-63

**Khayaban-e-Iqbal Branch**

Plot No.34-A, Khayaban-e-Iqbal,  
Sector-XX, Phase III-C,DHA, Lahore  
Tel: (92-42) 356948833-34-35-38

**Liberty Market Branch**

Shop # 14-17, Liberty Shopping Centre,  
Gulberg III, Lahore  
Tel: (92-42) 35760813, 35760814

**Main Boulevard Branch**

E-44-1-4-COM, Iqbal Park Commercial,  
Main Boulevard DHA, Lahore  
Tel: (92-42) 36621482-4

**McLeod Road Branch**

SE-10-R-2/12, Nihal Chand Building,  
McLeod Road, Lahore  
Tel: (92-42) 36284501-4

**Mini Market College Road Gulberg II Branch**

Plot No.25-L, College Road, Gulberg II Lahore  
Tel:(92-42)35246614-16

**Model Town C-Block Lahore Branch**

Shop No. 24 & 25, Central Commercial  
Market, Model Town, Lahore  
Tel: (92-42) 35844202-4

**Model Town Link Road Branch**

Plot No. 13, Model Town Link Road, Lahore  
Tel: (92-42) 35942355-8

**Moon Market Allama Iqbal Town Lahore Branch**

Plot No. 10, Kashmir Block, Main  
Boulevard, Allama Iqbal Town Lahore  
Tel: (92-42) 35427936-40

**Moti Bazar Branch**

Property No. F-2627, Ali Arcade Chowk  
Choon Mandi, Moti Bazar Lahore  
Tel: (92-42) 37338870-75

**Mustafa Abad Branch**

Property No. SE-6-R-148, Allama Iqbal Road,  
Mustafa Abad, Lahore  
Tel: (92-42) 36886051-3



**Mustafa Town Branch**

Property # 15, Mamdot Block, Mustafa Town Scheme, Lahore  
Tel: (92-42) 35418031-33

**Multan Road Branch**

S-94, R-334, Multan Road, Near Social Security Hospital, Multan Chungi, Lahore  
Tel: (92-42) 37492383-85

**Naseerabad Ferozpur Road Branch**

Plot No.405 Naseerabad Gulberg III, Main Ferozpur Road, Lahore  
Tel: (92-42) 35441601-3

**New Anarkali Bazar Branch**

Property No.S-64-R-132-134/2 New Anarkali Bazar Lahore  
Tel: (92-42) 37360590-91, 37311977-83

**New Fruit Market Branch**

Property No.116-117 New Fruit Market Ravi Road Lahore  
Tel: (92-42) 37729213-17

**New Garden Town Branch**

Ground Floor, Ibrahim Centre, 1-Aibak Block, New Garden Town, Lahore  
Tel: (92-42) 35941474-7

**New Muslim Town Branch**

Plot # 15-B New Muslim Town, Ayubia Market, Lahore  
Tel: (92-42) 35926800-02

**Badami Bagh Branch**

35-Peco Road, Badami Bagh, Lahore  
Tel: (92-42) 37369610-3

**Punjab Cooperative Housing Society Branch**

66-F, Phase I, Punjab Co-operative Housing Society, Ghazi Road, Lahore Cantt  
Tel: (92-42) 35924683-4

**Q-Block DHA Phase II Branch**

295-Q Commercial Area, Phase II DHA, Lahore  
Tel: (92-42) 35708324-7

**Qartaba Chowk Branch**

Qartaba Chowk, Temple Road, Rehman Chamber, Lahore  
Tel: (92-42) 37112406-10

**Quaid-e-Azam Industrial Estate Branch**

169 - S, Quaid-e-Azam Industrial Estate, Kot Lakhpat, Lahore  
Tel: (92-42) 35215765

**Raja Market, New Garden Town, Branch**

81-Ahmad Block, Raja Market, New Garden Town, Lahore  
Tel: (92-42) 35913345-7

**Ravi Road Branch**

33, Main Ravi Road, Opposite Bilal Masjid, Lahore  
Tel: (92-42) 37706835-7

**Riwaz Garden Branch**

Plot No.317, 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

**Shahalam Market Branch**

D-2050, Fawara Chowk, Inside Shahalam Market, Lahore  
Tel: (92-42) 37377340-3

**Shahkam Chowk, Canal Road Branch**

Plot 47-48, Block B, Mohlanwal Scheme, Shahkam Chowk Canal Road, Lahore  
Tel: (92-42) 35966778

**Shalimar Garden Branch**

Chowk Shalimar Bagh, G.T Road, Baghban Pura, Lahore  
Tel: (92-42) 36846584-8

**Shalimar Link Road Branch**

Khata No. 222, Khatooni No.397, Khasra No.2240, Near Shalimar Hospital Shalimar Link Road Lahore  
Tel: (92-42) 36810102-06

**Sultan Pura Branch**

Property No. 16, Hide Market Sultan Pura Lahore  
Tel: (92-42) 36862452-58

**T Block Phase II Branch**

Plot No. 07, 2-C, CCA-T Block Phase -II Lalik Jan Chowk DHA Lahore  
Tel: (92-42) 5707383-86

**Thokar Niaz Baig Branch**

Ahmed Centre, 1.5 KM Raiwand Road, Lahore  
Tel: (92-42) 37516128-30

**Tufail Road Branch**

Shop No.06, 10-11, 33-34 Cantt Shopping Plaza, Tufail Road Lahore Cantt  
Tel: (92-42) 36602701-703

**Urdu Bazar Branch**

4-Kabeer Street, Urdu Bazar, Lahore  
Tel: (92-42) 37116684-7

**Valancia Town Branch**

Plot No.1-D, Valencia Society Lahore  
Tel: (92-42) 35225894-98

**Walton Road Branch**

E-29/21-A, Bank Stop, Walton Road, Lahore  
Tel: (92-42) 36626602-5

**WAPDA Town Chowk Branch**

Plot No. 429, Block-E, Main Boulevard, P.I.A Employees Co-operative Housing Society, Wapda Town Chowk, Lahore  
Tel: (92-42) 35211591-4

**Wahdat Road Branch**

Plot No.16-A, Wahdat Road Branch, Lahore.  
Tel: (92-42) 35912954-56

**West Wood Colony Branch**

Plot No 24, West Wood Colony, Canal Road, Lahore  
Tel: (92-42) 37498592-93

**Zafar Ali Road Branch**

Plot No.03, Zafar Ali Road, Gulberg V, Lahore  
Tel: (92-42) 35775758-59

**Zahoor Elahi Road Branch**

Building No.3-A, Block A, Gulberg II, Zahoor Elahi Road, Lahore  
Tel: (92-42) 111 852 852

**Zarrar Shaheed Road Branch**

Khasra No. 3939/3296, Block-B, Al-Faisal Town, Zarrar Shaheed Road, Lahore Cantt  
Tel: (92-42) 36674862

**Lalamusa****Lalamusa Branch**

Col. Plaza, Plot No. 9, Camping Ground, G.T. Road, Lalamusa  
Tel: (92-53) 513022, 7513032

**Larkana****Larkana Branch**

Property No.1796, Ward No. A, Bank Square, Bunder Road, Larkana  
Tel: (92-74) 4055923-5

**Layyah****Layyah Branch**

Property No. B-II-174, 175, 176, Chobara Road, Layyah  
Tel: (92-606) 412975-7

**Liaquatpur**

Plot No.150, Rest House Road, Liaquatpur  
Tel: (068) 5693263-264

**Lodhran****Lodhran Branch**

Plot No. 493-A, A-1, A-2/5H, Ghosia Chowk, Multan Bahawalpur Road, Lodhran  
Tel: (92-608) 364797-8

**Loralai****Loralai Branch**

Plot No. 1060, Zhub Road, Loralai, Balochistan  
Tel: (92-824) 4660103

**Mailsi**

Khewat No.75/73, Khatooni No.99, Colony Road, Mailsi  
Tel: (067) 3750704- 05

**Mandi Bahauddin****Mandi Bahauddin Branch**

Plot No. 5/181 Ward No. 5, Outside Ghallah Mandi, Near Tawakli Masjid, Mandi Bahauddin  
Tel: (92-546) 520931-3

**Katchery Road Branch**

Khewat No. 1047-1048, Khatooni No.1055-1056 Katchery Road, Mandi Bahauddin  
Tel: (92-546) 500693-4

**Mansehra****Lari Adda Branch**

Near Madni Masjid, Lari Adda, Karakoram Highway, Mansehra  
Tel: (92-997) 307640-2

**Mansehra Branch**

Meezan Plaza, Near Markazi Jamia Masjid, Abbottabad Road, Mansehra  
Tel: (92-997) 308315-8

**Mardan****Mardan Branch**

Bank Road, Mardan  
Tel: (92-937) 9230561-3

**Par Hoti Branch**

Malik Khalid Khan Market, Par Hoti, Mardan  
Tel: (92-937) 560013-4

**Mehar****Mehar Branch**

Plot No. 151, Khairpur Nathan Shah Road, Mehar  
Tel: (92-25)4730913-4

**Mian Channu****Mian Channu Branch**

17-B, Ghazi More, G.T. Road, Mian Channu  
Tel: (92-65) 2662001-3

### **Mianwali**

#### **Mianwali Branch**

Property No. D-3-4/A, Ballo Khel Road,  
Mianwali  
Tel: (92-459) 233305-9

### **Mirpur Azad Kashmir**

#### **Mirpur Branch**

Plot No. 123, Sector F/1, Sultan Plaza,  
Kotli Road, Mirpur Azad Kashmir  
Tel: (92-5827) 438891-3

### **Mirpurkhas**

#### **Mirpurkhas Branch**

Plot No. 15, Ward No. A, Adam Mohallah  
Town, Umerkot Road, Mirpurkhas  
Tel: (92-233) 876103-8

#### **Satellite Town Branch**

Survey No.14/4 - 15/12, Satellite Town,  
Near Chandni Chowk Mirpurkhas  
Tel: (92-233) 861764-5

### **Moro**

#### **Moro Branch**

Property No. 60, Ward 13,  
Main Road National Highway, Moro  
Tel: (92-242) 411008-14

### **Multan**

#### **Bahawalpur Bypass Chowk Branch**

Khewat No. 537/530, Khatooni No.796.  
Shaukat Commercial Center Bahawalpur  
Road Near Bahawalpur Bypass Chowk,  
Multan  
Tel: (92-61) 4482702-706

#### **Bosan Road Branch**

Chungi No. 9, Lawyers Colony,  
Bosan Road, Multan  
Tel: (92-61) 6210090-2

#### **Chowk Shaheedan Branch**

Property No. 3493, Chowk Shaheedan, Multan  
Tel: (92-61) 4502906-9

#### **Chungi No.14 Branch**

Ground Floor, Al Makkah Centre Chungi  
No.14, Multan  
Tel: (92-61) 4577572-4

#### **Gulgasht Branch**

437/C Gulgasht Colony, Multan  
Tel: (92-61) 6511931-2

#### **Hussain Agahi Branch**

Property No. 2560,  
Ward No. 10, Hussain Agahi Road, Multan  
Tel: (92-61) 4512206-7

#### **Nawan Shaher Branch**

Plot No.92,93,94, LMQ Road,  
Chowk Nawan Shaher, Multan  
Tel: (92-61) 4785604-07

#### **Qadafi Choak Branch**

Khatooni No. 1261 , Qadafi Chowk  
Masoom Shah Road, Multan  
Tel: (92-61) 6780853-54

#### **Rasheed Abad Branch**

Khatooni No.1101, Shop No.1, 2, 3  
Anees Plaza, Chowk Rasheedabad,  
Khanewal Road, Multan  
Tel: (92-61) 6305714-6

#### **Shah Rukn-e-Alam Branch**

Shop No. 26-27, Block F, Main Market,  
T-Chowk, Shah Rukn-e-Alam Colony, Multan  
Tel: (92-61) 6784324-5

#### **Sher Shah Road Branch**

Property No. 50/A, Opposite Garden Town,  
Sher Shah Road, Multan  
Tel: (92-61) 6536752-5

### **University Road Branch**

Khewat No.856/833, Khatooni No.1309,  
Shalimar Colony Chowk, University  
Road, Multan  
Tel : (92-61) 6224974-5

#### **Vehari Chowk Branch**

Shop Nos. 82,83,84,112, Madni Commer-  
cial Center, Near Vehari Chowk, Multan  
Tel: (92-61) 6241201-3

#### **Vehari Road Branch**

Rehman Commercial Centre, Near Grain  
Market, Vehari Road, Multan  
Tel: (92-61) 6244153-5

### **Muridkay**

#### **Muridkay Branch**

Khewat No. 1061, Khatooni No. 2615,  
G.T Road Muridkay District Sheikhpura  
Tel: (92-42) 37980131-133

### **Muslim Bagh**

#### **Muslim Bagh Branch**

Shop No 40 - 41, School Road, Muslim Bagh  
Tel: (92-823) 669592-3

### **Muzaffarabad**

#### **Madina Market Muzaffarabad Branch**

Mohallah Madina Market,  
Muzaffarabad, AJ&K  
Tel: (92-5822) 920457-9, 920458-60

#### **Muzaffarabad Branch**

Secretariat Road, Sathra Muzaffarabad,  
Azad Jammu & Kashmir  
Tel: (92-5822) 920458-60

### **Muzaffargarh**

#### **Muzaffargarh Branch**

Property No. 470, Block No. IV, Hakeem  
Plaza, Multan Road, Muzaffargarh  
Tel: (92-662) 428708-10

### **Narowal**

#### **Kutchary Road Branch**

Building No.B-IV/ 4B/ 7, Kutchary Road  
Narowal  
Tel: (054) 2411703-6

### **Nawabshah**

#### **Nawabshah Branch**

Plot No. 573, Ground Floor, Ward-B,  
Katcheri Road, Nawabshah  
Tel: (92-244) 330902-6

#### **Sanghar Road Branch**

Plot No A-17 Survey No. 166/1,166/2,  
166/3, Ali Raza Shah Colony, Deh 86,  
Nasrat, Sanghar Road Nawabshah  
Tel: (92-244) 4361924-25

### **Nowshera**

#### **Nowshera Branch**

Ground Floor, Taj Building Main G.T  
Road Nowshera Cantt-Pakistan  
Tel: (92-3) 613174-5

### **Okara**

#### **Okara II Branch**

Khatooni No. 448, Depalpur Chowk, G.T  
Road, Okara  
Tel: (92-44) 2701106-07

#### **Okara Branch**

MA Jinnah Road, Okara  
Tel: (92-44) 2521935-7

### **Pabbi**

#### **Pabbi Branch**

Khasra No.2080, Main G.T Road, Pabbi  
Tel: (92-923) 528401-403

### **Pakpattan**

#### **Pakpattan Branch**

College Road, Pakpattan

Tel: (92-457) 352711-13

### **Pattoki**

#### **Pattoki Branch**

Shop No. 09-11, Abdullah Centre,  
Opposite Ghalla Mandi,  
Shahrah-e-Quaid-e-Azam, Pattoki  
Tel: (92-49) 4421025-8

### **Peshawar**

#### **Charsadda Road Branch**

Property No. 190, Opposite Al Hajj Market,  
Mirch Mandi, Charsadda Road, Peshawar  
Tel: (92-91) 5270543-5

#### **Chowk Yadgar Branch**

Mohmand Plaza, Naz Cinema Road,  
Peshawar City, Peshawar  
Tel: (92-91) 9213950-2

#### **Dalazak Road Branch**

Khata No 46/57, Khasra No 424/398/191,  
Malik Plaza, Opposite Muslim College of  
Commerce, Iqbal Colony, Main Dalazak  
Road, Peshawar  
Tel: (92-91) 2245901-3

#### **G.T. Road Branch**

Al-Arif House, Near Al-Amin Hotel, GT  
Road, Peshawar  
Tel: (92-91) 9214001-4

#### **Gulbahar Branch**

Plot No. 45, New Nanak Pura Gulbahar,  
Peshawar  
Tel: (92-91) 2603091-3

#### **Hayatabad Township Branch**

Plot No. 08, Bilal Market, Sector D-1,  
Phase 1, Hayatabad, Peshawar  
Tel: (92-91) 5816163-5

#### **Karkhano Market Branch**

Royal Shopping Plaza, Hayatabad,  
Peshawar  
Tel: (92-91) 5893471-4

#### **Khyber Bazar Branch**

Plot No. 78, Shoba Chowk , Khyber  
Bazar, Peshawar  
Tel: (92-91) 2564019-21

#### **Kohat Road Branch**

Khasra No.1493 & 1953, Mauza Achar  
Hadbast No.254, Opposite Small  
Industrial Estate, Kohat  
Road Peshawar  
Tel: (92-91) 2320676-576

#### **Saddar Road Branch**

6 Saddar Road, Peshawar Cantt.  
Peshawar  
Tel: (92-91) 9213471-5

#### **University Road Branch**

Khattak Plaza, University Road, Peshawar  
Tel: (92-91) 5703400-2

#### **Warsak Road Branch**

Azam Market. Opp. Peshawar Public School  
& College, Warsak Road, Peshawar.  
Tel: (92-91) 5201307- 9

### **Phalia**

Khewat # 174, Khatooni # 436, Khasra #  
106 Helan Road, Phalia  
Tel: (0546) 586273-5

### **Pir Mahal**

#### **Pir Mahal Branch**

Plot No. P-10-11, Kousar Abad,  
Chak Abadi 779-GB, Qasba Pir Mahal  
Tel: (92-46) 3367601-7

### **Pishin**

Khasra No.649-653, Block-1, Bund  
Road Pishin  
Tel: (92-826) 421015-17



### **Qalanderabad**

Khata No.206, Khatoni No.290, Khasra No.329/2, Shahrah-e-Resham Road, Qalanderabad  
Tel: (0992) 370600-02

### **Qilla Saifullah**

Khasra No.27, Intiqal No.59, Jahangir Market Quetta Road, Qilla Saifullah  
Tel: (0823) 610206-207, 0823-610234-235

### **Quetta**

**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:081-2845593-94

### **Double Road Branch**

Khasra No.2, Qithas, Zarghoon Road Quetta  
Tel: (92-81) 2440885-86

### **Hazar Ganji Branch**

Plot No. 715-716 A, Truck Stand, Hazar Ganji, Quetta  
Tel: (92-81) 2472143, 081-2472167

### **Liaquat Bazar Branch**

Shop No. 1,2 Alazmat Plaza, Masjid Rd. London Street, Quetta  
Tel: (92-81) 2840195-6

### **Mannan Chowk Branch**

Mannan Chowk, Jinnah Road, Quetta  
Tel: (92-81) 2829470-2

### **Mission Road Branch**

Shop No 1-30/51 & 1-30/52, Mission Road, Opposite Palace Bakery, Quetta  
Tel: (92-81) 2832851-5

### **Sirki Road Branch**

Shop No. 1 & 2, Kasi Complex, Sirki Road, Quetta  
Tel: (92-81) 2454222-3

### **Quetta Cantt Branch**

Jinnah Welfare Shopping Complex, Jinnah Road Quetta Cantt  
Tel: (92-81) 2820889

### **Suraj Ganj Bazar Branch**

Khasra No.292, NRB Plaza, Thana Road, Suraj Ganj Bazar, Quetta  
Tel: (92-81) 2831021, 0812-2831022

### **Rahim Yar Khan**

**Factory Area Branch**  
Plot No.21, 22, Shahbaz Pur Road, Factory Area Rahim Yar Khan  
Tel: (92-68) 5888603-04

### **Rahim Yar Khan Branch**

17, 18, City Centre, Rahim Yar Khan  
Tel: (92-68) 5887603-4

### **Raiwind**

#### **Raiwind Branch**

Khasra No. 5024 & 5031, Main Bazar, Opposite Railway Phattak, Raiwind  
Tel: (92-42) 35394620-2

### **Rajanpur**

#### **Rajanpur Branch**

Khata No.1270, Khasra No.617/1, Jinnah Road, Rajanpur  
Tel: (92-604) 688071-72

### **Rashidabad**

#### **Rashidabad Branch**

Survey No. 510-511, Deh Daro, Main

Hyderabad Mirpurkhas Road, Rashidabad  
Tel: (92-22) 2732153-55

### **Rawat**

Khokhar Mall Plaza , Main G.T Road, Rawat, Islamabad  
Tel: (051) 4612346-47

### **Rawalakot**

#### **Rawalakot Branch**

Plot No. D-269, D-113, Housing Scheme, Rawalpindi Road, Rawalakot Azad Jammu Kashmir  
Tel: (92-5824) 442240-41

### **Rawalpindi**

#### **Adyala Road Branch**

Ground Floor, Daulat Plaza, Near Dhaman Morh, Main Adyala Road, Rawalpindi  
Tel: (92-51) 5574880-2

#### **Afshan Colony Branch**

Khasra No.294, Afshan Colony, Range Road Rawalpindi Cantt  
Tel: (92-51) 5142109-11

#### **Bahria Town Branch**

Shop No 10, 11 & 12, Bahria Heights - I, Phase - I, Bahria Town, Rawalpindi  
Tel: (92-51) 5730171-3

#### **Bahria Town Phase-7 Branch**

Plot No.36, Sikandar Arcade, Service Road Spring North, Bahria Town Phase-7 Rawalpindi  
Tel: (92-51) 5400373 -75

#### **Bank Road Branch**

No. 47/62, Bank Road Saddar, Rawalpindi  
Tel: (92-51) 9273404-6

#### **Banni Chowk Branch**

Shop Nos. O-383/A, O-383/A-2, O-383/A-3, Kohati Bazar Banni Chowk Rawalpindi  
Tel: (92-51) 5556301-2

#### **Bohar Bazar Branch**

D-327, Hakim Muhammad Amjal Khan Road, Bohar Bazar, Rawalpindi  
Tel: (92-51) 5778875, 5778834

#### **Chah Sultan Chowk Branch**

Plot No. NE-4286 - NE-4287 Chah Sultan Chowk, Rawalpindi  
Tel: (92-51) 5702491-2

#### **Chaklala Scheme III Branch**

Plot No. 38, Bazar Area, Chaklala Housing Scheme No. III, Rawalpindi Cantt  
Tel: (92-51) 5766435-8

#### **Chandni Chowk Branch**

Umer Farooq Plaza, Block C, Satellite Town, Chandni Chowk, Murree Road, Rawalpindi  
Tel: (92-51) 4851046-9

#### **Commercial Market Branch**

Plot No. 847-B, Commercial Market, Satellite Town Rawalpindi  
Tel: (92-51) 4944203-04

#### **G.T Road Morgah Branch**

Khasra No. 1663, Riaz Plaza, G.T Road Morgah More, Rawalpindi.  
Tel: (92-51) 5450010-11

#### **G.T Road Tarnol Branch**

Khan Malook, Wazir Plaza, G.T. Road, Turnol, Rawalpindi  
Tel: (92-51) 2226400

#### **Gulrez Rawalpindi Branch**

Plot No. 75, Hassan Plaza Commercial Area Gulrez Housing Scheme Phase-II Rawalpindi  
Tel: (92-51) 5595895-897

### **Gulzar-e-Quaid Branch**

Mangral Plaza, Mauza Gangal, Main Airport Road, Gulzar-e-Quaid, Rawalpindi  
Tel: (92-51) 5191802-3

### **Hamilton Road Branch**

Shop No. AA-710 - 713, Hamilton Road, Raja Bazar, Rawalpindi  
Tel: (92-51) 5777192 - 194

### **Jinnah Road Branch**

Property No. 167, Commercial Area, Mohan Pura, Jinnah Road - City Saddar Road, Rawalpindi City  
Tel: (92-51) 5778511-2

### **Kallar Syedan Branch**

Khewat No.105, Khatooni No.211, Choa Road, Mouza & Tehsil Kallar Syedan, District Rawalpindi  
Tel: (92-51) 3572261-263

### **Kalma Chowk Branch**

Ground Floor, Rajco Plaza, Kalma Chowk, Kamal Abad, Rawalpindi  
Tel: (92-51) 5684491-2

### **Khana Pul Branch**

Khewat No.1674, Khatooni No.2185, Khasra No.833, Mouza Khana Dak, Tehsil & District Rawalpindi  
Tel: (92-51) 4473781-84

### **Khayaban-e-Sir Syed Branch**

Plot # 164-A/1, Sector-I, Area Development Scheme Khayaban-e-Sir Syed Rawalpindi  
Tel: (92-51) 4832926-27

### **Muslim Town Branch**

B-IV, 628-629, Chirah Road, Muslim Town, Rawalpindi  
Tel: (92-51) 4476013

### **Peshawar Road Branch**

61-A, Chour Chowk, Rawalpindi  
Tel: (92-51) 5469543-4

### **Saidpur Road Branch**

Plot No. CA-294/A, Chistiabad, Shabbir Plaza, Near Siddiqui Chowk, Saidpur Road Rawalpindi  
Tel: (92-51) 4416215-17

### **Shamsabad Branch**

Khewat # 79,80,89,107/1, Khatooni # 97,100,124,132/1, Khasra # 101,102,103,107,106,104,110 Shamsabad Murree Road Rawalpindi  
Tel: (92-51) 4854471-4

### **Tench Bhatta Branch**

Property No. CB-185/185-1-11 Tench Bhatta Rawalpindi Cantt  
Tel: (92-51) 5562716-18

### **Tulsa Road Lalazar Branch**

Property No.9-A Main Tulsa Road Lalazar Rawalpindi Cantt  
Pabx: 051- 5178189-191

### **Westridge Branch**

Al Farooq Plaza Khasra No.1704-1705, Khewat No.601,606, Khatooni No. 863-868, Moza Chur Harpal Allabad Westridge-III Rawalpindi  
Tel: (92-51) 5490250-252

### **Sadiqabad**

#### **FFC Chowk Branch**

Rehmat Center, FFC Chowk, K.L.P Road, Sadiqabad  
Tel: (92-68) 5786209-10

#### **Sadiqabad Branch**

31-D, Main Bazar, Sadiqabad  
Tel: (92-68) 5701207-8



## Sahiwal

### High Street Branch

Khewat # 146, Khatooni # 146, Mission Chowk, High Street Sahiwal  
Tel: (92-40) 4222661-62

### Sahiwal Branch

276-B-I, Alpha Tower, High Street, Sahiwal  
Tel: (92-40) 4465009, 4466592

### G.T. Road Sahiwal Branch

Property No. IV-343/334, 343/335, Ghalla Mandi G.T Road, Sahiwal  
Tel: (92-40) 4224911-2

## Sakrand

### Sakrand Branch

Deh.18, Taluka City Sakrand, District, Nawabshah  
Tel: (92-244) 322054-57

## Samundri

Plot No 1, Commercial Area Development Scheme, Gojra Road, Samundri  
Tel: (041) 3420181-85

## Sanghar

### Sanghar Branch

Property No.124 / A-1, Housing Society Town, Sanghar  
Tel: (92-235) 543662-3

## Sara-e-Alamgir

### Sara-e-Alamgir Branch

Khewat No.92-93, Khatooni No.106-107, Near Mirpur Bus Stand G.T Road, Sara-e-Alamgir  
Tel: (92-544) 286103-5

## Sargodha

### 47 Adda Branch

Khewat No.167, Khatooni No.195, Main Canal View Chowk 47 Adda Sargodha  
Tel: (92-48) 3212648-9

### Gole Chowk Branch

Plot No.123-25, Block No. 10, Gole Chowk, Sargodha  
Tel: (92-48) 3700943-45

### Muslim Bazar Branch

12-Block Chowk, Muslim Bazar, Sargodha  
Tel: (92 48) 3741609-13

### Queens Chowk, Sargodha Cantt Branch

Property No 193/1, 194/2, Mansoorabad, Queens Chowk Cantonment Area Sargodha  
Tel: (92-48) 3722904-6

### Sargodha Branch

91 Civil Lines, University Road, Sargodha  
Tel: (92-48) 3741608-10

### Satellite Town Branch

Plot No. 34 Block-C, Main Chowk, Satellite Town, Sargodha  
Tel: (92-48) 3223731-5

## Shahdadpur

### Shahdadpur Branch

Property No. 293/1, Ward-C, Station Road, Shahdadpur  
Tel: (92-235) 842952-3

## Shakargarh

B-IV-942/RH-SH, Railway Road Shakargarh  
Tel: (054) 2452180-2

## Sheikhupura

### Sheikhupura Branch

Civic Center, Sargodha Road, Sheikhupura  
Tel: (92-56) 3813360-2

## Sialkot

### Aziz Shaheed Road Branch

Qayyum Trade Center, Aziz Shaheed Road, Sialkot Cantt  
Tel: (92-52) 111 852 852

### Gohad Pur Branch

Building No. BI - 25 S-304, Airport Road Gohad Pur Sialkot  
Tel: (92-52) 4296054-6

### Kashmir Road Branch

Address: Pakka Garha, Kashmir Road Sialkot  
Tel: (92-52)-4295301-02

### Kutchery Road Branch

Kutchery Road, Sialkot  
Tel: (92-52) 4263461

### Pasrur Road Branch

Plot No.BXIV-II-S-I/B/RH, Pul Aik, Pasrur Road Sialkot  
Tel: (92-52) 3521701-04

### Shahabpura Road Branch

Plot No 31-A, Shahabpura Road, Adjacent to Grays of Cambridge Ltd. Sialkot  
Tel: (92-52) 3242941-43

### Sialkot Cantt. Branch

Property No.1-4 & 5-8, Aziz Shaheed Road, Sialkot Cantt  
Tel: (92-52) 4560143-5

## Shikarpur

Plot Survey No.5/142, 5/143, 5/144 & 5/158 Circular Road Staurt Gunj, Shikarpur  
Tel: (0726) 540341-43

## Sukkur

### Military Road Branch

Plot No.E-717, Military Road Sukkur.  
Tel: (92-71) 5630631- 33

### March Bazar Branch

C-45, Station Road, Sukkur  
Tel: (92-71) 5620771-3

### Sukkur Branch

3-45, Ward-C, Station Road, Sukkur  
Tel: (92-71) 5617192-4

## Swabi

### Swabi Branch

Amjad Mughalbaz Khan Plaza, Near TMA Office Mardan Road, Swabi  
Tel: (92-938) 222704-6

## Swari

### Swari Branch

Khata No.579, Khatoni No.715, Khasra No.2964, Moza Swari, Tehsil Gagra, District Buner  
Tel: (92-93) 9555204-5

## Swat

### Green Chowk Branch

Abasin Tower, Green Chowk, Madyan Road, Mingora Swat  
Tel: (92-946) 711581-83

### Mingora Branch

Makanbagh Chowk, Mingora Swat  
Tel: (92-946) 714316-8

## Tando Adam

### Tando Adam Branch

Muhammad Chowk, Tando Adam, District Sanghar  
Tel: (92-235) 576565-66

## Tando Allahyar

### Tando Allahyar Branch

Survey No. 1610/07, Opposite General Bus Stand, Tando Allahyar

Tel: (92-22) 3892021, 3891242

## Tando Mohammad Khan

### Tando Mohammad Khan Branch

Shop # 25,26 & 27, Deh Pataar main Hyderabad-Badin Road Tando Mohammad Khan  
Tel: (92-22) 3341584-5

## Tarlai

### Tarlai Branch

Khewat No.88, Khatooni No.168, Khasra No.411/2, Near Tramdi Chowk, Lehtrar Road Tarlai Kalan, Tehsil & District Islamabad.  
Tel: (92-51) 2243700 - 701

## Taunsa

### Taunsa Branch

Property ETO No.347, 348, 349, 350-III, Wahuwa Road, Taunsa  
Tel: (92-64) 2601301-03, 2601201-02

## Taxila

### Taxila Branch

Khewat 17, Khatooni 29, Khasra 403, Nabi Plaza, Chowk Sara-e-Kala, Taxila  
Tel: (92-51) 4544119, 4547116

## Timergara

### Timergara Branch

Al-Imran Hotel G.T Road, Timergara Bazar, Timergara  
Tel: (92-945) 825271-3

## Toba Tek Singh

### Toba Tek Singh

Toba Tek Singh Branch P-103, Farooq Road, Toba Tek Singh  
Tel: (92-46) 2513765-6

## Umerkot

### Umerkot Branch

Survey No.699,115, Shops No.15-17, Gulshan-e-Akber Housing Project Phase II, Mirpurkhas Road, Umerkot  
Tel: (92-238) 570409-411

## Vehari

### Karkhana Bazar Vehari Road Branch

Plot No. 23, Block-A, Karkhana Bazar, Vehari  
Tel: (92-67) 3366031-3

## Wah Cantt

### Wah Cantt Branch

Ground Floor, Mall View Plaza, Mall Road, Wah Cantt  
Tel: (92-51) 4530584-6

## Wazirabad

### Wazirabad Branch

Plot No. I-14S-37, Sialkot Road, Wazirabad  
Tel: (92-55) 6600313-4

## Zhob

### Zhob Branch

Patta No. I-46, Market Road, Zhob  
Tel: (92-822) 413803





# Glossary

## **AAOIFI**

Accounting and Auditing Organization for Islamic Financial Institutions.

## **Acceptances**

Promise to pay created when the drawee of a time draft stamps or writes the words "accepted" above his signature and a designated payment date. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is an Islamic international autonomous non-for-profit corporate body that prepares accounting, auditing, governance, ethics and Shariah standards for Islamic financial institutions and the industry.

## **Bai al-salam**

This term refers to advance payment for goods which are to be delivered later. Normally, no sale can be effected unless the goods are in existence at the time of the bargain, but this type of sale forms an exception to the general rule, provided the goods are defined and the date of delivery is fixed. One of the conditions of this type of contract is advance payment; the parties cannot reserve their option of rescinding it but the option of revoking it on account of a defect in the subject matter is allowed.

## **Basel II**

Basel II is the second of the Basel Committee on Bank Supervision's recommendations, and unlike the first accord, Basel I, where focus was mainly on credit risk, the purpose of Basel II was to create standards and regulations on how much capital financial institutions must put aside. Banks need to put aside capital to reduce the risks associated with their investing and lending practices.

## **Bills For Collection**

A bill of exchange drawn by the exporter usually at a term, on an importer overseas and brought by the exporter to this bank with a request to collect the proceeds.

## **Breakup Value per share**

The total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets excluding the impact of revaluation on fixed assets, divided by the total number of share outstanding at year end.

## **CARGAR**

An abbreviation for Compound Annual Growth Rate.

## **Capital Adequacy Ratio (CAR)**

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

## **Cash Equivalents**

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **Cash Reserve Ratio (CRR)**

Cash Reserve Ratio is the amount of funds that the banks have to keep with the State Bank of Pakistan.

## **Closed-end funds**

Mutual funds with a fixed number of shares (or units). Unlike open-end funds, new shares/units in a closed-end fund are not created by managers to meet demand from investors. Instead, the shares can only be purchased (and sold) in the secondary market.

## **Commitment to Extend Credit**

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

## **Contingencies**

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence of one or more future events.

## **Corporate Governance**

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of an entity, the supervision of executive actions and accountability to owners and others.

## **Cost/Income Ratio**

Operating expenses as a percentage of total income.

## **Deferred Taxation**

Sum set aside for tax in the Financial Statements that will become payable in a financial year other than the current financial year.

## **Diminishing Musharakah**

In Diminishing Musharakah, the financier and the client participate either in joint ownership of a property or equipment whereby the share of the financier is divided into a number of units and the client undertakes to purchase these units one by one periodically until he is the sole owner of the property/equipment.

**Dividend**

A sum of money paid by a company to its shareholders out of its profits (or reserves).

**Dividend Payout Ratio**

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

**Dividend Yield Ratio**

Dividend per share divided by the market value of share.

**Earnings Per Share**

Profit after taxation divided by the weighted average number of ordinary shares in issue.

**Effective Tax Rate**

Provision for taxation excluding deferred tax divided by the profit before taxation.

**Equity**

The amount of the funds on a company's Balance Sheet contributed by the owners (the stockholders) plus the retained earnings (or minus the losses).

**Financial losses and provisions**

Amount set aside against identified and possible losses on loans, advances and other credit facilities as a result of their becoming partly or wholly un-collectible.

**Fiscal Year**

A year as reckoned for taxing or accounting purposes.

**Forced Sale Value (FSV)**

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged/pledged assets in a forced/distressed sale conditions.

**Government Securities**

Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

**Gross Dividends**

The portion of profits distributed to the shareholders including the tax withheld.

**Guarantees**

An agreement involving a promise by a person (the

guarantor) to fulfill the obligations of another person owning debt if that person fails to perform.

**Hibah**

Gift

**Historical Cost Convention**

Recording transactions at the actual value received or paid.

**IAS**

International Accounting Standards

**IFRIC**

International Financial Reporting Interpretation Committee

**IFRS**

International Financial Reporting Standards

**Ijara/Ijarah**

Letting on lease. Technically, sale of a definite usufruct in exchange for a definite reward. Commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building or other facility to a client against an agreed rental.

**Impairment allowances**

A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

**Income in suspense**

Income suspended on non-performing financings.

**Income Spread**

Represents the difference between the average rate of income earned and the average rate of cost paid on funds.

**ISO 27001**

ISO/IEC 27001 formally specifies a management system that is intended to bring information security under explicit management control. Being a formal specification means that it mandates specific requirements. Organizations that claim to have adopted ISO/IEC 27001 can therefore be formally audited and certified compliant with the standard.

**Istijrar**

A recurring or repeat sale for continuous purchase. A master agreement between a buyer and supplier which facilitates purchasing of goods on ongoing basis (such



as monthly) without explicit offer and acceptance each time; the price is fixed either upfront or concluded after a predetermined period which is subject to certain conditions.

#### **Istisna'a/Istisna**

This is a kind of sale where a commodity is transacted before it comes into existence. It means: To order a manufacturer to manufacture a specific commodity for the purchaser. If the manufacturer undertakes to manufacture the goods for him with material from the manufacturer, the transaction of Istisna comes into existence. But it is necessary for the validity of istisna that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.

#### **Liquid Assets**

The assets which are readily convertible into cash without recourse to a court of law.

#### **Market Capitalisation**

Number of ordinary shares in issue multiplied by the market value of shares as at the year end.

#### **Materiality**

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of financial statements.

#### **Microfinance**

The provision of financial services to micro-entrepreneurs and small businesses, which lack access to banking and related services due to the high transaction costs associated with serving these client categories.

#### **Mudarabah**

An agreement between two or more persons whereby one or more of them provide finance, while the others provide entrepreneurship and management to carry on any business venture whether trade, industry or service, with the objective of earning profits. They share the profit in an agreed proportion. The loss is borne only by the financier(s) in proportion to their share in total capital.

#### **Mudarib**

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

#### **Musawamah**

A sale transaction where the cost incurred for the goods being sold by the seller is not disclosed to the buyer.

#### **Musharakah**

A partnership contract where all the partners invest funds

as well as work for the partnership.

#### **Net Assets Value Per Share**

Shareholders' funds divided by the number of ordinary shares in issue.

#### **Net Dividends**

Dividends net of withholding tax.

#### **Non Performing Loans (NPL)**

A financing where the client is not repaying the financier as agreed.

#### **Non Performing Loan-Substandard Category**

Where markup/interest or principal is overdue by 90 days or more from the due date.

#### **Nostro**

An accounting term used to distinguish an account held for another entity from an account another entity holds.

#### **NPLs to Gross Advances/Loans**

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

#### **Off Balance Sheet Transactions**

Transactions that are not recognized as assets or liabilities in the Balance Sheet but which give rise to contingencies and commitments.

#### **Open-end Fund**

A regulated investment company with a pool of assets that regularly sells and redeems its shares.

#### **Pension Fund**

A fund from which pensions are paid, accumulated from contributions from employers, employees, or both.

#### **Price Earnings Ratio (P/E Ratio)**

Market price of a share divided by earnings per share.

#### **Qardh**

A loan given for a good cause in the name of Allah (SWT), in hopes of reward in the Hereafter.

#### **Rabb-ul-Maal**

A person who invests capital in a Mudarabah.

#### **Return on Assets (ROA)**

Indicator of profitability of the business relative to the value of its assets, calculated by dividing the net profit (profit after tax) to the average total assets for the period.

#### **Return on Average Equity**

Net profit for the year, less preference share dividends

if any, expressed as a percentage of average ordinary shareholders' equity.

**Revenue Reserve**

Reserves set aside for future distribution and investment.

**Riba**

Riba literally means increase, addition, expansion or growth. It is, however, not every increase, or growth, which has been prohibited by Islam. In the Shariah, Riba technically refers to the premium that must be paid without any consideration. According to the jurists of Islam this definition covers the two types of Riba, namely Riba Al Fadhl and Riba Al Naseah.

**Risk Weighted Assets**

On Balance Sheet, assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

**Shareholders' Funds**

Total of issued and fully paid share capital and capital and revenue reserves.

**Shariah-compliant**

An act or activity that complies with the requirements of the Shariah, or Islamic law. The term is often used in the Islamic banking industry as a synonym for "Islamic"—for example, Shariah-compliant financing or Shariah-compliant investment.

**Shirkatul-aqd**

A partnership created through contract as opposed to co-ownership that may be the result of a joint purchase or agreement or it may result from inheritance or from some other legal situation.

**Shukuk/Sukook/Sukuk**

Check, certificate of debt, certificates of investment; plural of Saqq.

**Subsidiary Company**

A company is a subsidiary of another company if the parent company holds more than 50% of the nominal value of its equity capital or holds some share in it and controls the composition of its Board of Directors.

**Takaful**

Islamic Insurance. A scheme of mutual support that provides insurance to individuals against hazards of falling into unexpected and dire need.

**Tijarah**

Sale & Agency based financing facility for customers who

sell finished goods on credit basis. This facility enables customers to sell their finished goods stock, meet their working capital requirements and enjoy the benefits of cash sales.

**VaR**

Value at Risk is an estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day.

**Wakalah**

Agency.

**Weighted Average Cost of Deposits**

Percentage of the total cost expensed on average deposits of the bank for the period.



The Company Secretary  
Meezan Bank Limited  
Meezan House C-25,  
Estate Avenue S.I.T.E.,  
Karachi.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of Meezan Bank Limited and holder of \_\_\_\_\_ ordinary shares as per Share Register Folio No. \_\_\_\_\_ and/or CDC Investor Account No. / CDC Participant I.D No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote and act for me/us on my/our behalf at the 20<sup>th</sup> Annual General Meeting of Meezan Bank Ltd. to be held on Tuesday, March 29, 2016 at Meezan House C-25, Estate Avenue S.I.T.E., Karachi, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

Witness:

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC or Passport No. \_\_\_\_\_

Please affix  
Rupees five  
revenue  
stamp

Signature of Member(s)

- NOTES:
1. Proxies in order to be effective, must be received by the company not less than 48 hours before the meeting.
  2. CDC Shareholders and their Proxies are each requested to attach an attested photocopy of their Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the company.

Please affix  
correct  
postage

The Company Secretary  
Meezan Bank Limited  
Meezan House, C-25,  
Estate Avenue, SITE,  
Karachi, Pakistan.



**Meezan Bank**  
The Premier Islamic Bank

Head Office: Meezan House, C-25, Estate Avenue, SITE, Karachi - Pakistan.  
PABX: (92-21) 38103500 UAN: 111-331-331 & 111-331-332  
[www.meezanbank.com](http://www.meezanbank.com)