

Defining Banking Through Service



Meezan Bank
The Premier Islamic Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Defining Banking Through Service



Customer service is at the heart of our banking operations – it forms the basis of the strong relationships we have forged with our customers - both corporate and individual, and is the cornerstone of the trust they have placed in us. At Meezan Bank, customer service is a part of not just our processes, but our culture.

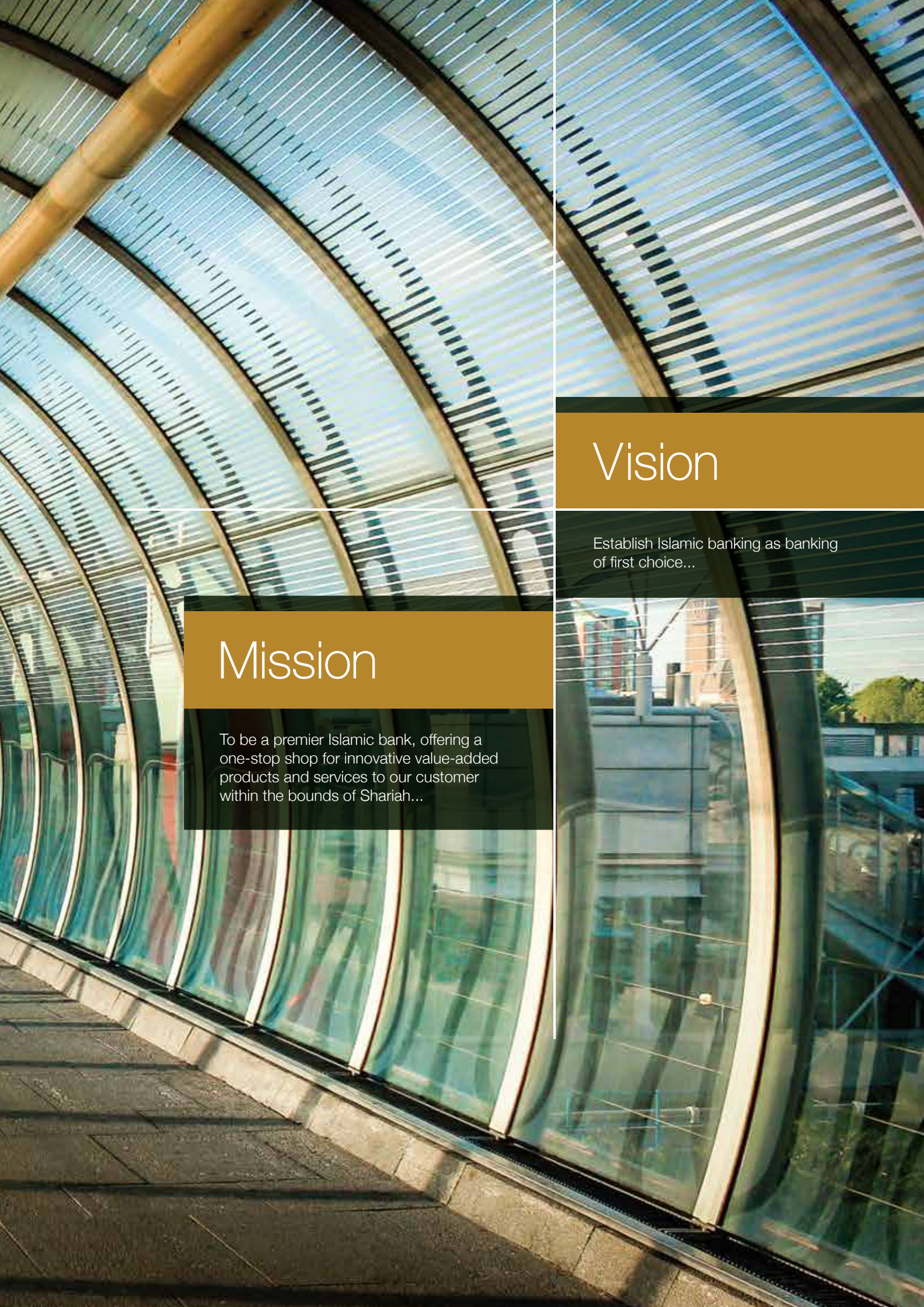
This year, our Annual Report is a reflection of this approach to customer service. As we remain committed to the highest levels of service excellence, we invite you to peruse this document and discover how our focus on customer service defines everything we do.

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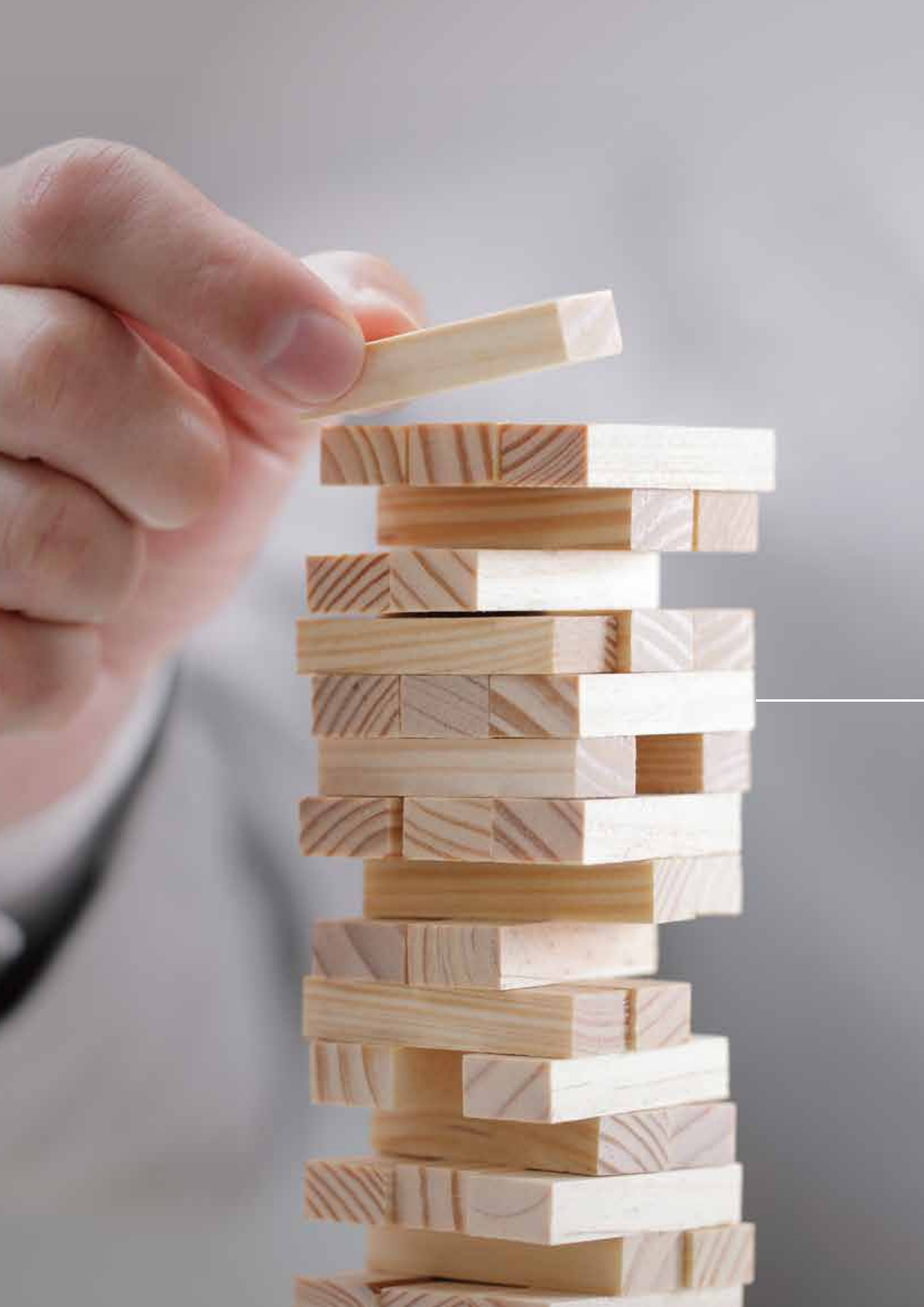


Vision

Establish Islamic banking as banking of first choice...

Mission

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



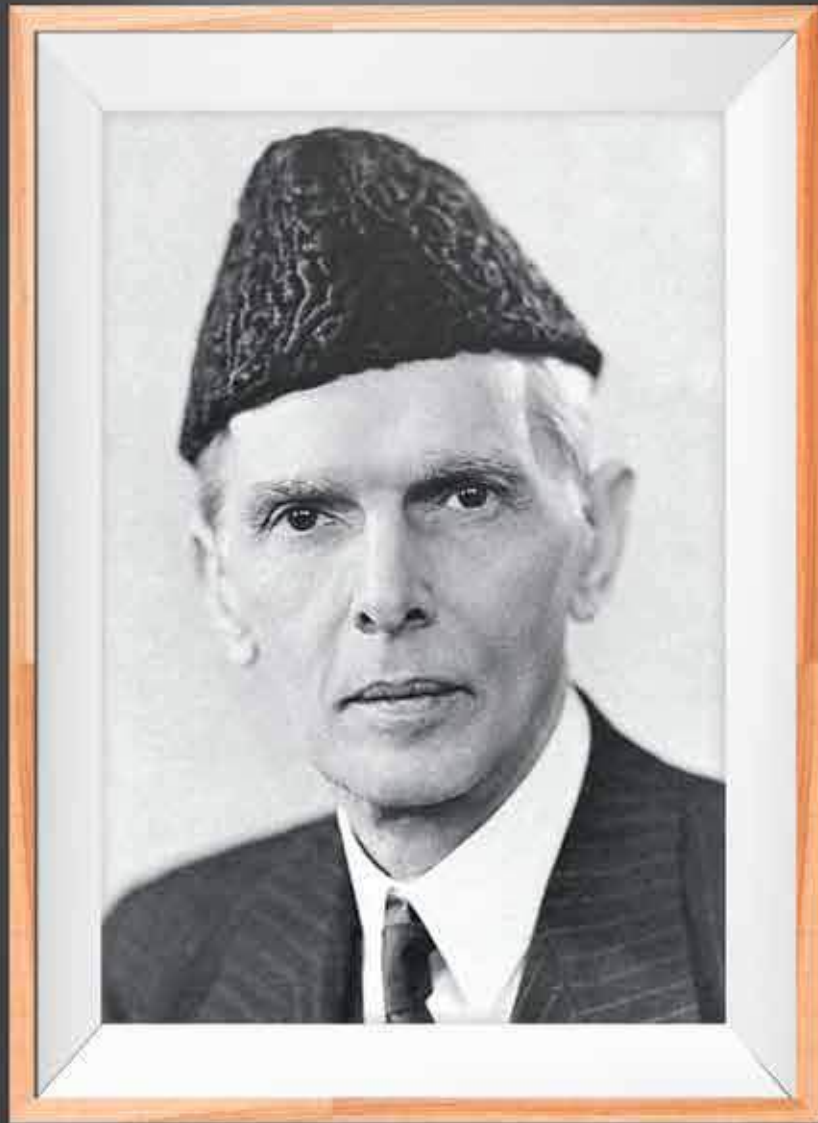
Core Values

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

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

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

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



Quaid's Concept of Islamic Banking

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

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

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

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





Tailored Services

A perfectly tailored suit is a masterpiece of form and function. In every city, there are a handful of tailors well known for the quality of their suits, tailored down to the finest details to ensure the ideal fit for the owner. At Meezan Bank, our relationship managers and teams aim to provide a perfectly tailored service to our customers - recognizing their diverse needs and tailoring our solutions accordingly. After all, we want to give our customers, solutions that fit them perfectly, rather than making them fit into ours. Our modern banking solutions, completely Shariah-compliant, and our staff's exemplary dedication to service ensure that Meezan Bank branches are like those tailors known for great suits - sought after and coveted.

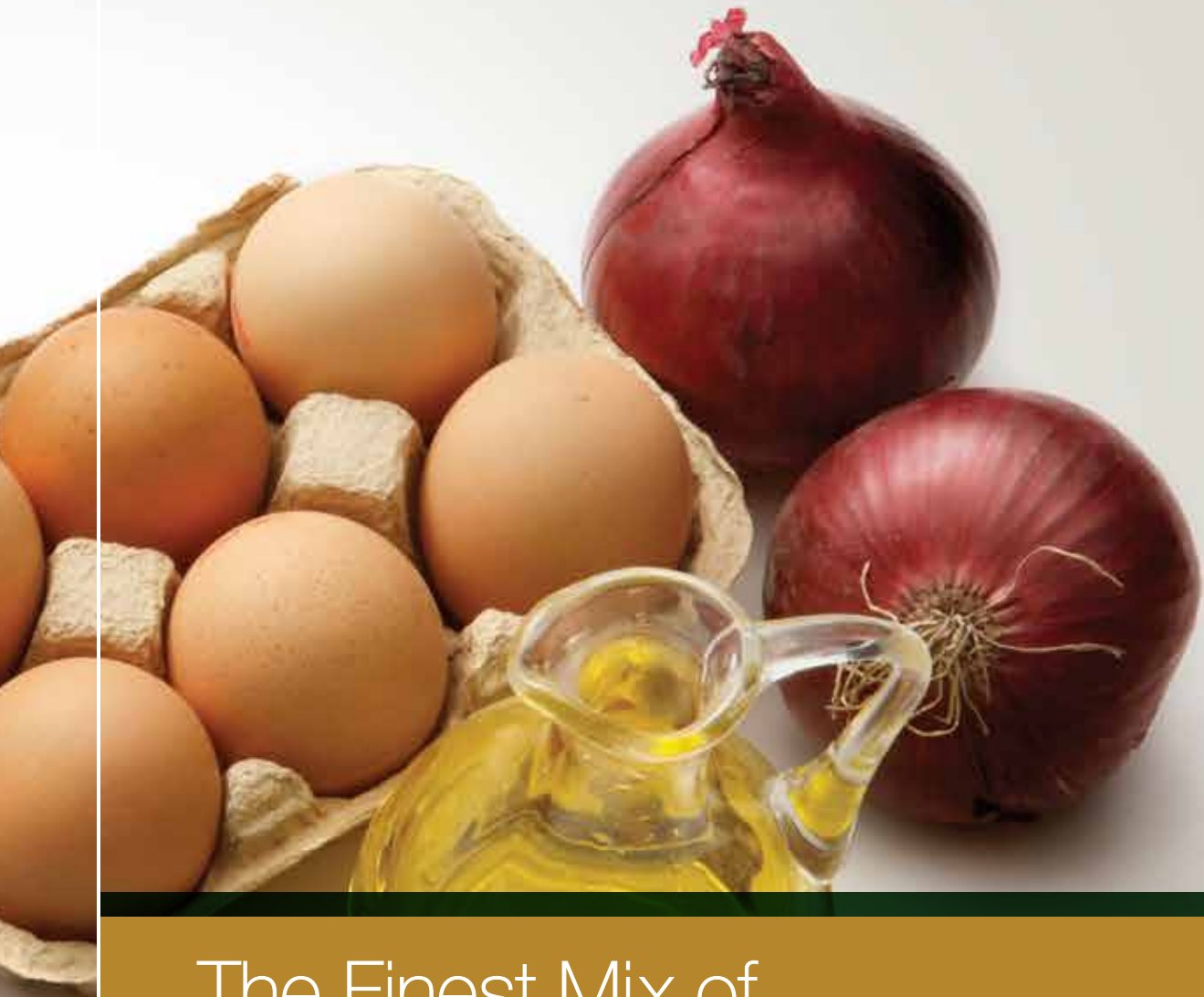


Unlocking the True Potential of Banking

A marvel of engineering, the key has remained an incredible tool for decades – coupling an immensely important function with absolute convenience. Each key starts out as a plain piece of metal until it is cut and molded for its specific lock, ensuring a perfect fit. At Meezan Bank, we recognize our customers as unique individuals, whose goals, needs and expectations are diverse and unfettered and we create a unique mould that fits their needs and expectations. With this view, we offer a range of Riba-free consumer financing solutions. From buying a laptop to buying a house, from financing a small business to structuring large corporate deals, we make sure that no matter what our customers' financial needs are, we have the ability to unlock the true potential of banking for them.







The Finest Mix of Traditions and Services

Eggs are one of the universal breakfast staples around the world, and preparing them in the form of an omelette is just as common. However, every region and every country has their own distinctive style of omelette and, in fact, every individual tweaks their omelette to their taste and preference, choosing from varied ingredients ranging from onions and tomatoes to mushrooms and chicken. In the same vein, Meezan Bank offers the most comprehensive bouquet of Shariah-compliant products and services to its customers, enabling them to choose the combination that best fits their needs and preferences. Coupled with these products and services are our finest traditions of service delivery. At Meezan Bank, we take pride in ensuring that in your quest for the best banking solutions, there is never a compromise on values or traditions - yours or ours.

So Much More than Luxury

The rarity and exclusivity of diamonds has enabled these highly coveted stones to sparkle through the sands of time. When most people think about diamonds, they think about jewellery - however, the majority of diamonds mined all over the world are put to use in industrial applications. From cutting to drilling, from grinding to polishing, a diamond is so much more than just a symbol of luxury. In the same way, Meezan Bank's Premium Banking service is so much more than just a luxurious banking service with added benefits and privileges: it is about taking our exemplary levels of service higher than ever before, ensuring that these customers of distinction receive the kind of attention they expect from a bank that values its relationships and recognizes its responsibilities.

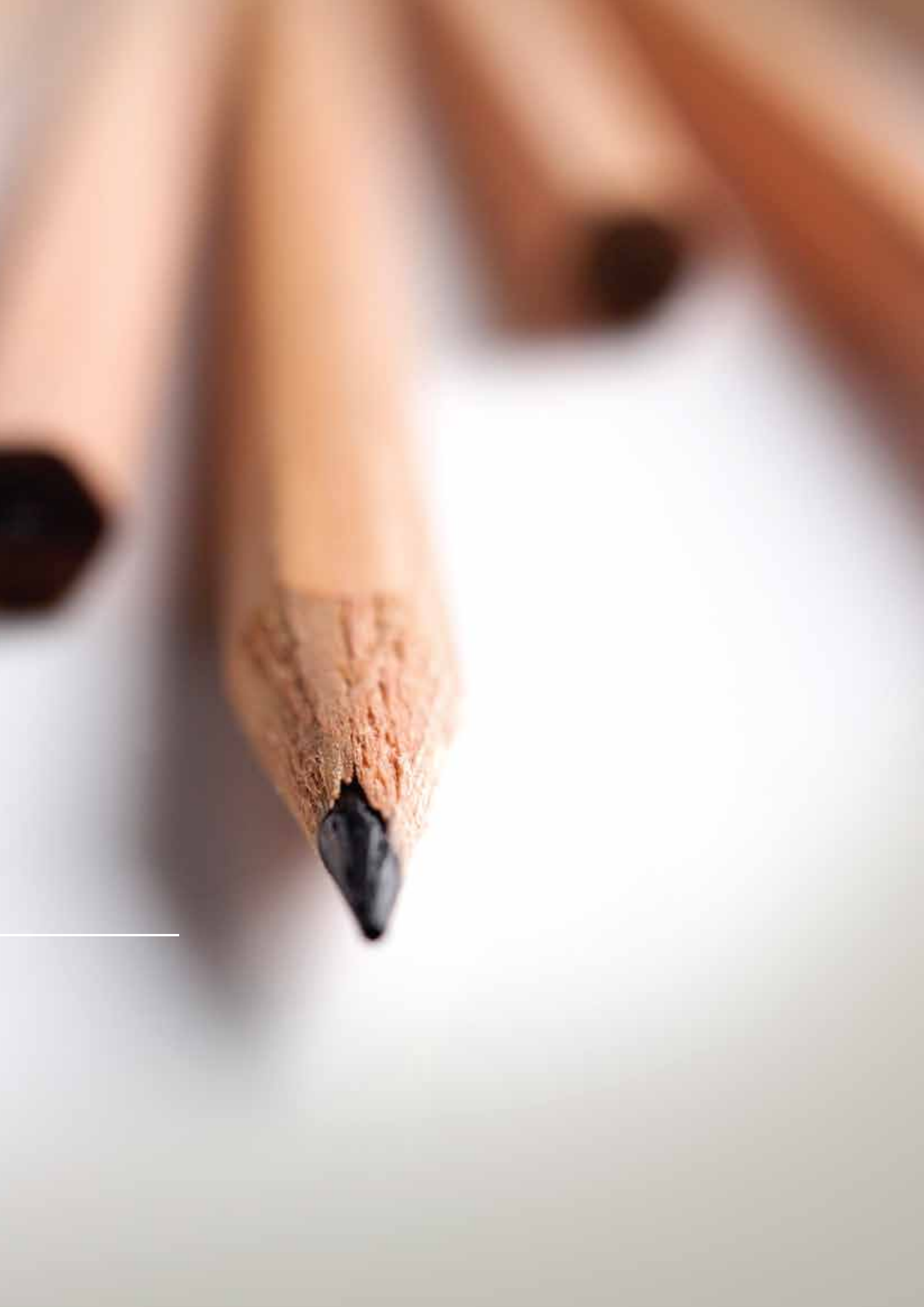






Standardized, yet Versatile

The origin of the pencil goes back hundreds of years, with the original concept being presented in the 16th century. It is essentially the same 16th century design that exists even today, in its modern form, used by billions of people around the world. From carpenters to cartoonists, from architects to astronauts, from students to scientists – different people find different ways to use this rather simple tool. This concept of providing a single, simple way for people to be able to use a single service to do diverse things is mirrored by our Internet Banking and Mobile Application services. From paying bills to transferring funds and downloading account statements, they offer a range of services, while ensuring that just like a pencil, function and convenience remain primary. Giving our customers more ways to interact with the bank and making their banking experience easier is another customer service initiative: bring the bank to a screen convenient for the customer, rather than making the customer come to the bank. After all, our customers value their time – and we aim to add value to their time.



HIGHLIGHTS - YEAR 2016

DEDICATED ISLAMIC BANKING NETWORK

OVER **570 BRANCHES**
IN MORE THAN **140 CITIES**



1,580,102

*CUSTOMERS

* TOTAL NUMBER OF CUSTOMERS AS OF DECEMBER 31, 2016

2015
1,280,580
CUSTOMERS



2014
1,062,489
CUSTOMERS



2013
898,557
CUSTOMERS



2012
739,233
CUSTOMERS



MORE THAN 50 DEDICATED TEAM MEMBERS
**ONE OF THE LARGEST
PRODUCT DEVELOPMENT,
SHARIAH COMPLIANCE,
SHARIAH AUDIT &
SHARIAH ADVISORY TEAMS
IN THE WORLD**



OVER **4,000**
PEOPLE attended our Islamic banking seminars & workshops conducted nationwide across 20 cities

GLOBALLY RECOGNIZED AS
**BEST ISLAMIC BANK
FOR TREASURY MANAGEMENT**
BY ISLAMIC FINANCE NEWS (IFN) MALAYSIA

Islamic Finance news
Awards

EMPLOYEES AND
AMBASSADORS OF ISLAMIC BANKING

9000+



PROFIT AFTER TAX

Rs. **556** BILLION

DEPOSITS

Rs. **564** BILLION

TOTAL ASSETS

Rs. **658** BILLION 

EARNING PER SHARE

Rs. **555** 

DEPOSIT GROWTH

20% 

BANK'S STRONG BRAND VALUE & STANDING
**ISSUANCE OF
SUB-ORDINATED SUKUK (TIER II)**

AMOUNTING TO Rs. **7** BILLION
THROUGH
GREEN SHOE OPTION

RANKED AS THE
TOP BANK
FOR MAXIMUM NUMBER OF POS TRANSACTIONS
AMONG **1LINK** MEMBER
BANKS
1,710,979 in 2016 

**GROWTH IN
ONLINE PRESENCE**



73%

More Leads from
New & Revamped Website:
meezanbank.com



23%

More Visitors from
Mobile Devices
251,783 in 2015



Over
1 MILLION

Facebook Fans



245%

More Facebook Fans
242,000 in 2015

Key Figures at a Glance

	2016	2015	2014	2013	2012	2011
Profit and Loss Account						
Return on financings, investments and placements	31,430	33,114	28,803	23,171	21,837	18,032
Return on deposits and other dues expensed	12,873	14,897	15,440	12,526	11,385	8,666
Net Spread earned before provisions	18,557	18,217	13,363	10,645	10,452	9,366
Reversal / (Provision) against non performing Islamic financing and related assets	120	(442)	(551)	(126)	(395)	(1,424)
Reversal / (Provision) for diminution in the value of investments and impairment	65	(121)	84	33	(56)	35
Net Spread after provisions	18,742	17,654	12,896	10,552	10,001	7,977
Fee, commission, forex and other income	4,175	3,626	3,322	1,962	1,413	1,347
Dividend income and capital gain / (loss) on investments	1,622	971	1,433	1,539	986	1,158
Income before expenses	24,539	22,251	17,651	14,053	12,400	10,482
Administrative and operating expenses	15,596	13,799	10,753	8,406	7,170	6,126
Profit before Taxation	8,943	8,452	6,898	5,647	5,230	4,356
Taxation	3,381	3,429	2,328	1,690	1,722	965
Profit after Taxation	5,562	5,023	4,570	3,957	3,508	3,391
Statement of Financial Position						
Islamic Financings and Related Assets	311,530	207,569	175,712	127,623	88,678	70,377
Total Assets	657,767	531,850	437,510	329,725	274,437	200,550
Total Deposits	564,024	471,821	380,422	289,811	230,426	170,030
Share Capital	10,027	10,027	10,027	10,027	9,034	8,030
Sub-ordinated sukuk	7,000	-	-	-	-	-
Total Shareholders Equity	28,149	25,557	23,275	17,908	15,494	13,324
Market Capitalization	67,422	45,875	47,129	39,488	27,147	13,956
Number of Staff	9,168	8,581	7,429	6,248	5,953	4,900
Number of Branches	571	551	428	351	310	275
Ratios						
Break up Value (Rs.)	28.07	25.49	23.21	17.86	17.14	16.60
Market Value per Share (Rs.)	67.24	45.75	47.00	39.38	30.05	17.38
Price to Book Value Ratio	2.40	1.79	2.03	2.21	1.75	1.05
Cash Dividend (%)	30	30	27.50	20	15	10
Stock Dividend (%)	-	-	-	-	11.00	12.50
Right Shares at par (%)	-	-	-	-	-	-
Price Earning Ratio	12.1	9.1	10.3	10.0	7.7	4.1
Earning per Share (Rs.)	5.55	5.01	4.56	3.95	3.50	3.75
Net Spread to Gross Return (%)	59.04	55.01	46.39	45.94	47.86	51.94
Net Profit Before Tax to Gross Income (%)	24.02	22.41	20.56	21.17	21.57	21.21
Net Profit After Tax to Gross Income (%)	14.94	13.32	13.62	14.83	14.47	16.51
Admin Expense to Income before provisions (%)	64.04	60.49	59.35	59.41	55.97	51.60
Financing / Advances to Deposit Ratio - ADR (%)	55.2	44.0	46.2	44.0	38.5	41.4
Investment to Deposit Ratio - IDR (%)	23.08	31.01	29.99	52.31	66.21	57.92
Capital Adequacy Ratio (%)	12.91	10.98	11.88	12.48	14.08	14.89
Return on Average Assets (%)	0.94	1.04	1.19	1.31	1.48	1.91
Return on Average Equity (%)	20.71	20.57	22.20	23.69	24.34	28.18

Rupees in Million

2010	2009	2008	2007	2006
12,290	10,102	6,803	4,574	2,704
6,606	4,970	3,088	2,452	1,464
5,684	5,132	3,715	2,122	1,240
(1,450)	(1,443)	(428)	(435)	(122)
(47)	(89)	(289)	(1)	(1)
4,187	3,600	2,998	1,686	1,117
2,056	1,332	802	742	441
419	266	(95)	606	250
6,662	5,198	3,705	3,034	1,808
4,536	3,458	2,713	1,765	1,028
2,126	1,740	992	1,269	780
477	715	371	306	176
1,649	1,025	621	963	604

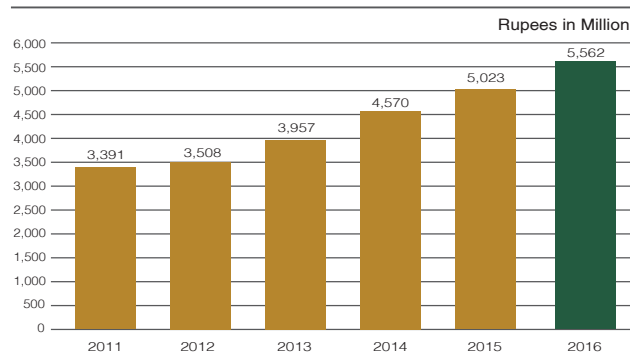
60,265	46,985	41,521	36,053	28,326
154,752	124,169	85,276	67,179	46,439
131,070	100,333	70,234	54,582	34,449
6,983	6,650	4,926	3,780	3,780
-	-	-	-	-
10,740	9,091	6,341	5,720	4,763
11,801	10,467	10,581	14,572	7,465
4,364	3,669	3,170	2,205	1,389
222	201	166	100	62

15.38	13.67	12.87	15.13	12.6
16.9	15.74	21.48	38.55	19.5
1.10	1.15	1.67	2.55	1.55
-	-	-	-	-
15.00	5.00	8.60	20.00	10.00
-	-	35	-	50
8.2	9.2	17.6	15.1	10.5

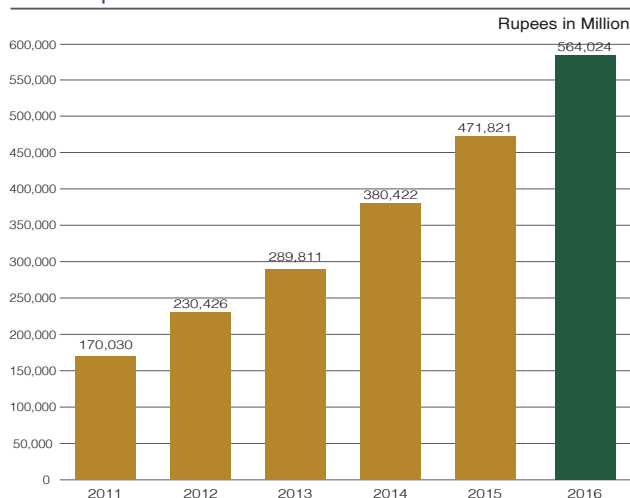
2.05	1.62	1.22	1.96	1.88
46.25	50.80	54.61	46.39	45.86
14.40	14.87	13.21	21.43	22.98
11.17	8.76	8.27	16.27	17.80
55.59	51.38	61.35	50.86	53.23

46.0	46.8	59.1	66.1	82.2
41.94	23.21	20.68	19.30	8.35
12.41	12.77	9.58	10.71	12.80
1.18	0.98	0.82	1.70	1.57
16.64	13.29	10.30	18.39	15.64

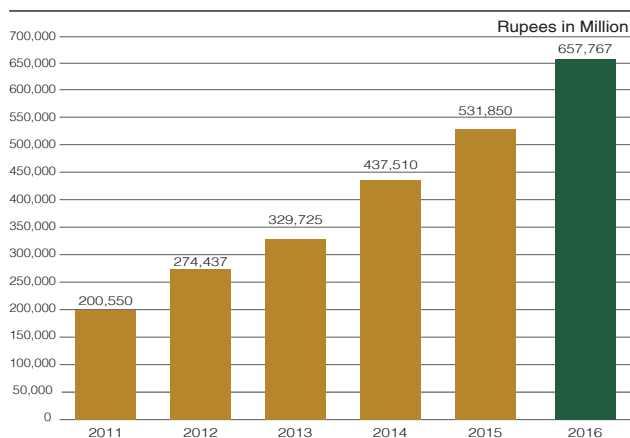
Profit After Taxation



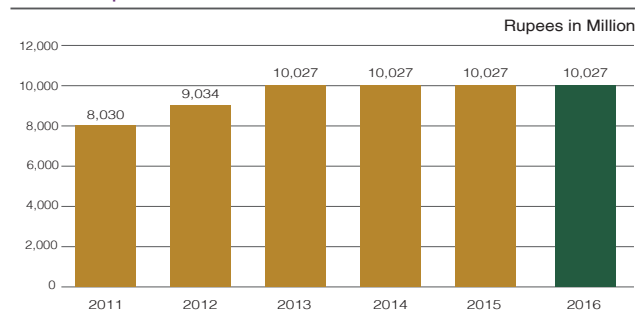
Total Deposits



Total Assets



Share Capital



Six Years' Horizontal Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10
		%		%		%		%		%		%
Assets												
Cash and balances with treasury banks	56,037	28	43,686	47	29,729	4	28,583	49	19,125	15	16,641	30
Balances with other banks	12,021	8	11,175	103	5,501	55	3,554	(8)	3,851	64	2,348	(76)
Due from financial institutions	129,115	28	101,079	11	90,766	1,120	7,443	1,389	500	(88)	4,065	(61)
Investments	130,156	(11)	146,305	28	114,089	(25)	151,614	(1)	152,460	55	98,489	79
Islamic financings and related assets	311,530	50	207,569	18	175,712	38	127,623	44	88,678	26	70,377	17
Operating fixed assets	8,925	11	8,057	28	6,273	12	5,595	14	4,898	23	3,985	30
Deferred tax asset	-	-	-	(100)	815	522	131	(76)	546	(32)	801	134
Other assets	9,983	(29)	13,979	(4)	14,625	182	5,182	18	4,379	14	3,844	33
	657,767	24	531,850	22	437,510	33	329,725	20	274,437	37	200,550	30
Liabilities												
Bills payable	9,131	39	6,560	17	5,620	55	3,615	18	3,059	34	2,282	29
Due to financial institutions	32,006	135	13,610	(12)	15,465	36	11,375	(38)	18,461	100	9,236	58
Deposits and other accounts	564,024	20	471,821	24	380,422	31	289,811	26	230,426	36	170,030	30
Sub-ordinated Sukuk	7,000	100	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,362	247	393	100	-	-	-	-	-	-	-	-
Other liabilities	13,770	5	13,119	8	12,113	102	6,011	1	5,928	14	5,220	4
	627,293	24	505,503	22	413,620	33	310,812	21	257,874	38	186,768	30
Net Assets	30,474	16	26,347	10	23,890	26	18,913	14	16,563	20	13,781	24
Represented by:												
Share capital	10,027	-	10,027	-	10,027	-	10,027	11	9,034	12	8,030	15
Reserves	9,700	13	8,588	18	7,289	105	3,551	29	2,760	34	2,058	49
Unappropriated profit	8,422	21	6,942	17	5,958	38	4,330	17	3,700	14	3,235	36
Surplus on revaluation of investments	2,325	194	790	28	616	(39)	1,005	(6)	1,069	133	458	35
	30,474	16	26,347	10	23,890	26	18,913	14	16,563	20	13,781	24
Profit & Loss Account												
	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10
		%		%		%		%		%		%
Return on financing / investments and placements	31,430	(5)	33,114	15	28,803	24	23,171	6	21,837	21	18,032	47
Return on deposits and other dues expensed	(12,873)	(14)	(14,897)	(4)	(15,440)	23	(12,526)	10	(11,385)	31	(8,666)	31
Net spread earned	18,557	2	18,217	36	13,363	26	10,645	2	10,452	12	9,366	65
Reversals / (provisions)	185	(133)	(563)	21	(467)	602	93	(79)	(451)	(68)	(1,389)	(7)
Net spread after provision	18,742	6	17,654	37	12,896	22	10,552	6	10,001	25	7,977	91
Fee, commission, forex and other income	4,175	15	3,626	9	3,323	69	1,962	39	1,413	5	1,347	(34)
Dividend income and capital gain	1,622	67	971	(32)	1,432	(7)	1,539	56	986	(15)	1,158	176
Income before operating expenses	24,539	10	22,251	26	17,651	26	14,053	13	12,400	18	10,482	57
Administrative and operating expenses	(15,596)	13	(13,799)	28	(10,753)	28	(8,406)	17	(7,170)	17	(6,126)	35
Profit before taxation	8,943	6	8,452	23	6,898	22	5,647	8	5,230	20	4,356	105
Taxation	(3,381)	(1)	(3,429)	47	(2,328)	38	(1,690)	(2)	(1,722)	78	(965)	102
Profit after taxation	5,562	11	5,023	10	4,570	16	3,957	13	3,508	3	3,391	106

Six Years' Vertical Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
Assets	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
Cash and balances with treasury banks	56,037	9	43,686	8	29,729	7	28,583	9	19,125	7	16,641	8
Balances with other banks	12,021	2	11,175	2	5,501	1	3,554	1	3,851	1	2,348	1
Due from financial institutions	129,115	20	101,079	19	90,766	21	7,443	2	500	-	4,065	2
Investments	130,156	20	146,305	27	114,089	26	151,614	46	152,460	56	98,489	49
Islamic financing and related assets	311,530	47	207,569	39	175,712	40	127,623	39	88,678	32	70,377	34
Operating fixed assets	8,925	1	8,057	2	6,273	1	5,595	2	4,898	2	3,985	3
Deferred tax asset	-	-	-	-	815	-	131	-	546	-	801	-
Other assets	9,983	1	13,979	3	14,625	4	5,182	1	4,378	2	3,843	2
	657,767	100	531,850	100	437,510	100	329,725	100	274,437	100	200,549	100
Liabilities												
Bills payable	9,131	1	6,560	1	5,620	1	3,615	1	3,059	1	2,282	1
Due to financial institutions	32,006	5	13,610	3	15,465	4	11,375	3	18,461	7	9,236	5
Deposits and other accounts	564,024	86	471,821	89	380,422	87	289,811	88	230,426	84	170,030	84
Sub-ordinated Sukuk	7,000	1	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	1,362	-	393	-	-	-	-	-	-	-	-	-
Other liabilities	13,770	2	13,119	2	12,113	3	6,011	2	5,928	2	5,220	3
	627,293	95	505,503	95	413,620	95	310,812	94	257,874	94	186,768	93
Net Assets												
	30,474	5	26,347	5	23,890	5	18,913	6	16,563	6	13,781	7
Represented by:												
Share capital	10,027	2	10,027	2	10,027	2	10,027	3	9,034	3	8,030	4
Reserves	9,700	2	8,588	2	7,289	2	3,551	1	2,760	1	2,058	1
Unappropriated profit	8,422	1	6,942	1	5,958	1	4,330	2	3,700	2	3,235	2
Surplus on revaluation of investment	2,325	-	790	-	616	-	1,005	-	1,069	-	458	-
	30,474	5	26,347	5	23,890	5	18,913	6	16,563	6	13,781	7
Profit & Loss Account												
	2016	%	2015	%	2014	%	2013	%	2012	%	2011	%
Return on financing/investments and placements	31,430	84	33,114	88	28,803	86	23,171	87	21,837	90	18,032	88
Return to deposits and other dues expensed	(12,873)	(35)	(14,897)	(40)	(15,440)	(46)	(12,526)	(47)	(11,385)	(47)	(8,666)	(42)
Net Spread Earned	18,557	49	18,217	48	13,363	40	10,645	40	10,452	43	9,366	46
Reversals / (provisions)	185	-	(563)	(1)	(467)	(1)	(93)	-	(451)	(2)	(1,389)	(7)
Net Spread after Provision	18,742	49	17,654	47	12,896	39	10,552	40	10,001	41	7,977	39
Fee, commission, forex and other income	4,175	12	3,626	10	3,323	10	1,962	7	1,413	6	1,347	6
Dividend income and capital gain	1,622	5	971	2	1,432	4	1,539	6	986	4	1,158	6
Income before operating expenses	24,539	66	22,251	59	17,651	53	14,053	53	12,400	51	10,482	51
Administrative and operating expenses	(15,596)	(42)	(13,799)	(37)	(10,753)	(32)	(8,406)	(32)	(7,170)	(30)	(6,126)	(30)
Profit before taxation	8,943	24	8,452	22	6,898	21	5,647	21	5,230	21	4,356	21
Taxation	(3,381)	(9)	(3,429)	(9)	(2,328)	(7)	(1,690)	(6)	(1,722)	(7)	(965)	(5)
Profit after taxation	5,562	15	5,023	13	4,570	14	3,957	15	3,508	14	3,391	16

Financial Analysis

Statement of Financial Position

The total assets of the Bank grew by 24% to reach Rs 658 billion (\$6.3 billion) as at December 31, 2016 as compared to Rs 532 billion as at December 31, 2015.

A significant achievement during the year was the successful issue of Sub-ordinated Sukuk (Tier II) amounting to Rs 7 billion that has further strengthened the Bank's Capital Adequacy Ratio ("CAR"). The Bank's CAR now stands at a comfortable level of 12.91% in December 2016 as compared to 10.98% in December 2015 and is well above the minimum mandatory level of 10.65%.

The financing portfolio of the Bank increased substantially to close at Rs 312 billion registering a robust growth of 50%. This growth in financings has outpaced the 17% average financing growth of the Banking industry in the same period. During the year, major disbursements were made to entities backed by Sovereign Guarantee. The portfolio is diversified in different sectors, and maturities are also comfortably balanced with 56% in short-term (upto one year) and 44% in long-term. Advance to deposits ratio (ADR) of the Bank now stands at 55%.

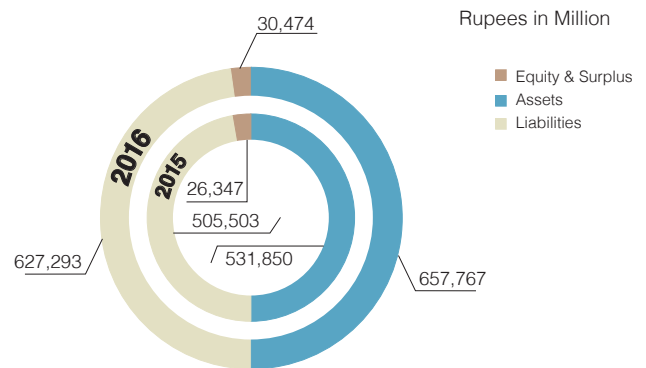
The Bank's portfolio infection ratio of 2.14% is significantly lower than the average portfolio infection ratio of 11% of the Banking industry and based on prudence, the Bank maintains non-performing (NPL) coverage ratio of 118%.

Deposit base of the Bank crossed half a trillion benchmark and closed at Rs 564 billion from Rs 472 billion - a growth of 20% in line with the average deposit growth rate in the banking industry. This growth was contributed mainly by the extensive branch network, strong relationship management and excellent brand image of the Bank. The deposit mix of the Bank also improved with CASA contributing 75% to the mix as compared to 72% a year ago.

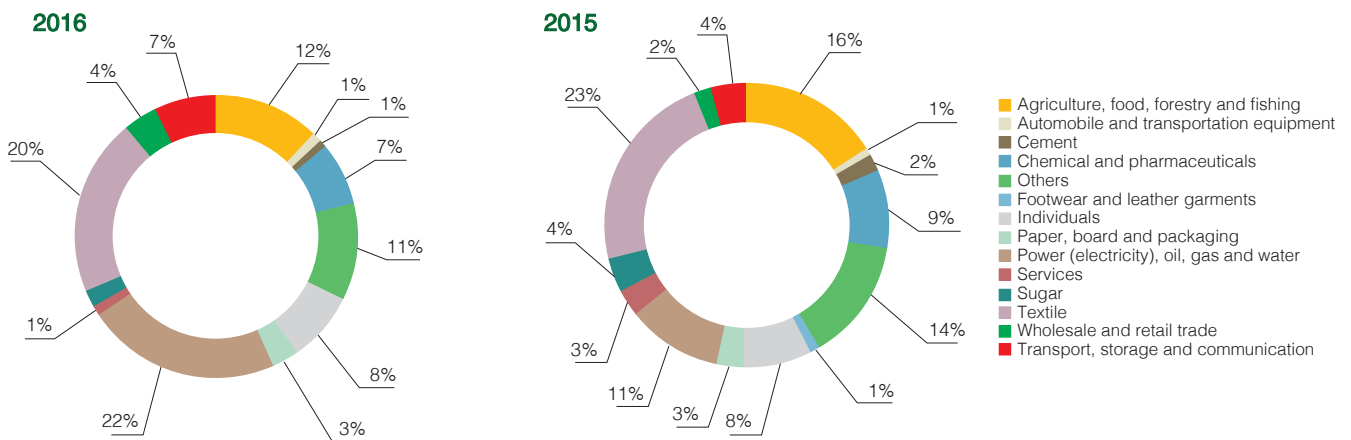
The Investment and Due from FI under Bai Muajjal increased slightly to Rs 259 billion from Rs 247 billion last year.

The Bank remains a well-capitalized institution with the Bank's equity rising to Rs 28.2 billion from Rs 25.6 billion a year earlier, notwithstanding the fact that a healthy cash dividend of Rs 3 billion was paid during the year.

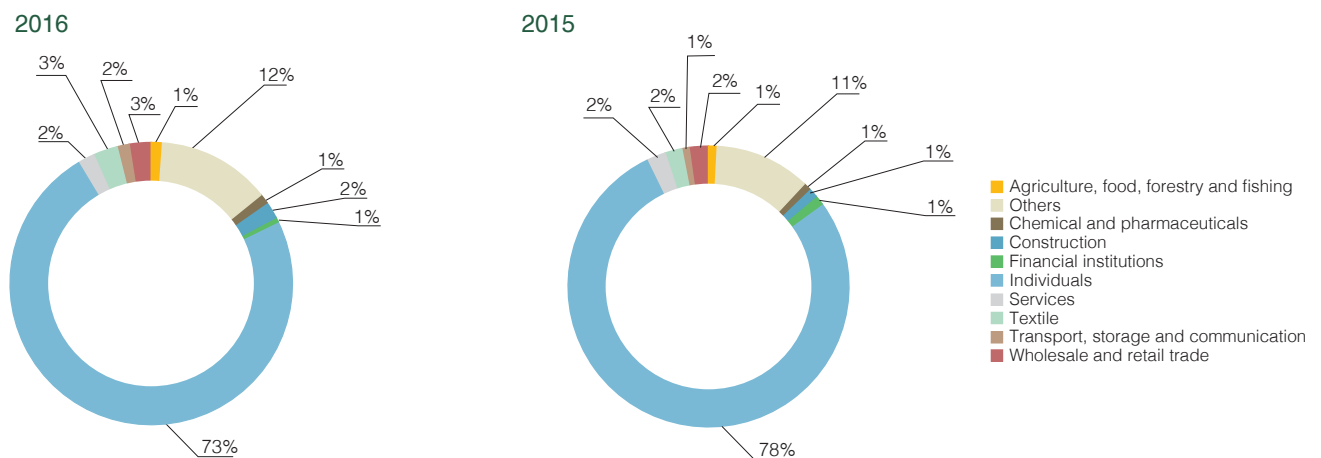
Statement of Financial Position



Islamic Financing and Related Assets (Gross)



Deposits



Profit and Loss Account

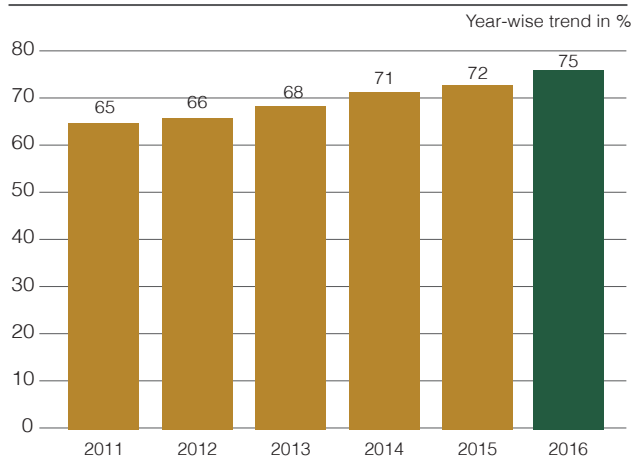
The Bank posted profit after tax of Rs 5.56 billion as compared to Rs 5.02 billion, an increase of 11% over the previous year. Earnings per share increased to Rs 5.55 per share from Rs 5.01 per share. Notwithstanding the lower discount rate scenario and despite intense competition in the Banking Industry, the Bank's net spread after provisions increased by 6% from Rs 17.7 billion to Rs 18.7 billion primarily due to rise in financing portfolio and improvement in deposit mix. The Bank focused on shedding high cost fixed deposits and increasing low cost deposits.

Trade finance business also crossed half a trillion benchmark and closed at Rs 552 billion from Rs 461 billion, a growth of 20%. The trade business is supported by the Bank's growing network of correspondent banking relationships around the world and better customer experience. Fee, commission and brokerage income increased by 38% during the year to reach Rs 2.74 billion as against Rs 1.99 billion last year mainly due to increase in trade finance income and income from Alternate Distribution Channels.

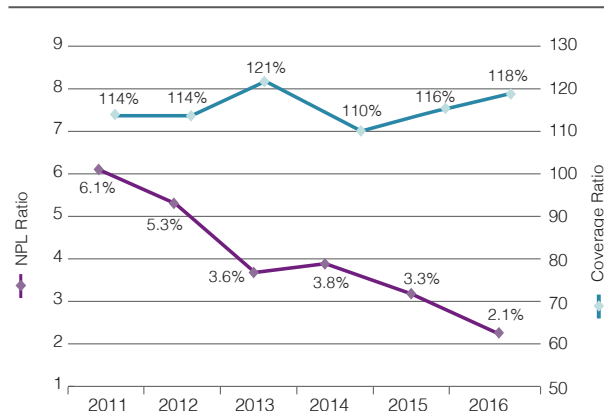
Administrative and operating expenses increased to Rs 15.6 billion from Rs 13.8 billion, a rise of 13%. The rise in expenses is primarily due to full year impact of increase in staff expenses, rent and associated costs as a result of addition of 123 branches during year 2015— an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years. With a network of 571 branches in 146 cities, the Bank maintains its position as the largest Islamic Bank in Pakistan both in terms of deposits and branch network.

The Bank's market share amongst the full-fledged dedicated Islamic Banks operating in Pakistan is approximately 56% while its share of the Islamic Banking industry as a whole including Islamic Banking windows of conventional banks is 34%.

CASA to Total Deposit

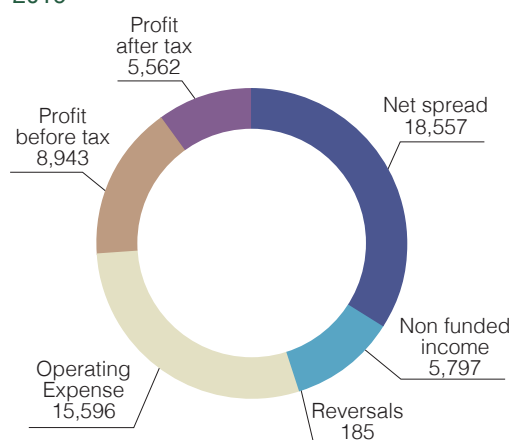


NPL and Coverage Ratios

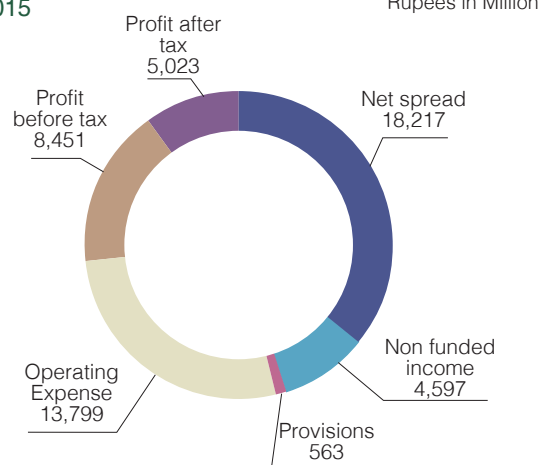


Profit and Loss

2016



2015



DuPont Analysis

Description	2016	2015	2014	2013	2012	2011
Profit Margin - %	14.9%	13.3%	13.6%	14.8%	14.5%	16.5%
Asset Turnover	0.06	0.08	0.09	0.09	0.10	0.12
Equity Multiplier - Times	22.15	19.85	18.63	18.09	16.48	14.77
Return on Equity (ROE) - %	20.71%	20.57%	22.20%	23.69%	24.34%	28.19%

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

2016

1 st Quarter Results issued on	April 26, 2016
2 nd Quarter Results issued on	August 24, 2016
3 rd Quarter Results issued on	October 28, 2016
Annual Results issued on	February 16, 2017
21 st Annual General Meeting	Scheduled on March 28, 2017

2015

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

Details of the Board meetings held outside Pakistan during 2016

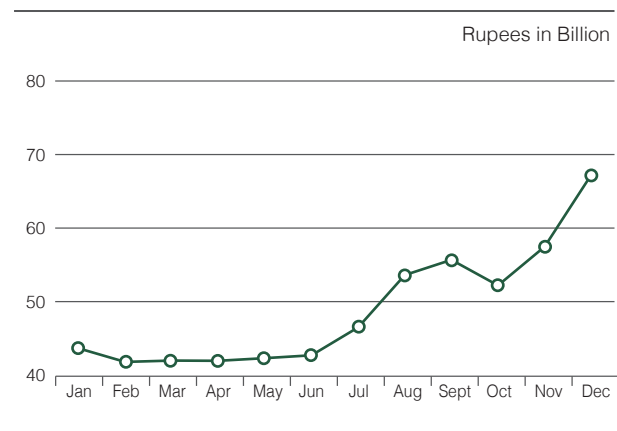
A total of four meetings were held during the year, out of which one meeting was held in Dubai, U.A.E. to approve the unaudited accounts of the Bank for the 3rd quarterly period ended September 30, 2016.

Issues raised in last AGM

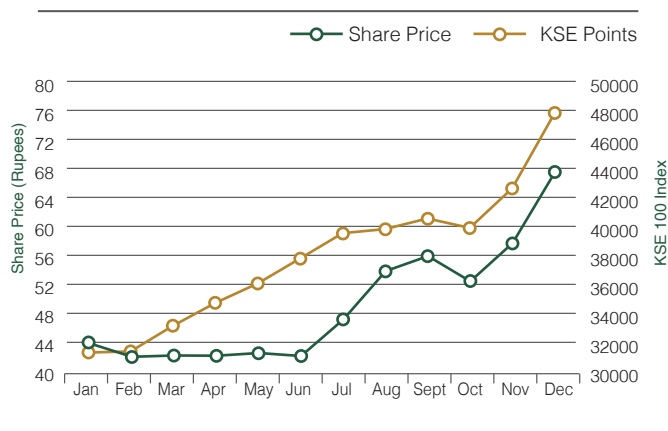
The Annual General Meeting was held on March 29, 2016 at Meezan House, the Bank's Head Office in Karachi. None of the participants raised any issues, and as such, there was no need for any further action in this matter.

Monthly Market Statistics of Meezan Bank's Share during 2016

Market Capitalisation



Share Price Sensitivity



Investor Grievances

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

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

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

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

Directors' Qualification

Members of Meezan Bank's Board are experienced and qualified professionals who bring a diverse range of professional and technical expertise to the organization. Being cognizant of the importance of Directors Certification as required by clause xi of Code of Corporate Governance, Meezan Bank had made arrangements for Directors' Certification for all directors of the Bank in year 2016. Accordingly, the Bank is in compliance with respect to training requirements of its Directors.

Evaluation of the Board of Directors

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

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

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

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

Shareholders

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



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

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



Pak Kuwait

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



Islamic Development Bank (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.

I came to
Interest-free banking
because it seemed
like the
right thing to do.

**The excellent
service and
product range
made me shift all
my personal and
business
accounts to
Meezan Bank.**

Peter Charles

a Meezan Bank customer since 2013

With Islamic
banking
I thought that
I would lose out
on value added
services.

**I'm happy to say,
I was totally
mistaken!**

Syed Mohammad Amir Zaheer

a businessman & avid user of services like
Internet Banking & SMS Alerts who switched
his personal & business accounts to
Meezan Bank in 2009

Pakistan's first and largest Islamic bank, Meezan Bank, offers a range of Shariah-compliant products and services to cater your financial needs. There has never been a better time to make the switch to Islamic banking – so go ahead, **do something you can be proud of – move to Islamic banking today.**



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 more than 570 branches in over 140 cities, making it the 8th largest banking network in Pakistan.

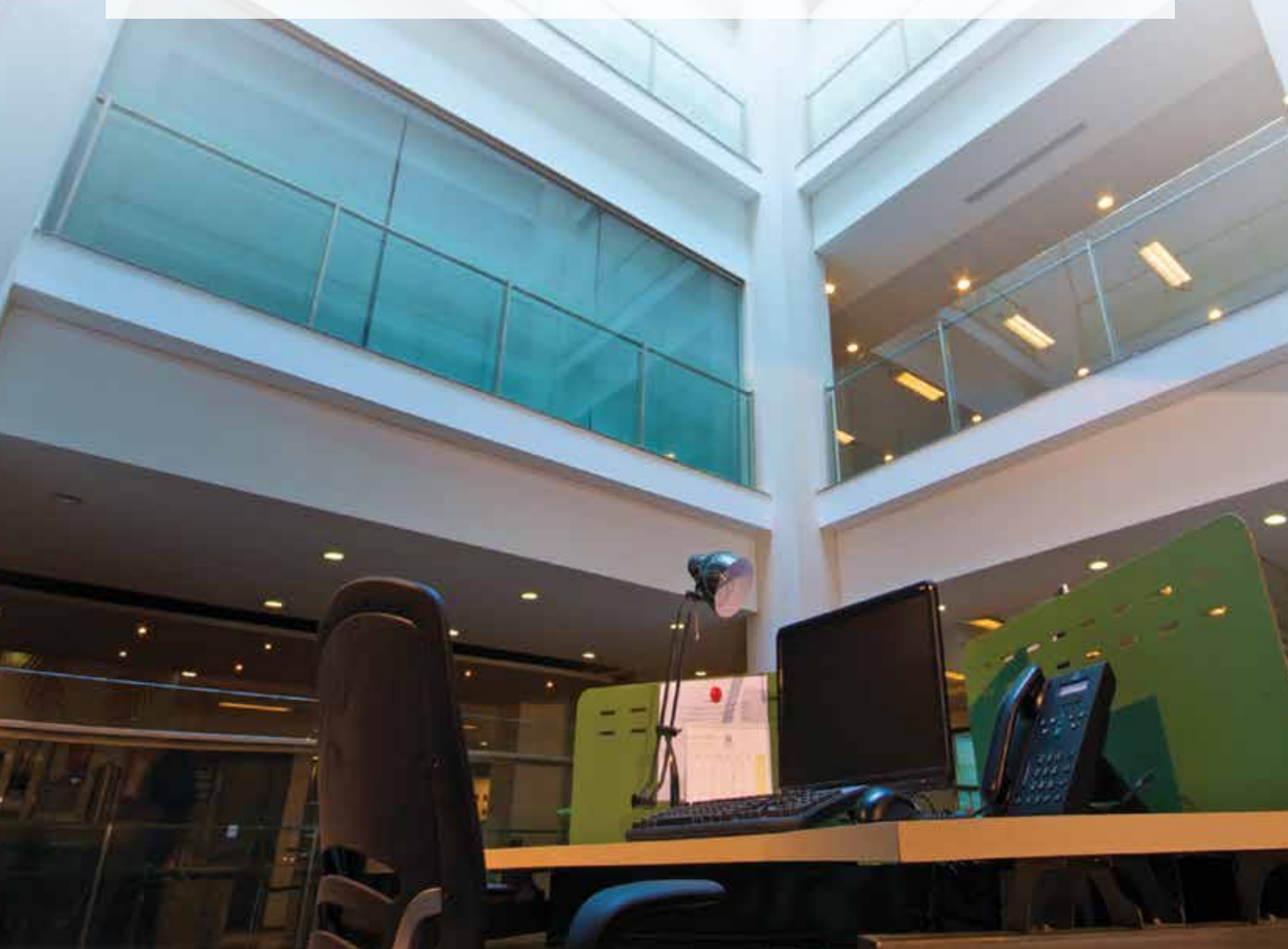
Meezan Bank has a strong Shariah-compliance setup that comprises of a dedicated Product Development and Shariah Compliance Department, a Resident Shariah Board Member and a Shariah Supervisory Board comprising of internationally renowned Shariah scholars. The Bank is well-recognized for its product development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

Credit Rating

	2016	2015
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 of Pakistan.



Awards and Recognition

2016

Islamic Finance News (IFN) - Malaysia

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

Global Finance - New York

Best Islamic Bank in Pakistan
The Innovators - 'Innovator in Islamic Finance 2016'

Asset Triple A – Hong Kong

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

Islamic Finance Forum of South Asia (IFFSA)

Gold Award for 'Islamic Bank of the Year - Pakistan'
Capital Markets Service Provider of the Year
Islamic Microfinance Company/
Project of the Year
Advisory Services Provider of the Year

The Banker - United Kingdom

Islamic Bank of the Year, Pakistan

Pakistan Banking Awards

Best Islamic Bank

CFA Society of Pakistan

Islamic Bank of the Year

South Asian Federation of Accountants (SAFA)

'Certificate of Merit' - Best Presented Annual Report Awards

ICAP & ICMAP

2nd Position - BCR Awards - Banking sector

Employers Federation of Pakistan

1st Prize - Best HRM Practices 2016

PakWheels.com - People's Choice Awards

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

RTC-3 Potentials of Islamic Banking Forum

Largest Islamic Bank in Pakistan

2015

Global Islamic Finance Awards (GIFA)

Shariah Authenticity Award

Islamic Finance News (IFN) - Malaysia

Best Islamic Retail Bank - Global Award
3rd Best Overall Islamic Bank
- Global Award

Best Islamic Bank in Pakistan

Pakistan Deal of the Year

Asset Triple A - Hong Kong

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

Global Finance - New York

Best Islamic Financial Institution in Pakistan

AsiaMoney

Best Islamic Bank in Pakistan

The Banker - United Kingdom

Top Islamic Bank in Pakistan

South Asian Financial Disclosure Index Rankings

Leading Islamic Bank of the region
Ranked 10th in the top 15 global Islamic banks

CFA Society of Pakistan

Islamic Bank of the Year
Corporate Finance House of the Year

MasterCard Innovation Forum 2015

Best Shariah Compliant Product
- MasterCard, Titanium Debit Card

South Asian Federation of Accountants (SAFA)

Best Presented Accounts Award - Private Sector Bank

ICAP & ICMAP

3rd Position - BCR Awards - Banking sector

Pakistan Observer

Largest Islamic Bank

2014

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan
Musharakah Deal of the Year

AsiaMoney

Best Islamic Bank in Pakistan

CFA Society of Pakistan

Islamic Bank of the Year

Asset Triple A – Hong Kong

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

Highly Commended - Best Islamic

Structured Trade Finance

Highly Commended Best Deal - Pakistan

ICAP & ICMAP

3rd Position - BCR Awards - Banking sector

South Asian Federation of Accountants (SAFA)

Best Presented Accounts Award
- Private Sector Banks

The Banker - United Kingdom

Top Islamic Bank in Pakistan

Rozee.pk

Top Employer in the Islamic Banking Industry

2013

AsiaMoney

Best Islamic Bank in Pakistan

CFA Society of Pakistan

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

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan
Ijarah Deal of the Year
Pakistan Deal of the Year

Global Islamic Finance Awards (GIFA)

Best Research and Development in Islamic Finance

Global Finance - New York

Best Islamic Financial Institution in Pakistan

Asset Triple A - Hong Kong

Best Islamic Bank in Pakistan
Best Islamic Retail Bank in Pakistan

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

ICAP & ICMAP

3rd Position - BCR Awards - Banking sector

2012

CFA Association Pakistan

Islamic Bank of the Year

Asset Triple A – Hong Kong

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

Global Finance - New York

Best Islamic Financial Institution in Pakistan

Islamic Finance News (IFN) - Malaysia

Best Deals of the Year

AsiaMoney

Best Islamic Bank in Pakistan

ICAP & ICMAP

4th Position - BCR Awards - Banking sector

2011

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan
Best Deal of the Year

Asset Triple A – Hong Kong

Best Islamic Bank in Pakistan
Best Islamic Trade Finance Bank in Pakistan
Best Islamic Deal - Pakistan
Global Finance - New York
Best Islamic Financial Institution in Pakistan

2010

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

AsiaMoney

Best Islamic Bank in Pakistan

Global Finance - New York

Best Islamic Financial Institution in Pakistan

2009

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan
Best Deal of the Year

Global Finance - New York

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

5th Position - BCR Awards - Banking sector

2008

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan
Best Deal of the Year

Global Finance - New York

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

4th Position - BCR Awards - Banking sector

2007

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan



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

Islamic Finance news Awards

Dollar Mudarabah Certificates and Special Musharkah 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

Islamic Finance news Awards

Best Islamic Bank in Pakistan

Internet Banking launched



2007



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



Import/Export business reaches Rs. 70 billion
Deposit base grows to Rs. 54 billion

Best Islamic Bank in Pakistan

Islamic Finance news Awards

Introduction of Istisna financing for working capital needs of customers



2008



Branch network expands to 40 cities

Deposit base grows to Rs. 70 billion

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

Dedicated Islamic Banking Training Centers established in 3 cities



The Institute of Chartered Accountants of Pakistan



The Institute of Cost & Management Accountants of Pakistan

Corporate Report Award

Best Islamic Financial Institution in Pakistan



Best Islamic Bank in Pakistan Best Deal of the Year

Islamic Finance news Awards

Launch of first Government of Pakistan Ijarah Sukuk

2009

201 Branches
54 Cities

Deposit base crosses
Rs. 100 billion

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



Meezan **VISA** Debit
Cards launched

ASIAMONEY

Best Islamic Bank in
Pakistan



Islamic Bank of the Year



Corporate Report Award

Best Islamic
Financial
Institution in
Pakistan



Best Islamic Bank
in Pakistan

**Islamic Finance NEWS
Awards**

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

Launched Meezan **میزان**

Implementation of
new core banking
application T24



2010

Over 222 Branches
Over 63 Cities

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

Best Islamic
Financial
Institution in
Pakistan



Best Islamic Bank
in Pakistan

**Islamic Finance NEWS
Awards**

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

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

**Meezan
Business
Plus**

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

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

2011

275 Branches
83 Cities

9th largest bank
in Pakistan in terms of
branch network



Meezan House inaugurated

Total assets cross
Rs. 200 billion

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

Launch of **Money
LaptopEase**

Home remittance service
available at all branches



Islamic Bank of the Year



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

**Islamic Finance NEWS
Awards**

Best Islamic Bank
in Pakistan
Best Deal of the Year



Best Islamic
Financial
Institution
in Pakistan

Technical services and
support agreement with



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

10 Years of
100% Free
Banking
310 Branches
90 Cities



Islamic Bank of the Year



The Institute of
Chartered Accountants
of Pakistan



The Institute of
Cost & Management
Accountants of
Pakistan



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

**Islamic Finance NEWS
Awards**

Best Deals of the Year
Pakistan

ASIAMONEY

Best Islamic Bank in Pakistan

Total deposits cross
Rs. 230 billion



Launch of Meezan
Visa Platinum Debit Card



Launch of Meezan
Premium Banking &
Premium Banking Centers

Launch of Mock Branches
for staff training



Launched

Batch Hiring of over
550 employees

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

2013

Over 350 Branches
Over 100 Cities

8th largest bank in Pakistan in terms of branch network

Total deposits reach Rs. 289 billion

ASIAMONEY

Best Islamic Bank in Pakistan



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

Islamic Finance Awards

Best Islamic Bank in Pakistan Deals of the Year-Pakistan

Best Islamic Financial Institution in Pakistan



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

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



Best Islamic Bank in Pakistan Best Islamic Retail Bank in Pakistan

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

GIFA GLOBAL ISLAMIC FINANCE AWARD
Best Research and Development in Islamic Finance

Launch of SMS Banking

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

2014

Over 428 Branches
Over 117 Cities



Meezan Bank acquires HSBC Pakistan

Total deposits reach Rs. 380 billion

ASIAMONEY

Best Islamic Bank in Pakistan



Islamic Bank of the Year

Islamic Finance Awards

Best Islamic Bank in Pakistan Musharakah Deal of the Year



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



Mobile Banking App Launched

Launch of



Corporate Internet banking

Launched **eBiz**

Launch of **Meezan Rishni** Generator Financing



Meezan Titanium MasterCard Debit Card Launched

2015

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

Meezan Bank acquires Pakistan operations of HSBC Oman



Agreement Signing with Karandaaz Pakistan

Total deposits reach Rs. 472 billion



Meezan Upaisa - World's First Islamic Branchless Banking Service



Shariah Authenticity Award



Islamic Bank of the Year Corporate Finance House of the year

Islamic Finance Awards

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

Best Islamic Financial Institution in Pakistan



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

Best Shariah-compliant Product Award



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

Meezan Bank's First Hajj booths at Haji Camp

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



Online Account Opening Form Launched

2016

Over 570 Branches
Over 145 Cities

8th largest bank in Pakistan in terms of branch network

Best Islamic Bank in Pakistan



Pakistan Banking Awards

TheBanker

Islamic Bank of the Year Pakistan

IFFSA Awards

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



Islamic Bank of the Year

Islamic Finance Awards

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



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



Best Islamic Bank in Pakistan Innovator in Islamic Finance 2016

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



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

Launch of New Corporate Website



Official **facebook** Page crosses 1 Million Fans

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 the Board 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 Board Risk Management Committee.

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

Mansur Khan

Mr. Mansur Khan is the Managing Director of Pak Kuwait Investment Co. Ltd since February 17, 2014. He has over 25 years of diversified experience, and a proven track record in Development/Commercial/Investment Banking. He has done Masters in Business Administration (with distinction) from Pace University, New York, USA; majoring in Financial Management.

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

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

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

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

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 Board Risk Management Committee.

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 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 Board Audit Committee.

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.

Mr. Muhammad Zarrug Rajab 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 management positions with Engro Corporation Ltd and Esso Singapore. Thereafter, he worked for another 14 years with British American Tobacco Group UK (BAT) in Pakistan and overseas. His career also includes working for over 10 years as CEO of BAT operations in Cambodia, Mauritius and Indian Ocean.

Since 2004, he has served on 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 presently serving on the Board of Directors of Meezan Bank Ltd., Dawood Hercules Corporation Ltd and Engro Corporation Ltd.

Noorur Rahman Abid

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

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 in Bahrain as well as the largest investment bank based in Bahrain, Chairman of Auditing Standards Committee and Deputy Chairman of Accounting and Auditing Standards Board of AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions). He played an instrumental role in promoting several

successful initiatives, including the Islamic Banking Center of Excellence in Bahrain and was declared winner of the World Islamic Banking Conference 2012 Industry Leadership Award in recognition of his contribution to Islamic Banking.

Directorships and other recent offices held:

- Member of Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutes
- Director, Kuwait Finance House, Kuwait
- Director, 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 Board Human Resources and Remuneration Committee. Having articulated with Coopers & Lybrand, London from 1975-1979, Mr. Irfan Siddiqui qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales. He has held several senior management positions including Chief Executive Officer at Al-Meezan Investment Bank Limited, General Manager at Pakistan Kuwait Investment Company, Advisor to the Managing Director at Kuwait Investment Authority, Manager Finance and Operation at Abu Dhabi Investment Company and Senior Business Analyst at Exxon Chemical (Pakistan) Ltd.

Directorships and other recent offices held:

- Member of 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, Institute of Bankers Pakistan (IBP) Sub Committees for Academic Board and Finance Committee

Ariful Islam

Deputy CEO & Executive Director

Mr. Ariful Islam joined the Bank as its first Chief Operating Officer in April 1999. He is presently the Bank's Deputy CEO and an Executive Board member. He is also a member of the Board Risk Management Committee as well as a member of several management committees of the Bank.

Mr. Ariful Islam qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales in 1982. He is also a Fellow Member of the Institute of Chartered Accountants in Pakistan. He worked with KPMG (formerly Peat Marwick Mitchell & Co., London Office) before moving back to Pakistan in 1985. He has over 30 years of banking experience and has held several senior management positions including Executive Vice President & Regional Manager South at Faysal Bank Limited and Senior Executive Vice President & Head of Investment Banking at MCB Bank Limited.

Directorships and other recent offices held:

- Chairman of the Board, Al-Meezan Investment Management Limited
- Chairman of the HR 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 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 Esam Mohamed Ishaq

Board Member

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

He is a member of the High Council of Islamic Affairs of the Government of Bahrain and holds various Shariah

positions in many social, commercial and educational institutions. Currently he also teaches Fiqh, Aqeeda and Tafseer courses in various 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 Esam is Chairman of the Muslim Educational Society, Vice Chair & Shariah Advisor for Discover Islam Centre & member of the Board of Trustees of Al-Iman Islamic Schools, Bahrain.

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, International Centre for Education in Islamic Finance (INCEIF) and other mutual and property funds, Takaful Companies and international Sukuk etc. He is also an Executive Committee Member of AAOIFI (Dubai), Shariah Supervisory Board of International Islamic Financial Market (IIFM) Bahrain and Chairman Academic Board at Institute of Business Administration (IBA)-Centre for Excellence in Islamic Finance (CEIF), Karachi and Member Executive Committee at Centre 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 (Non-Executive Director)
Faisal A.A.A. Al-Nassar	Vice Chairman (Non-Executive Director)
Bader H.A.M.A. Al-Rabiah	Non-Executive Director
Mansur Khan	Non-Executive Director
Alaa A. Al-Sarawi	Non-Executive Director
Syeda Azra Mujtaba	Non-Executive Director
Muhammad Zarrug Rajab	Non-Executive Director
Mohammad Abdul Aleem	Independent Director
Noorur Rahman Abid	Independent Director
Talal S.A. Al-Shehab	Independent Director
Irfan Siddiqui	President & CEO
Ariful Islam	Deputy CEO & Executive Director

Shariah Supervisory Board

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

Auditors

A. F. Ferguson & Co.

Chief Financial Officer

Shabbir Hamza Khandwala

Company Secretary

Muhammad Sohail Khan (With effect from January 5, 2017)

Registered Office

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

Shares Registrar

THK Associates (Pvt.) Ltd.
1st Floor, 40-C, Block-6,
P.E.C.H.S., Karachi-75530, Pakistan.
Ph: (92-21) 111-000-322,
Fax: (92-21) 35655595

Contacts

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

Board Committees

Board 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 Board Human Resources and Remuneration Committee (BHRRC) is responsible for ensuring that the Bank manages its Human Resource in the light of best practices of the industry. The responsibilities of the BHRRC include reviewing and recommending Human Resource 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 benefits) 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.

Board Risk Management Committee

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

Terms of Reference

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

Board Audit Committee

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

Terms of Reference

The Board Audit Committee (BAC) is responsible for determining appropriate measures for safeguarding the Bank's assets, reviewing the quarterly, half-yearly and annual financial statements, reviewing the management letter issued by external auditors and management's response thereto, reviewing 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.

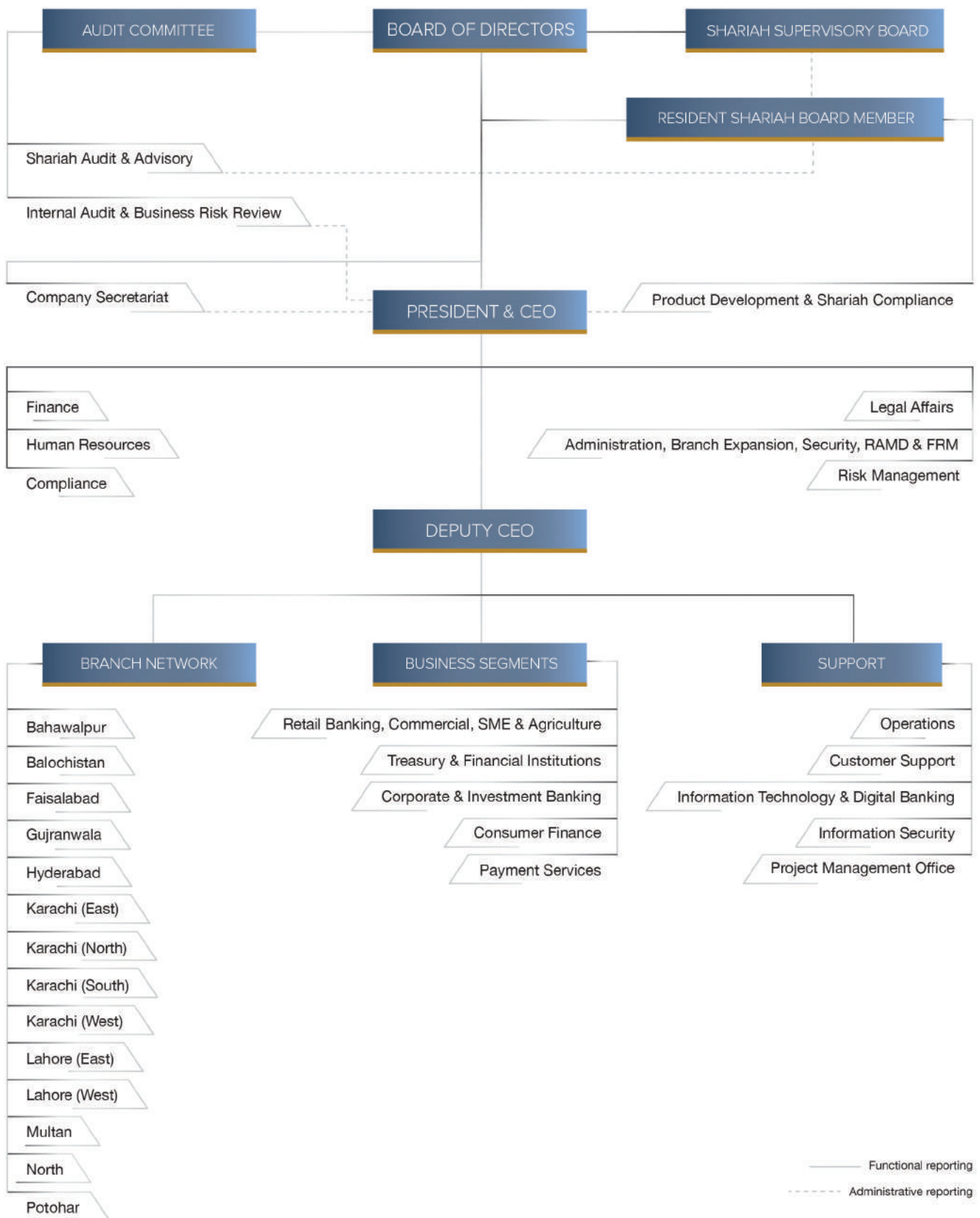
Dates and Attendance of Board Committees during 2016

Name of Director	No. of Meetings Attended	Board Human Resources and Remuneration Committee				Board Risk Management Committee				Board Audit Committee			
		22-Feb-16	25-Apr-16	11-Jul-16	27-Oct-16	21-Feb-16	25-Apr-16	22-Aug-16	26-Oct-16	21-Feb-16	25-Apr-16	22-Aug-16	27-Oct-16
Mr. Riyadh S. A. A. Edrees (Chairman)	4/4	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Noorur Rahman Abid	4/4	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Irfan Siddiqui (President & CEO)	4/4	P	P	P	P	-	-	-	-	-	-	-	-
Mr. Faisal A.A.A. Al - Nassar (Chairman)	4/4	-	-	-	-	P	P	P	P	-	-	-	-
Mrs. Syeda Azra Mujtaba	4/4	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Ariful Islam (Deputy CEO)	4/4	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Mohammad Abdul Aleem (Chairman)	4/4	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Noorur Rahman Abid	4/4	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Alaa A.Al Sarawi*	4/4	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Muhammad Zarrug Rajab**	2/3	-	-	-	-	-	-	-	-	N/A	P	P	Absent

* Mr. Alaa A.Al Sarawi was appointed as Member of Audit Committee in place of Mrs. Syeda Azra Mujtaba on November 19, 2015 due to reconstitution of Board Committees.

** Mr. Muhammad Zarrug Rajab was appointed as Member of Audit Committee on April 25, 2016.

Organization Structure



Management Team

Head Office

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

Regions

Muhammad Saleem Khan	General Manager – North & Potohar Regions
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
Syed Salman Ahmed	Regional Manager – Lahore West Region
Aamir Ali Durrani	Regional Manager – Balochistan Region
Khalid Masood	Regional Manager – Bahawalpur Region
Mateen Mahmood	Regional Manager – Karachi North Region
Mashkooor A.G. Khan	Regional Manager – Karachi South Region
Moazzam Saeed Khan	Regional Manager – Gujranwala Region
Muhammad Tufail	Regional Manager – Multan Region
Rahim Bux Memon	Regional Manager – Hyderabad 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 Corporate & Investment Banking
Group Head Risk Management
Group Head Treasury & Financial Institution

Terms of Reference

The Asset Liability Management Committee (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. The ALCO is also responsible for monitoring policy rate movements and taking necessary steps across all assets and liabilities to ensure that the overall profitability of the Bank is maximized. This is mainly performed by alterations in the profit rates offered across different deposit products. It is also responsible for ensuring that the Bank's overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

Business Continuity Steering Committee

Deputy CEO - Chairman
Group Head Risk Management
Group Head Operations
Group Head Retail, Commercial
SME & Agriculture Finance
Group Head Administration, Branch Expansion,
Security, RAMD & FRM
Head of Compliance
Manager IT Disaster Recovery
BCM Manager

Terms of Reference

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

Business Review Committee

President & CEO - Chairman
Deputy CEO
Chief Financial Officer & Group Head Finance
Group Head Consumer Finance
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 Customer 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 Business Review Committee (BRC) is responsible for providing strategic direction to all business units of the Bank, monitoring the performance of various departments against agreed objectives and identifying and addressing operational bottlenecks in business processes. The BRC 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. The BRC is also responsible for reviewing the SWOT analysis of the Bank and identifying 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 for overseeing credit risk activities on Bank wide basis while ensuring compliance with regulatory requirements and internal policies. The CRMC's responsibilities also include providing support and guiding front lines in managing their businesses, performing finance portfolio review, establishing financing standards and benchmarks, maintaining adequate industry diversification and deciding upon provisioning. It is also required for delegating financing approving powers and prudential limits on large financing exposures

Management Committees

Disciplinary Action Committee

Group Head Consumer Finance - 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 Disciplinary Action Committee (DAC) is responsible for taking 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
Company Secretary
Head of Legal

Terms of Reference

The Disciplinary Action Review Committee (DARC) is responsible for reviewing the appeals of the staff against whom DAC has already taken disciplinary action. The DARC is formed with a view to ensure a fresh review of each appeal filed against the DAC decision.

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 Information Technology
Group Head Operations
Head Internal Audit & BRR
Head of Compliance
Head of Product Development & Shariah Compliance

Terms of Reference

The Internal Controls & Operational Risk Management Committee (ICORC) is responsible for reviewing the 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 ICORC evaluates overall management information system and facilitates for its accuracy and standardization. It reviews reports on major actual/attempted fraud, forgery and dacoity incidents and steps taken to mitigate such incidents in future. It also reviews reports on major/recurring audit observations. It 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 ICORC is also responsible for overseeing money laundering and financing terrorism risks and taking 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 IT Steering Committee (ITSC) is responsible for identifying, prioritizing, and overseeing IT plans and projects. The ITSC does this by working with the Information Technology department to establish overall priorities and provide general direction for IT initiatives by identifying and sponsoring projects that support the Bank's business plan. It also assists the Bank's senior management, including IT Head, in effectively utilizing IT resources to meet the business and operational needs of the Bank, as well as in resolving conflicts in demand for IT services and resources.

Investment Committee

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

Terms of Reference

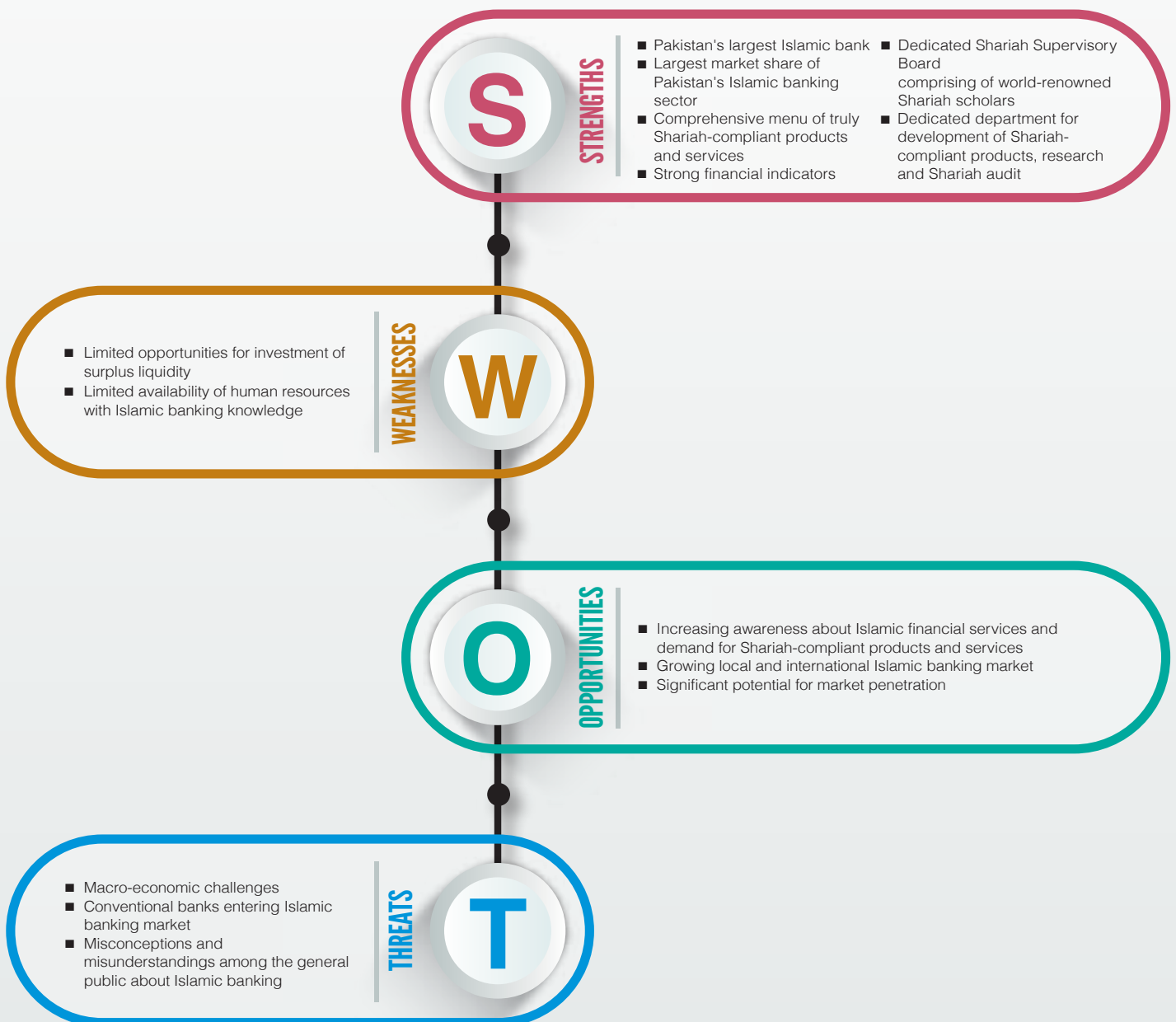
The Investment Committee (IC) is responsible for ensuring that the Bank's investments in listed equity securities are made in compliance with the:

- (i) Investment Policy of the Bank
- (ii) Limits prescribed under Prudential Regulations issued by the State Bank of Pakistan and
- (iii) Directives of Shariah Supervisory Board of the Bank

The IC also reviews the performance of equity investment portfolio through its regular meetings and discussions wherein the members also discuss the forgoing investments and future strategies in line with investment policy and market dynamics.

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:



Risk and Opportunity Report

One of the major concerns haunting all entities, irrespective of the nature, size and complexity of their business is the missed business 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. This equally applies to the banking business which by its very nature is risky coupled with enhanced opportunities over the period of time. Banks are exposed to commercial and financial risks including credit, concentration, liquidity, market, rate of return and equity investment risks. Moreover, Meezan Bank being the premier Islamic Bank has to manage an important risk namely Shariah non-compliance risk that is only unique to Islamic banking.

Key Sources of Uncertainty

Rapidly changing environment brings with it number of uncertainties. The modest growth in the inflation rate, continued volatility in global oil prices, net retirement of government debt and Sukuks from the banking sector will have bearing on performance of the banking industry. Stable foreign exchange reserves, recent improvement in the sovereign rating of Pakistan and unprecedented growth in the stock market will have positive impact. Moreover, 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. However, in case the oil prices bounce back and inflation increases beyond manageable level that may result in slight increase in the interest rates. Level of availability of power for industrial sector and reduced uncertainty in the implementation of Pak - China Economic Corridor will have its direct bearing on assets booking for Banks. As several opportunities can be created under CPEC which include project financing for infrastructure as well as for power plants. The fruition of this corridor strengthens Pakistan's long-term economic prospects and with it the public sector financing is expected to rise. Despite reduced level of statutory liquidity requirements for Islamic banks on account of Sukuks maturity, Meezan Bank being an Islamic bank has limited options to place its excess liquidity with Government / Central Bank through Shariah compliant instruments as there is no fresh issuance of GoP Sukuks meeting the demand of Islamic banks.

Meezan Bank continued to explore opportunities to achieve its strategic objectives while ensuring proper risk mitigates and controls in place. Under the overall supervision of the Board of Directors and Shariah Supervisory Board, various business units of the Bank continued to explore new business opportunities in close coordination with Risk Management, Compliance, PDSC, Information Technology and Operations departments, keeping in mind the relevant risk-reward trade-off. New business opportunities are supported through state of the art data centre, robust core banking system and broad spectrum of alternate distribution channels, enhanced focus on personalized banking and high standards of service quality. 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 continuously improves upon its Risk Management Framework established by the Board of Directors by enhancing oversight by the Board, its Risk Management Committee and Management Committees. The Bank keenly improved upon its risk policies, procedural manuals, systems, tools and techniques, management information system and human resources capacity. Risk management tools not only help the Bank in identification, assessment, reporting and management of both conventional risks and risks peculiar to Meezan Bank. Further, these tools are subject to continual further development and refinement. Risk Management strategies for various risk types and business continuity plan and IT disaster recovery arrangements are also 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'.

Materiality Approach

While managing various risks, the Bank also focuses on materiality concept. Resources are diversified to medium 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. Coherent efforts 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 mitigants and controls to serve its widening customer base Insha'Allah.

Business Continuity Plan

The Business Continuity Management (BCM) is a lifecycle with the objective to of improving organizational resilience. In Meezan Bank the business continuity management operates at strategic, tactical and operational level. The Bank has in place a comprehensive business continuity framework with clear set of governance structure, business continuity and information technology disaster recovery plans, clearly defined roles and responsibilities of individuals for response, recovery, resumption and restoration of activities to a pre-defined level of operation following disruption. The BCM program is in line with the guidelines issued by regulator and is subject to regular reviews. It sets out the agreed arrangements for bringing disaster events under control and ensures availability of necessary resources for maintaining critical business functions. Having a BCM framework in place helps the Bank to ensure safety of human resources and resumption of mission critical activities from alternate processing site(s) in case the primary site(s) are 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 comprehensive business continuity including information disaster recovery plans have been established with the approval of the Board of Directors. Scope of business continuity plans have been widened to the branch network. The Bank has also established Alternate Processing Sites at three different locations within Karachi with the overall objective to ensure resumption of Mission Critical Activities (MCAs) in case of disaster. IT disaster recovery is managed from Islamabad. The Bank's BCM team continuously strives to improve upon business continuity preparedness of the Bank. The BCM plans are periodically tested and validated through evacuation, walkthrough, mock and actual drills. This strengthens the confidence of stakeholders regarding the availability of products and services under stress scenarios and embeds business continuity within the organizational culture of the Bank.

Products and Services

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

Meezan Rupee Current Account

This is a checking account that works on the basis of 'Qard' and provides the convenience of conducting day-to-day transactions. There is no restriction on withdrawals or number of transactions 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 number 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 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. 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 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 Teens Club Account

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



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 number of transactions and there is no deduction of service charges if the balance maintained is low.



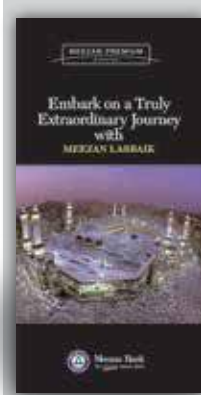
Meezan Kafalah

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



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 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 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.



Meezan Asaan Savings Account

Meezan Asaan Savings Account provides swift and hassle-free account opening process, since there is no requirement of submitting any proof of income document for opening this account. Account works on the basis of 'Mudarabah' and can be opened with a minimum 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 Payroll Card

Meezan Payroll Card enables companies to manage payments (salary, pension, staff reimbursements and bonus) in a cost effective, secure and efficient manner. Companies can easily issue Meezan Payroll Card to their employees and once employees' salaries are loaded onto their accounts, they can immediately draw cash from any of Meezan Bank's or 1Link member bank's ATMs.



Meezan Payroll Card not only allows cash withdrawals through ATMs, but also allows customers to pay bills, top-up mobile credits and transfer funds to any 1Link member bank through Meezan Bank ATMs.

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 and restaurants across the country.
- Access to International CIP lounges at Karachi, Lahore, Islamabad, Multan and Sialkot airports.
- Dedicated Premium Banking Centres at Karachi, Lahore, Islamabad, Sialkot and Faisalabad.
- Premium Phone Banking - a dedicated Call Centre exclusively for Premium Banking customers.
- Fee waivers on selected banking services.



Takaful Coverage

In line with its customer focused strategy, Meezan Bank is offering Takaful coverage to all of its account holders in case of accidental death or permanent disability.

Customers maintaining an average monthly balance of Rs. 10,000 and above, are entitled to a Takaful cover of upto Rs. 1 million. In addition, ATM cash withdrawal Takaful Coverage, on the amount withdrawn from any ATM, is offered to all the account holders, in case money is snatched within the radius of 1.5 kms and 30 minutes.



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 cheque books, pay orders, and stop payment.



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 571 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.



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 view transactions datewise, pay bills, top-up mobile phone credits, transfer funds and block/unblock cards in a fast, convenient and a secure way.



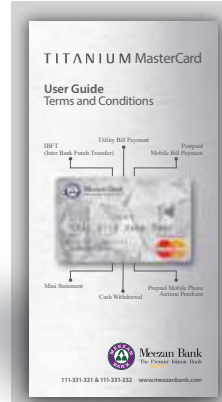
Meezan WebPay

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. With POS equivalent limits customer enjoys the freedom to transact.



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 traveller offering free access to airport lounges across the Middle East, coupled with a wide array of exclusive offers and discounts within Pakistan and worldwide.



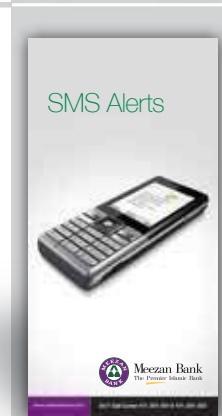
Meezan ATM Network

Meezan Bank offers a nationwide network of over 550 ATMs located at its branches and at prominent off-site locations across the country. The Bank also offers access to more than 8,000 ATM locations country-wide via 1Link and MNET networks.



SMS Alerts

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



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.

The new NFC based payment capability on our VISA Debit Cards allows customers to pay for any transaction on the go by just tapping the card at the merchant counters accepting NFC payments. Equipped with an EMV chip, the cards provide advanced security and greater convenience.



Commercial Vehicles Ijarah

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



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 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.



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.



Bike Ijarah

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



Easy Home

Based on the principle of Diminishing Musharakah, Easy Home is a Shariah-compliant home financing facility, in which a customer can buy or build a house, renovate an existing house or replace the conventional house loan with 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.



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 to offer complete solution for all financing needs of the customers.

Murabaha

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

Musawamah

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

Istisna

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

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.

Running Musharakah

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

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 basis and then keeps the same goods under its pledge for securing the payment obligations of the customer.

Hedging Facilities

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

Long term Import Financing

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

Export Financing

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

Hedging Facilities

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

Salam & Murabaha as alternative to Export Bill Discounting

In order to provide financing for the immediate financing needs of the exporters Meezan Bank offers a Shariah-compliant alternative to export bill discounting where instead of providing loan against the export order, Meezan Bank keeps the export bill as security and extends a fresh

Murabaha financing facility to the customer or purchases FCY against Pak rupees from the customer on Salam basis at spot rates to cater to the financing requirements of the customer.

Guarantee Services:

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

Meezan eBiz

Meezan eBiz allows customers to execute critical banking transactions in real time over the internet while



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

Meezan eBiz+

Meezan eBiz+ is a customized payments & Cash Management solution that allows corporate



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

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

2025



2016

The Year in Review

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Chairman's Review

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

It gives me immense pleasure to present to you the Annual Report of Meezan Bank for 2016.

Meezan Bank will be completing 15 years as a full-fledged commercial bank in Pakistan in May 2017, having been granted the 1st Islamic Banking license of the country in 2002. Since that date, Meezan Bank has been the fastest growing bank in the history of Pakistan's banking industry, averaging a deposit growth of 32% per annum over the last ten years. Our branch network has also grown at a similar pace and we are now present in 146 cities, offering a comprehensive range of Islamic banking products and services through 571 branches.

Thanks to the blessings of Allah (ﷻ), support of all our customers and our dedicated and committed staff, we maintain our leadership position in the Islamic banking industry and are also now ranked the 8th largest bank out of the total of 32 banks (both conventional and Islamic) operating in the country. We have worked hard to lay strong foundations of your Bank by putting into place a robust framework of internal controls and state-of-the-art technology infrastructure. Meezan Bank's products are available to meet both short and long term financing needs of all customers – ranging from large multinational and local groups to SMEs and individual consumers. The Bank's Investment Banking department is also very active in advisory and project finance and has the distinction of winning the award of 'Best Islamic Investment Bank', 'Best Sukuk House of the Year' and 'Best Deal Pakistan of K-Electric Sukuk' by the Asset Triple A Islamic Finance Award for 2016. Islamic Finance News (IFN) of Redmoney Group, Malaysia has also awarded Meezan Bank 'Pakistan Deal of the Year' – Power Holding Private Limited and 'Best Islamic Bank in Pakistan'. I also congratulate the Treasury department of the Bank for being recognized as the 'Best Bank for Treasury Management' – Global Award by IFN.

“ We have worked hard to lay strong foundations of your Bank by putting into place a robust framework of internal controls and state-of-the-art technology infrastructure. ”



بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

مجھے سال ۲۰۱۶ کی سالانہ رپورٹ آپ کے سامنے پیش کرتے ہوئے بے انتہا مسرت ہو رہی ہے۔

سن ۲۰۰۲ میں ملک میں اسلامی بینکاری کا پہلا لائسنس ملنے کے بعد سے مئی ۲۰۱۷ میں میزبان بینک ایک مکمل کاروباری اسلامی بینک کے طور پر اپنے ۱۵ سال مکمل کر لے گا۔ اُس وقت سے اب تک، میزبان بینک پاکستانی بینکاری کی تاریخ میں سب سے زیادہ تیزی سے ترقی کرنے والا بینک رہا ہے اور گزشتہ ۱۰ سالوں میں اس کے ڈپازٹ میں اوسط سالانہ اضافہ ۳۲ فیصد رہا ہے۔ ہمارا برانچ نیٹ ورک بھی اسی رفتار سے بڑھ رہا ہے اور اب ۳۶ شہروں میں موجود ہماری ۱۷۵ شاخیں اسلامی بینکاری کی جامع مصنوعات اور خدمات پیش کر رہی ہیں۔

اللہ تعالیٰ کی عطا کردہ برکتوں، اپنے کسٹمرز کے تعاون اور اپنے پڑ عزم ملازمین کی مدد سے ہم نے اسلامی بینکاری میں اپنا قائدانہ مقام برقرار رکھا ہے اور اب پاکستان کے ۳۲ روایتی اور اسلامی بینکوں کی فہرست میں ہمارا آٹھواں نمبر ہے۔ آپ کے بینک کی بنیادیں مضبوط کرنے کے لئے ہم نے انتھک محنت کے ساتھ انٹرنل کنٹرول اور جدید ترین ٹیکنالوجی کے امتزاج سے ایک مضبوط ڈھانچہ فراہم کر دیا ہے۔ میزبان بینک کے پاس اپنے تمام کسٹمرز، بشمول کثیر الاقوامی ادارے، مقامی گروپ، درمیانی اور چھوٹے ادارے اور انفرادی کسٹمرز کے لئے ان کی ہر قسم کی قبیل المیعا اور طویل المیعا سرمایہ کاری کی ضرورتوں کو پورا کرنے کے لئے متنوع پراڈکٹس موجود ہیں۔ میزبان بینک کا انوٹسٹمنٹ بینکنگ ڈپارٹمنٹ نئے پراجیکٹس کے لئے مشاورت اور سرمایہ مہیا کرنے کے لئے بہت متحرک ہے۔ اسے یہ امتیاز حاصل ہے کہ اس نے سال ۲۰۱۶ کے ایٹ ٹریبل ایے اسلامک فنانس ایوارڈ کی جانب سے 'بہترین اسلامی انوٹسٹمنٹ بینک'، سال کا بہترین سلوک ہاؤس' کے الیکٹرک، پاکستان کی بہترین سلوک ڈیل' کے اعزازات حاصل کیے اسے اس طرح اسے اسلامک فنانس نیوز کی جانب سے، جس کا تعلق ملائیشیا کے ریڈیو گروپ سے ہے، پاور ہولڈنگ۔ پاکستان کی سال کی سب سے بہترین ڈیل' اور پاکستان کا سب سے بہترین اسلامی بینک' کے اعزازات بھی ملے ہیں۔

میں بینک کے ٹریڈری ڈپارٹمنٹ کو بھی مبارکباد دینا چاہتا ہوں جس کی وجہ سے بینک کو آئی ایف این کی طرف سے ٹریڈری ٹیم میں سب سے بہترین بینک' کا عالمی اعزاز بھی ملا۔

ہم پاکستان کی معیشت کے بارے میں بہت پرامید ہیں کیونکہ سن ۲۰۱۷ میں مجموعی ملکی پیداوار کی شرح ۵ فیصد کی حد تک بڑھنے والی ہے اور معیشت درست سمت میں آچکی ہے۔ غربت کی شرح میں نصف کی ہوئی ہے اور امن و امان کی مجموعی صورت حال میں نمایاں بہتری آئی ہے اسی طرح زرمبادلہ کے موجودہ ذخائر بھی تسلی بخش ہیں۔ اگرچہ غیر ملکی قرضوں کا مجموعی قومی پیداوار کا ۶۰ فیصد ہونا نسبتاً بہت زیادہ ہے مگر پھر بھی معیشت مجموعی طور پر بہت مستحکم نظر آ رہی ہے۔ پیٹنگوئی کی جارہی ہے کہ اگلے ۳۵ سالوں میں دنیا میں تیزی سے بڑھنے والی معیشتوں میں دیت نام، انڈیا اور بنگلہ دیش کے بعد پاکستان چوتھے نمبر پر ہوگا۔ پی ڈبلیو سی کی ایک رپورٹ کے مطابق جو حال ہی میں شائع ہوئی ہے، پاکستان اسٹاک ایکسچینج سلسلہ عمدہ کارکردگی کا مظاہرہ کر رہا ہے اور سال ۲۰۱۶ میں ڈالر کے حوالے سے اس سے ہونے والی آمدنی ۳۶ فیصد رہی ہے اور پوری دنیا میں بہترین کارکردگی کا مظاہرہ کرنے والے اسٹاک ایکسچینجوں میں اس کا پانچواں نمبر رہا۔

اب جب کہ سی پیک ایک حقیقت بن چکا ہے اور سرمایہ کاروں کا اعتماد بھی پاکستان اسٹاک ایکسچینج کے ایم ایس سی آئی ایئر جنک مارکیٹ انڈیکس میں شامل ہونے کی وجہ سے بہت بڑھ رہا ہے، میزبان بینک اپنے وسیع برانچ نیٹ ورک، مجلس اور پیشور ملازمین اور مضبوط برانڈ ایج کی مدد سے ابھرتی ہوئی معیشت کے شراکت کو سمیٹنے اور نئے مواقع سے فائدہ اٹھانے کے لئے بہت اچھی پوزیشن میں ہے۔

مجھے مکمل اعتماد ہے کہ تمام اسٹیک ہولڈرز کے لئے مستقبل بہت تابناک ہے اور ہم بھی پاکستان میں اپنی سرمایہ کاری کے بارے میں بہت پرامید ہیں۔

میں یہاں اسٹیٹ بینک آف پاکستان، وزارت مالیات اور سیکورٹی ایکسچینج کمیشن آف پاکستان کا ملک میں قابل عمل اسلامی معاشیاتی نظام کے قیام کے لئے ان کی مسلسل وابستگی کا شکریہ ادا کرنا چاہوں گا۔

میں اپنے تمام شیئرز ہولڈرز، شریعہ پسوازنی بورڈ کے اراکین اور اپنے ساتھی بورڈ ممبران اور بینک کے ملازمین اور سب سے بڑھ کر اپنے کسٹمرز کا بھی شکریہ ادا کرتا ہوں جنہوں نے ہم پر مکمل اعتماد کیا اور اسلامی بینکاری کے مقصد کے حصول میں ہماری پوری مدد کی۔

ریاض ایس۔ اے۔ اے۔ اور لیس
چیئر مین

15 فروری، 2017

We remain optimistic about Pakistan's economy, as GDP growth rate is poised to cross 5% in 2017 and is trending in the right direction. Since 2002, the rate of poverty has fallen by half and law and order has improved significantly. Foreign exchange reserves are now at more comfortable levels and although foreign debt at 60% of GDP is relatively high, the economy appears to be in a stable fiscal state. Over the next 35 years, Pakistan is forecasted to be the fourth fastest-growing economy in the world, only after Vietnam, India and Bangladesh, according to a new PwC report released recently. The Pakistan Stock Exchange has also consistently performed very well and returned 46% in 2016 in US Dollar terms – the 5th best performing stock market in the world.

As CPEC becomes a reality and investor confidence continues to grow with the inclusion of the Pakistan Stock market into the MSCI Emerging Markets Index, Meezan Bank is well positioned to capitalize on the emerging opportunities through its extensive branch network, dedicated and professional employees and strong Meezan brand. I am confident that the future bodes well for all the stakeholders and we remain committed to our investment in Pakistan.

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

I would also like to express my gratitude to our shareholders, members of the Shariah Supervisory Board and my fellow Board members as well as all Meezan Bank staff. And, most importantly, our customers who have reposed their trust in us and supported the cause of Islamic banking.



Riyadh S. A. A. Edrees
Chairman

February 15, 2017

Directors' Report to the Members

On behalf of the Board of Directors, we are pleased to present the twentieth Annual Report setting out the detailed financial results of the Bank for the year ended December 31, 2016.

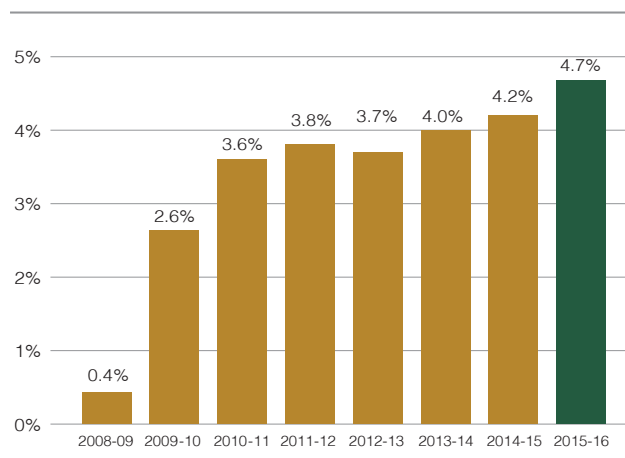
Alhamdulillah, Meezan Bank has completed fourteen years of operations as a full-fledged Islamic commercial bank and has maintained the distinction of being the fastest growing bank in the industry over this period. We are grateful for the blessing of Allah (ﷻ) and the commendable team effort that has allowed us to become the dominant leader in the Islamic Banking industry of Pakistan with a branch network of 571 branches in 146 cities. Throughout this journey, the Bank has remained committed to its Vision of establishing 'Islamic banking as banking of first choice'.

A significant achievement during the year was the successful issue of Sub-ordinated Sukuk (Tier II) amounting to Rs 7 billion that has further strengthened the Bank's Capital Adequacy Ratio ("CAR") and will support the future growth strategy of the Bank. The issue received an overwhelming response from investors as a result of which the Bank exercised its Green shoe option and accepted offers totaling Rs 7 billion, Rs 3 billion more than the initial issue size of Rs 4 billion. The Bank was able to issue the Sukuk at a very attractive price which is indicative of the strong brand value and standing of Meezan Bank in the industry. The Sukuk has been rated AA- (Double A-), by JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan. The Bank's CAR now stands at a comfortable level of 12.91% as compared to 10.98% in December 2015 and is well above the minimum mandatory level of 10.65%. At the same time 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.

Economic Overview

Pakistan's economy performed well during the year 2016 with GDP growing consistently over the last few years to touch a eight-year high of 4.7% for the fiscal year 2015 – 2016 (see graph). This growth was driven by strong domestic demand, that stems primarily from a burgeoning middle-class estimated to account for 38% of the country's total population or approximately 76 million people – roughly equivalent to the entire population of Germany or Turkey. This coupled with a stable political environment

GDP Growth Rate



and improved law and order, a positive business sentiment and low inflation bodes well for the future.

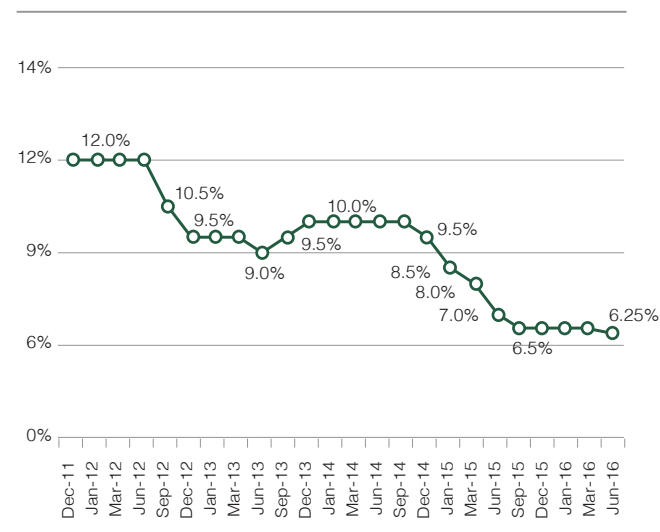
A significant milestone achieved during the year was the formal inauguration of the Gwadar port in November 2016, which means that China Pakistan Economic Corridor ("CPEC") is now a reality. CPEC is part of Chinese President Xi Jinping's vision of a "One Belt, One Road" that will revive the Old Silk Route and in the case of CPEC give the western provinces of China direct access to the Arabian Sea through the Khunjerab Pass – one of the highest border crossings in the world at 15,300 feet. China has committed over US\$ 50 billion to support projects, primarily in infrastructure and energy, including the Gwadar Port, roads and railway, and the Thar Coal project. We believe that CPEC in general and the development of the enormous Thar coal project in particular, will be 'game-changers' for Pakistan and may prove to be the catalyst for significant economic growth in the future.

The Current Account deficit narrowed, comfortably financed by higher financial inflows, and the Fiscal deficit was also well managed at 4.6% of GDP in FY'16. Foreign exchange reserves position remained strong during the year, increasing by US\$2.3billion to close the year at US\$23.1billion. The increase is mainly on account of loans from multilateral sources, including IMF, as well as the Government's launch of a Sukuk bond to international investors of US\$1billion.

The improved economic outlook led to an upgrade of Pakistan's sovereign rating to B from B- with a 'stable outlook' by S&P.

The State Bank of Pakistan paused its monetary easing policy after a 25 basis points cut in May 2016 and has kept the Policy Rate unchanged at 5.75% ever since.

Discount Rate



Internationally, with the OPEC and non-OPEC deal sending oil prices further north, and aggregate demand picking up domestically, inflation is set to increase gradually.

On the negative front, the country's exports declined during the year due to sluggish international demand and

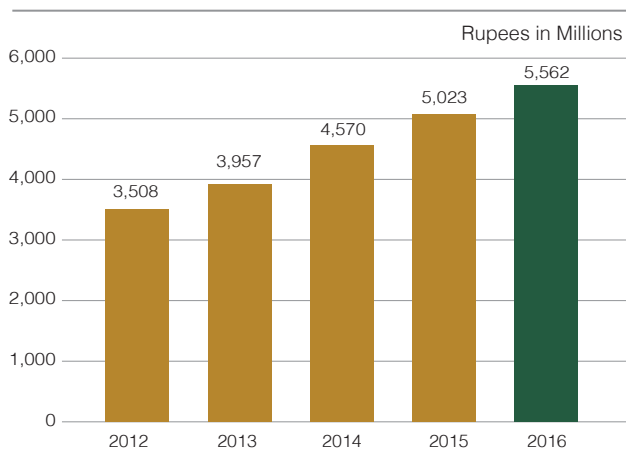
also because the Pakistani Rupee has been extremely stable relative to regional currencies, as a result Pakistani products have become less price-competitive in the international market.

A significant development during 2016 was MSCI's decision to reclassify Pakistan as an Emerging Market. This, together with a very positive outlook for the economy, led to a sterling performance by the Pakistan Stock Exchange with the index touching a record high of 47,800 points and a return of 46% (in US dollar terms) in 2016 – the 5th best performing stock market in the world. The bullish trend has continued in 2017 with the index crossing 50,000 points.

Our Performance

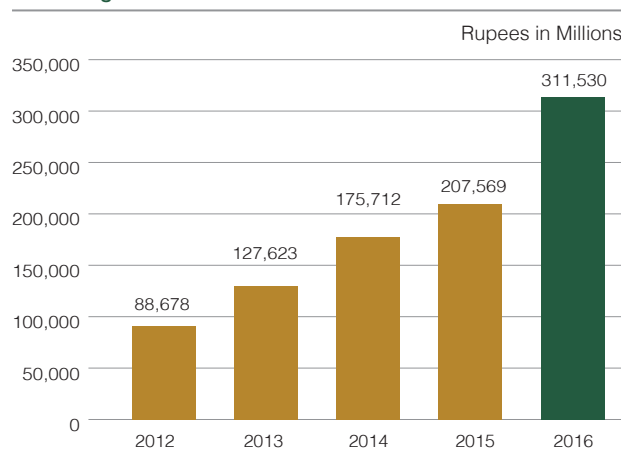
Alhamdulillah, notwithstanding the lower discount rate scenario as mentioned above, Meezan Bank continued its growth momentum and maintained its position as the leading Islamic bank in Pakistan (amongst both Islamic as well as conventional banks) as well as the fastest growing bank in the country.

Profit After Tax

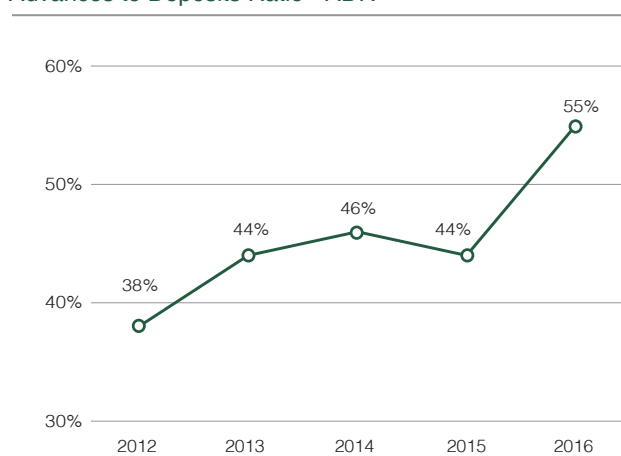


The Bank posted a profit after tax of Rs 5.56 billion compared to Rs 5.02 billion in the previous year, a growth of 11%. A significant achievement was the impressive increase in the financing portfolio of the Bank that increased by 50%, from Rs 208 billion to Rs 312 billion. The Bank actively pursued growth in financings in all segments especially in SME/Commercial and Consumer Financing (primarily Car Ijarah and Easy Home) that grew by 62% and 66% respectively over last year. Advance to Deposits Ratio (ADR) of the Bank now stands at an impressive 55%, as compared to 44% in 2015. At the same time, another impressive achievement is the reduction in the Bank's ratio of non-performing financings to total financing (NPL ratio) that now stands at 2.14%, down from 3.27% in 2015 as a result of major recoveries made by the Bank during 2016. Meezan Bank's NPL ratio is one of the lowest in the banking industry and bears testimony to the Bank's prudent financing strategy backed by a sound risk infrastructure and rigorous remedial and recovery efforts. The average NPL ratio for the banking industry is 11%. The Bank maintains a very comfortable level of provisions against its non-performing financings with coverage ratio of 118%. The focus is to build a high quality and well-diversified portfolio targeting top tier corporate, commercial and retail clients.

Financings



Advances to Deposits Ratio - ADR

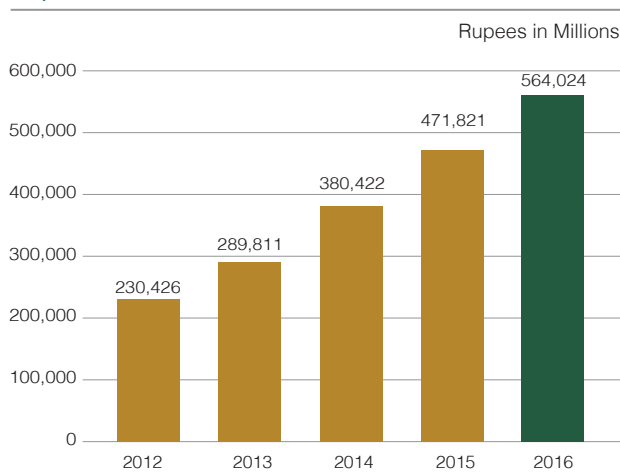


Notwithstanding the overall decline in country's exports, the trade business (both import and export) handled by the Bank crossed the half a trillion Rupee benchmark and grew by an impressive 20% to Rs 552 billion in 2016 as compared to Rs 461 billion in 2015. An extensive network of correspondent banks and significant foreign exchange lines with international banks has allowed the Bank to compete aggressively for trade business.

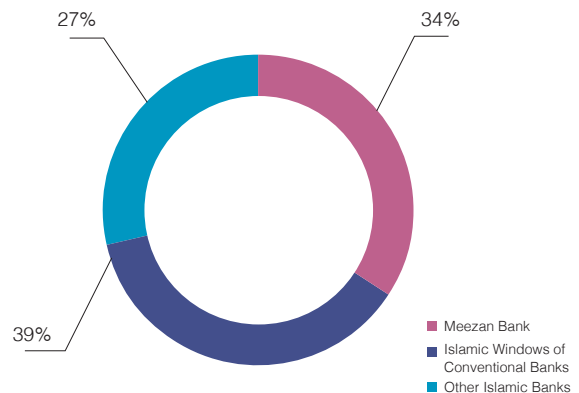
There have been only two new issues of the Government of Pakistan Ijarah Sukuks during the year. Moreover, the issue size was so small as compared to the demand for such instrument that it led to a price war and the cut-off yield was lower than the equivalent instrument available for conventional banks. This has negatively impacted the Islamic Banking industry. The Bank was able to deploy Rs 55 billion in these Sukuks at a cut off-yield of 5.59%.

The Bank reported robust growth in deposits which increased by Rs 92 billion, closing the year at Rs 564 billion from Rs 472 billion - an increase of 20% in line with the average deposit growth rate in banking industry. More importantly, the Bank has successfully re-aligned its deposit mix and achieved a lower cost of funds through strong relationship management and better customer experience. The current account in the deposit mix improved to 35% in 2016 from 32% in 2015: accordingly, the Bank's CASA (Current and Saving Account) mix improved to 75% as compared to 72% in 2015.

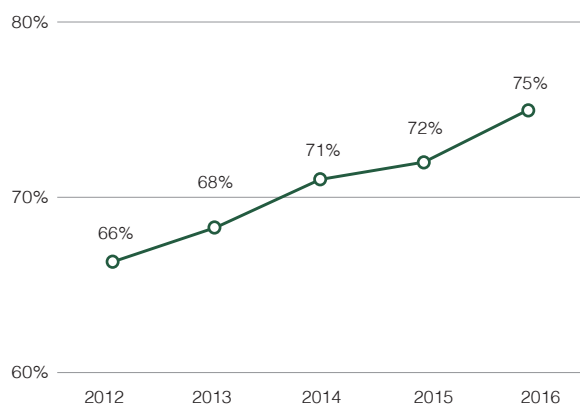
Deposits



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



CASA Deposits to Total Deposits



Administrative and other expenses increased to Rs 15.6 billion from Rs 13.8 billion, a rise of 13%. 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 2015 – an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years.

Islamic Banking has taken strong roots in Pakistan with Meezan Bank as a market leader offering a complete range of Islamic banking products and services. Islamic banking Industry deposit accounts for almost 13% of the total banking industry deposits. The Bank's market share amongst the full-fledged dedicated Islamic Banks operating in Pakistan is approximately 56%. Meezan's market share for the Islamic Banking industry as a whole including Islamic Banking windows of conventional banks in Pakistan is 34%.

AI Meezan Investment Management Limited

We acknowledge the excellent performance of our subsidiary, AI Meezan Investment Management Limited (AI Meezan). The Assets under Management of AI Meezan crossed over Rs 103 Billion in December 2016 and it has become the largest private sector asset management company of Pakistan. AI Meezan has the distinction of being the only Islamic asset management company in Pakistan providing Shariah-compliant investment solutions to its investors.

The key business results of Meezan Bank Limited achieved in 2016 are as under:

Key Business Results	2016	2015	Growth
Financings	Rs 312 Billion	Rs 208 Billion	50% ↑
Branch Network	571 Branches	551 Branches	4% ↑
Presence	146 Cities	143 Cities	2% ↑
Deposits	Rs 564 Billion	Rs 472 Billion	20% ↑
Total Assets	Rs 658 Billion	Rs 532 Billion	24% ↑
Profit After Tax	Rs 5.56 Billion	Rs 5.02 Billion	11% ↑
Equity	Rs 28.1 Billion	Rs 25.6 Billion	10% ↑
Trade Business (Import and Export)	Rs 552 Billion	Rs 461 Billion	20% ↑

Financial Results

Rs in Millions

PROFIT AND LOSS ACCOUNT	2016	2015
Profit / return earned on financings, investments and placements	31,430	33,114
Return on deposits and other dues expensed	(12,873)	(14,897)
Net spread before provisions	18,557	18,217
Reversal / (Provision) against non-performing financings and investments	185	(563)
Net spread after provisions	18,742	17,654
Fee, commission and brokerage income	2,744	1,987
Income from dealing in foreign currencies	1,208	1,471
Dividend income	744	629
Capital gain on investments	878	342
Other income	223	168
Income before expenses	24,539	22,251
Administrative and other expenses	(15,596)	(13,799)
Profit before taxation	8,943	8,452
Taxation	(3,381)	(3,429)
Profit after taxation	5,562	5,023

Earnings Per Share

Due to increase in profitability, the Earnings per Share increased from Rs 5.01 to Rs 5.55 per share, reflecting an increase of 11%.

Dividend

The Board has now recommended the final cash dividend of Rs 1.25 per share (12.5%) for the year 2016. This declaration, together with the earlier interim cash dividend of 17.5% paid in the third quarter of 2016, brings the total payout for the year to Rs 3 per share (30%). The Bank has 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 Recognitions

Meezan Bank won the following prestigious awards during the year:

Islamic Finance News (IFN)

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

Asset Triple A - Islamic Finance Awards

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

CFA Society of Pakistan

- Islamic Bank of the Year

Pakistan Banking Awards

- Best Islamic Bank in Pakistan

Global Finance

- Best Islamic Bank in Pakistan
- Innovator in Islamic Finance 2016

ICAP & ICMAP

- Best Corporate Reports Award (Securing 2nd position) - Banking Sector

South Asian Federation of Accountants (SAFA)

- Certificate of Merit in Private Sector Banks category - Best Presented Annual Report Awards

Islamic Finance Forum of South Asian (IFFSA) Awards

- Gold Award for Islamic Bank of the Year - Pakistan
- Capital Markets Service Provider of the Year
- Islamic Microfinance Company/Project of the Year
- Advisory Services Provider of the Year

The Banker - United Kingdom

- Islamic Bank of the Year, Pakistan

Employers Federation of Pakistan

- Excellence in Best HR Practices - 2016 - 1st Prize

PakWheels.com - People's Choice Awards

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

RTC-3 Potentials of Islamic Banking Forum

- Largest Islamic Bank in Pakistan

Corporate Social Responsibility

Charity is one of the most important constituents of a healthy society. Keeping this and the Islamic principle of Ihsan in mind, Meezan Bank recognizes its responsibility as a conscience corporate institution and practice Corporate Social Responsibility as an integral element of its value system. As a socially responsible organization, the Bank recognizes that it is part of the community at large and that there is a strong need to contribute to the society and support those in need, be it on financial or non financial basis. The Bank remains committed to its objective of paying back to the society - both directly and indirectly, and in this regard has contributed through various ways and means. The disclosure required under Companies 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 except for the change in accounting policy as disclosed in note 3.7 to the financial statements. The accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in preparation of financial statements and 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, 2016 are as under:
 - Staff Provident Fund Rs 2,045.60 million
 - Staff Gratuity Fund Rs 844.96 million
10. 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, 2016 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 overall strategy. Risk Management activities broadly take place simultaneously at strategic, macro and micro levels. 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 risk 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. Knowing in view of the risks in the economy, the Bank continued to strengthen its risk management framework while focusing on risk-reward optimization.

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 ensures that credit risk activities are in line with Board approved policies, regulatory requirements, Bank's risk appetite and best 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, adequate collateral coverage and documentation and periodic reviews. Growth in financing is ensured while focusing on comprehensive risk analysis, portfolio diversification and improved turnaround time. The Bank conducts stress testing for credit, market, liquidity and operational risks by applying various shocks under different scenarios. The Bank calculates value at risk for market risk assessment. Day-to-day liquidity management is done through cash flow matching, meeting regulatory reserve requirement and maintain adequate liquid assets. Various liquidity ratios are in place to monitor and control any possible liquidity risk. Further, contingency funding plan is in place to address liquidity management in times of crises situations. 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 and consumer business segments. Enterprise Risk Management (ERM) set up has been established under RMG by consolidating market, liquidity, country, financial institutions, operational risk management and business continuity planning, Basel implementation, risk

policy and MIS units. The coverage of RMG in credit assessment of individual customers has been further enhanced by four-eye principle and deployment of risk officers in the field. The role of market and liquidity 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 Bank's processes through risk identification and mitigates demonstrate continuous improvements in operational risk management framework. The Bank also focused on enhanced awareness of operational risk and Basel requirements. Risk Management function strengthened its capacity building by hiring of additional experienced and skilled resources at various levels and participation variety of training and development programs. Continuous improvement in system-based information reports from risk perspective and enhanced coverage of risk assessment 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, 2016 is annexed with the report.

Directors

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	4	4
Mr. Faisal A.A.A. Al - Nassar - Vice Chairman	4	4
Mr. Bader H.A.M.A. Al-Rabiah	4	4
Mr. Rana Ahmed Humayun*	2	2
Mr. Mansur Khan**	2	2
Mr. Alaa A. Al - Sarawi	4	4
Mrs. Syeda Azra Mujtaba	4	4
Mr. Muhammad Zarrug Rajab	4	3
Mr. Mohammad Abdul Aleem	4	4
Mr. Noorur Rahman Abid	4	4
Mr. Talal S.A. Al-Shehab	4	4
Mr. Irfan Siddiqui - President & CEO	4	4
Mr. Ariful Islam - Deputy CEO	4	4

* Mr. Rana Ahmed Humayun resigned on July 01, 2016.

** Mr. Mansur Khan was appointed in place of Mr. Rana Ahmed Humayun as Director on August 19, 2016 to fill the casual vacancy.

The Board welcomes the new Director Mr. Mansur Khan and wishes to place its appreciation for the valuable services rendered by Mr. Rana Ahmed Humayun during his long association with the Bank.

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) have completed their term of five years and are not eligible for reappointment as per the Code of Corporate Governance. The Board of Directors and the Audit Committee place on record their appreciation for the services rendered by the retiring Auditors.

On recommendation of the Audit Committee, the Board recommends appointment of Ernst & Young Ford Rhodes, Chartered Accountants, as the statutory auditors of the Bank for the year ending December 31, 2017.

Future Outlook and Strategy

2017 will continue to be a challenging year for the Banking industry in the back-drop of lower interest rates and increasing cost of business, primarily due to increase in rent. However, the Government's focus on economic reforms - benign inflation, comfortable Forex reserves, stable exchange rate, better energy supply and contained fiscal deficit sets the foundation for a higher and sustained economic growth based on which, the Government envisages a higher growth of 5.1% in FY17. In addition, Pakistan's reclassification to emerging market in MCSI and investment under CPEC is expected to attract FDI from other countries.

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 we plan to enhance our exposure in SME and consumer sectors. In order to ensure operational efficiency and productivity, we plan to upgrade our Core Banking software Temenos (T-24) from R-08 to R-16 to avail the benefits of improvements made in this banking software since implementation in 2009.

The Bank has also set up an Innovation department to keep in sync with the changing operating environment. Amongst other things, the department focuses on modifications in existing products and processes to make them leaner and technologically updated as well as to bring efficiencies to reduce turnaround time and man-hours.

The Bank remains committed to its Vision to 'establish Islamic banking as banking of first choice' and the successful issuance of Sub-ordinated Tier II Sukuk is a landmark achievement towards achieving the Bank's strategic objectives and its 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 2017. Moreover, a 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 continuously rising. 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 (ﷻ) 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 Governor of State Bank of Pakistan (SBP) for receiving the Best Central Bank Governor of the Year 2016 Award by the Euromoney in Washington DC, USA.

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 (ﷻ) give us the strength and wisdom to further expand our Vision of establishing Islamic banking as banking of first choice.

On behalf of the Board.



Riyadh S.A.A. Edrees
Chairman



Irfan Siddiqui
President & CEO

Karachi:
February 15, 2017

گرنٹ اور ڈیولپمنٹ کا شعبہ سال 2017 میں اعلیٰ سطح پر پروفیشنل تربیتی مواد تیار کرنے پر توجہ دے رہا ہے۔ مزید برآں بینک پر محیط تربیت کی ضروریات کے تجزیہ کا عمل بھی جاری ہے۔

پاکستان میں اسلامی بینکاری کا مستقبل تابناک ہے اور ملک کی بینکاری صنعت میں اس کے حصے میں مسلسل اضافہ ہو رہا ہے۔ میزبان بینک نے اسلامی بینکاری میں اپنا قائدانہ کردار ادا کرنے کا سلسلہ جاری رکھا ہے اور پاکستان کی اسلامی بینکاری صنعت کی ترقی میں اپنا کردار ادا کرتا رہے گا۔ ہم اس شعبے میں نئے آنے والوں کو خوش آمدید کہتے ہیں کیونکہ اسے اسلامی بینکاری کی نمائندگی میں اضافہ ہوگا اور اس کے ارتقا میں مدد ملے گی۔ بورڈ پر اعتماد ہے کہ بینک انشاء اللہ پاکستان میں بینکاری کی صنعت کے ارتقا میں اپنا قائدانہ کردار ادا کرنے کا عمل جاری رکھے گا۔

اظہار تشکر

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

ہم اسٹیٹ بینک آف پاکستان، وزارت خزانہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو ملک میں ایک قابل عمل اسلامی مالیاتی نظام قائم کرنے میں ان کی مسلسل کوششوں اور وابستگی کے لئے خراج تحسین پیش کرتے ہیں۔ ہم اسٹیٹ بینک آف پاکستان (SBP) کے گورنر کو وائٹنگ ڈی سی، امریکہ میں Euromoney کی جانب سے بیٹ سینٹرل بینک گورنر آف دی ایئر 2016 ایوارڈ کے حصول پر مبارکباد پیش کرتے ہیں۔

ہم اپنے بورڈ ممبران، حصص یافتگان اور شریعہ سپروائزر بورڈ کے ممبران کا تہ دل سے شکر گزار ہیں جنہوں نے میزبان بینک کو اولین اسلامی بینک بنانے کے لئے مسلسل کوشش کی اور اسے کامیابی کی ان بلندیوں سے ہمکنار کیا۔ اللہ سبحانہ تعالیٰ ہمیں حوصلہ اور دائمی عطا کرے تاکہ ہم اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی بلندیوں تک لے جا سکیں۔ آمین

مختائب بورڈ



عرفان صدیقی
صدر اور سی ای او



ریاض اہس اے اے اور لیس
چیئرمین

کراچی

۱۵ فروری، ۲۰۱۷

بورڈ نے ڈائریکٹر جناب منصور خان کو خوش آمدید کہتا ہے اور جناب رانا احمد ہاپوں کی بینک کے ساتھ طویل رفاقت کے دوران ان کی گراں قدر خدمات کے لئے خراج تحسین پیش کرتا ہے۔

اس سال بورڈ کی جانب سے تشکیل کردہ کمیٹیوں کے اجلاس میں حاضری کی تفصیل سالانہ رپورٹ میں شامل ہے۔

بینک بورڈ کے ممبران سے متعلق مفادات کے تصادم کے حل کے لئے ایک واضح پالیسی رکھتا ہے۔ اس پالیسی کے تحت کوئی ایسا ممبر جو بورڈ کے اجلاس میں پیش کئے جانے والے کسی معاملے میں کوئی کاروباری مفاد رکھتا ہے، وہ اس معاملے پر نہ تو بحث و مباحثے اور نہ ہی فیصلہ سازی میں شریک ہو سکتا ہے۔ اس پالیسی پر مستقل بنیادوں پر عمل درآمد کیا جاتا ہے اور اس سال مذکورہ پالیسی کی کوئی خلاف ورزی نہیں کی گئی ہے۔

آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس (جو PWC نیٹ ورک کی ایک ممبر فرم ہے) نے اپنی 5 سالہ مدت مکمل کر لی ہے اور کوڈ آف کارپوریٹ گورننس کے تحت دوبارہ تقرری کے لئے اہل نہیں ہیں۔ بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی ریٹائر ہونے والے آڈیٹرز کو ان کی خدمات کے لئے ستائش و تحسین پیش کرتے ہیں۔

آڈٹ کمیٹی کی تجویز پر بورڈ 31 دسمبر 2017 کو ختم ہونے والے سال کے لئے ارنسٹ اینڈ ینگ فوڈز رھوڈز، چارٹرڈ اکاؤنٹنٹس کی بورڈ کے نئے قانونی آڈیٹرز کے طور پر تقرری کی تجویز پیش کرتا ہے۔

مستقبل کے آثار اور حکمت عملی

2017 بھی کم شرح سود اور کاروبار کی بڑھتی ہوئی لاگت (خاص طور پر کرایوں میں اضافے کی وجہ سے) کے پس منظر کے ساتھ بینکاری صنعت کے لئے آزمائش کن سال ثابت ہوگا۔ بہر حال معاشی اصلاحات پر حکومت کی بھرپور توجی یعنی کم افراط زر، زرمبادلہ کے تسلی بخش ذخائر، زرمبادلہ کی مستحکم شرح، توانائی کی فراہمی میں بہتری اور محدود مالی خسارہ نے بلند اور پائیدار معاشی ترقی کی بنیاد استوار کی ہے جس کی بدولت حکومت کو مالی سال 2017 میں 5.1 فیصد کی بلند شرح ترقی کی توقع ہے۔ مزید برآں MCSI کی درجہ بندی میں پاکستان کی ابھرتی ہوئی منڈی کے طور پر دوبارہ درجہ بندی اور سی پیک کے تحت سرمایہ کاری کی بدولت دیگر ملکوں کے براہ راست غیر ملکی سرمایہ کاری (FDA) کے متوجہ ہونے کی بھی توقع ہے۔

ہماری توجی معیشت میں مذکورہ بالا بہتری کی بدولت ترقی کی رفتار اور اثاثوں کا معیار برقرار رکھنے پر مرکوز ہے۔ مارکیٹ کے نئے شعبوں تک رسائی کے لئے بھی کوششیں جاری ہیں اور ہم SME اور کنزیومر شعبوں میں اپنی موجودگی بڑھانے کی بھی منصوبہ بندی کر رہے ہیں۔ عمل کاری کی استعداد اور پیداوار کو یقینی بنانے کے لئے ہم اپنے مرکزی بینکنگ سافٹ ویئر Temenos (T-24) کو R-08 سے R-16 پر اپ گریڈ کرنے کا منصوبہ بنا رہے ہیں تاکہ 2009ء میں اس سافٹ ویئر کے اطلاق کے بعد سے اس میں کی جانے والی اصلاحات سے مستفید ہوا جاسکے۔

بینک نے بدلتے ہوئے عمل کاری کے ماحول سے ہم آہنگی کے لئے ایک شعبہ اختراع (Innovation Department) بھی قائم کیا ہے۔ یہ شعبہ دیگر امور کے ساتھ ساتھ موجودہ مصنوعات اور طریقہ کار میں بہتری پر توجی دیتا ہے تاکہ انہیں باسولت اور ٹیکنالوجی کے اعتبار سے جدید ترین بنایا جاسکے اور اس کے ساتھ ساتھ ٹرن اراؤنڈ ٹائم اور انسانی محنت کے وقت کو کم کر کے استعداد میں اضافہ کیا جاسکے۔

بینک ’’اسلامی بینکاری کو بینکاری کا پہلا انتخاب‘‘ بنانے کے اپنے مقصد پر کاربند ہے اور ثانوی صکوک Tier II کا کامیاب اجراء بینک کے ترویجی مقاصد اور نظریہ کے حصول کی جانب ایک اہم سنگ میل ہے۔

جیسے جیسے بینک ترقی کر رہا ہے درست معیار کے ہیومن ریسورس کی فراہمی اور برقراری ایک اہم اور بڑھتا ہوا چیلنج ہے نتیجتاً بینک نے اپنی لرننگ اور ڈیولپمنٹ سہولیات کے ماڈی انفراسٹرکچر میں اضافہ کیا ہے۔

RMG کے تحت کارپوریٹ، انویسٹمنٹ بینکاری، کمرشل اور SME، زراعت اور کنزیومر کاروبار کے شعبوں کے مجموعی کریڈٹ رسک کے امور کا احاطہ کیا جاتا ہے۔ RMG کے تحت انصافی مارکیٹ، لیکویڈیٹی، ملک، مالیاتی اداروں، آپریشنل رسک مینجمنٹ اور کاروباری تسلسل کی منصوبہ بندی، Basel کے اطلاق، رسک پالیسی اور MIS یونٹس کے ذریعے انٹرنیٹ پر انٹرنیٹ مینجمنٹ (ERM) کا ایک مربوط نظام تشکیل دیا گیا ہے۔ انفرادی صارفین کی کریڈٹ اسمنٹ کے لئے RMG کا دائرہ کار فوراً آئی۔ (Four-eye) اور فیلمڈ میں رسک افسران تعینات کر کے مزید وسیع کر دیا گیا ہے۔ مارکیٹ کا کردار اور مالیاتی سرگرمیوں کی نگرانی میں لکویڈیٹی رسک کا عمل لمٹ اسٹرکچرنگ کی متعدد سرگرمیوں، ان کی نگرانی، رپورٹنگ اور نظام میں بہتری کے ذریعے مزید مستحکم کیا گیا ہے۔ لاس ڈینا رپورٹنگ، رسک اور کنٹرول کی خود تشخیص، رسک کی تشخیص اور تخفیف کے ذریعے بینک کے طریقہ کار کی تائید اور بہتری جیسے عوامل آپریشنل رسک مینجمنٹ کی بنیادی ساخت میں مسلسل بہتری کی نشاندہی کرتے ہیں۔ بینک نے آپریشنل رسک اور Basel کی ضروریات سے آگاہی میں اضافے پر بھی توجی مرکوز رکھی ہے۔ رسک مینجمنٹ کے عمل میں متعدد سطحوں پر اضافی تجربے کے حامل اور ماہر ریویوزرز کا تقرر کر کے اور مختلف تربیتی و ترقیاتی نظاموں کو شامل کر کے اس کی استعداد کار میں مزید بہتری لائی جاتی ہے۔ رسک کے نکتہ نظر سے منظم معلوماتی رپورٹس میں مسلسل بہتری اور رسک اسمنٹ کی اضافی کوریج RMG کو رسک کی شناخت، تشخیص، رپورٹنگ اور انتظام کے حوالے سے ایک اعلیٰ درجے پر لانے میں مدد دے گی۔

اندرونی ضبط کا نظام

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

حصص یافتگی کا خاکہ

31 دسمبر 2016 تک حصص یافتگی کا خاکہ رپورٹ کے ساتھ منسلک ہے۔

ڈائریکٹرز

اس سال منعقد ہونے والے بورڈ کے اجلاس اور اس میں شرکت کرنے والے ڈائریکٹرز کی تفصیل درج ذیل ہے۔

ڈائریکٹرز کے نام	منعقدہ اجلاس کی تعداد	اجلاس میں شرکت کی تعداد
جناب ریاض ایس اے اے اور بیس۔ چیئرمین	4	4
جناب فیصل اے اے اے النصر۔ وائس چیئرمین	4	4
جناب بدراج اے ایم اے الریجہ	4	4
جناب رانا احمد ہاپوں*	2	2
جناب منصور خان**	2	2
جناب علی اے السراوی	4	4
محترمہ سیدہ عذرا مجتبیٰ	4	4
جناب محمد زروغ رجب	3	4
جناب محمد عبدالعلیم	4	4
جناب نور الرحمان عابد	4	4
جناب طلال ایس اے الشہاب	4	4
جناب عرفان صدیقی۔ صدر اور سی ای او	4	4
جناب عارف الاسلام۔ ڈپٹی سی ای او	4	4

* جناب رانا احمد ہاپوں کم جولائی 2016 کو مستعفی ہو گئے۔

** اس عارضی اسامی کو پوز کرنے کے لئے جناب منصور خان کو 19 اگست 2016 کو جناب رانا احمد ہاپوں کی جگہ ڈائریکٹر مقرر کیا گیا۔

صدقہ و خیرات ایک صحت مند معاشرے کا انتہائی اہم جزو ہے۔ اس حقیقت اور اسلام کے سنہری اصول احسان کو پیش نظر رکھتے ہوئے میزان بینک بطور ایک باشعور کاروباری ادارے کے اپنی ذمہ داریوں سے بخوبی واقف ہے اور کارپوریٹ سماجی ذمہ داری پر اپنی روایات کے نظام میں ایک لازمی عنصر کے طور پر عمل کرتا ہے۔ سماجی طور پر ایک ذمہ دار ادارہ ہونے کی حیثیت سے بینک کو اس بات کا بخوبی ادراک ہے کہ بحیثیت مجموعی وہ معاشرے کا ایک حصہ ہے اور مزید یہ کہ معاشرے کی بہتری میں اپنا حصہ ڈالنے اور ضرورت مندوں کی مدد کرنے کی ضرورت ہمیشہ موجود رہی ہے، چاہے وہ مالی صورت میں ہو یا کسی اور انداز میں۔ لہذا بینک معاشرے کے لئے براہ راست یا بلاواسطہ دونوں طریقوں سے کارآمد ثابت ہونے کے اپنے مقصد پر کاربند ہے اور اس سلسلے میں متعدد طریقوں اور ذرائع سے اپنا کردار ادا کرتا رہا ہے۔ کمپنیوں کے کارپوریٹ سماجی ذمہ داری (عمومی حکم نامہ 2009) کے تحت اعلیٰ بیانیہ سالانہ رپورٹ میں باقاعدہ طور پر شامل کیا گیا ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کی بنیادی ساخت

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

- 1- بینک کی انتظامیہ کی جانب سے تیار کردہ مالیاتی نکات غیر جانبدارانہ طور پر اس کے معاملات، عمل کاری کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلی پیش کرتے ہیں۔
- 2- بینک کے کھاتوں کی باقاعدہ دستاویزات مرتب کی گئی ہیں۔
- 3- مالیاتی نکات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا تسلسل سے اطلاق کیا گیا ہے۔ ماسوائے اکاؤنٹنگ پالیسی میں اس تبدیلی کے جس کا بیان مالیاتی رپورٹ کے نکتہ 3.7 میں کیا گیا ہے۔ مالیاتی تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 4- مالیاتی رپورٹ کی تیاری میں پاکستان میں قابل اطلاق بین الاقوامی مالیاتی رپورٹنگ معیارات پر عمل کیا گیا ہے اور ان سے کسی بھی قسم کے انحراف کی مناسب انداز سے نشاندہی کی گئی ہے۔
- 5- اندرونی ضبط کے نظام کی ساخت مستحکم ہے اور اس کے موثر نفاذ اور نگرانی کو یقینی بنایا گیا ہے۔ اندرونی ضبط کے نظام کو کارگر بنانے اور اس کی نگرانی کی ذمہ داری بورڈ پر عائد ہوتی ہے۔ اس مقصد کے حصول کے لئے ایک آڈٹ کمیٹی تشکیل دی گئی ہے جو انتظامیہ اور اس کے ساتھ ساتھ اندرونی اور بیرونی آڈیٹرز سے پورا سال وقتاً فوقتاً آزادانہ طور پر ملاقات کرتی ہے اور اندرونی ضبط کے نظام کی افادیت اور دیگر مالیاتی رپورٹنگ امور پر تبادلہ خیال کرتی ہے۔ مزید برآں، مالیاتی منصوبے اور بجٹ کنٹرول کے طریقہ کار بھی زیر بحث رہتے ہیں جن کا پورا سال جائزہ اور نگرانی کی جاتی ہے تاکہ بجٹ سے مفاد ارتقیر کی نشاندہی اور تشخیص کی جاسکے۔
- 6- انشاء اللہ بینک کے مکمل طور پر عمل کار ہونے کی صلاحیت پر کسی قسم کے کوئی شکوک و شبہات موجود نہیں ہیں۔
- 7- پاکستان اسٹاک ایکسچینج کے دستور کی کتاب میں بیان کی گئی تفصیل کے تحت کارپوریٹ انتظام کے بہترین طریقوں سے کوئی مادی انحراف موجود نہیں ہے۔
- 8- کمپنی آریڈینس 1984 کی ضروریات کے تقاضوں کے مطابق درکار گزشتہ 6 سال کے عمل کاری اور مالیات کے اہم اعداد و شمار مختصر شکل، درجے اور حصص یا فٹنگی کے خاکے رپورٹ کے ساتھ منسلک ہیں۔
- 9- بینک کے منظور شدہ پروویڈنٹ فنڈ اور گریجویٹ کے سرمائے کی مالیت 31 دسمبر 2016 تک درج ذیل ہے:
 - عملہ کارپوریٹ فنڈ 2,045.60 ملین روپے
 - عملہ کارگریجویٹ فنڈ 844.96 ملین روپے
- 10- ڈائریکٹرز، چیف ایگزیکٹو، چیف فنانشل آفیسر، ہیڈ آف انٹرنل آڈٹ اور کمپنی سیکریٹری کی جانب سے اس سال حصص کی خرید و فروخت کی تفصیل اور حصص یا فٹنگی کا خاکہ رپورٹ میں شامل ہے۔

کوڈ آف کارپوریٹ گورننس کی تعمیل

31 دسمبر 2016 کو ختم ہونے والے سال کے لئے پاکستان اسٹاک ایکسچینج کے دستور کی کتاب میں موجود پاکستان اسٹاک ایکسچینج (سابقہ کراچی اسٹاک ایکسچینج)، کی جانب سے مقرر کردہ کوڈ آف کارپوریٹ گورننس کے تقاضوں کی بینک کی جانب سے تکمیل کی گئی ہے اور اس پر باقاعدگی سے عمل درآ مد کیا گیا ہے۔ اس سے متعلق ایک بیان رپورٹ کے ساتھ منسلک ہے۔

رسک مینجمنٹ کی بنیادی ساخت

میزان بینک نے رسک مینجمنٹ کی بنیادی ساخت مستحکم تنظیمی ڈھانچے، پالیسی اور ضابطے کی بنیادی ساخت، رسک اسمسٹ کے لائحہ عمل، طریقے اور پورٹنگ کے بنیادی ڈھانچہ پر مبنی ہے اور بینک کی مجموعی حکمت عملی سے ہم آہنگ ہے۔ رسک مینجمنٹ کی سرگرمیاں بڑے پیمانے پر تزویرانی، وسیع اور مختصر سطح پر یکساں طور پر منعقد کی جاتی ہیں۔ رسک مینجمنٹ کی مجموعی ذمہ داری بورڈ آف ڈائریکٹرز پر عائد ہوتی ہے جس نے واضح دستور العمل کے ساتھ ایک رسک مینجمنٹ کمیٹی تشکیل دی ہے جو بورڈ ممبران پر مشتمل ہے۔

بورڈ کی رہنمائی میں رسک مینجمنٹ گروپ (RMG) کے دائرہ کار کو وقت کے ساتھ وسعت دی گئی ہے اور رسک پالیسیوں، طریقہ کار، لمٹ اسٹرکچر، ٹیم، تفصیلی رسک اسمسٹ، بکثرت نگرانی، رسک کمیٹی کی زیر متعدد سطح پر پورٹنگ اور رسک مینجمنٹ کے اصولوں اور طریقہ عمل کی معلومات میں اصلاح اور تشکیل پر توجہ مرکوز رکھی گئی ہے۔ یہ اصلاحات منطقی شریعہ ہدایات، ضابطے کی ضروریات بشمول Basel معاہدے، بہترین صنعتی طریقہ عمل کے عین مطابق اور بینک کی شاندار ترقی سے موافقت رکھتے ہیں۔ معیشت کے خدشات کو مد نظر رکھتے ہوئے بینک نے رسک ریوارڈ آپٹیمائزیشن پر توجہ مرکوز رکھی ہے اور رسک مینجمنٹ کی بنیادی ساخت کو مستحکم کرنے کا عمل جاری رکھا ہوا ہے۔

متعلقہ تجربے اور مہارت کے حامل اعلیٰ انتظامی ٹیم ممبران پر مشتمل خصوصی کمیٹیاں بورڈ کی جانب سے طے کردہ مجموعی حکمت عملی کے مطابق اپنے افعال انجام دیتی ہیں تاکہ اس بات کو یقینی بنایا جائے کہ ایک پیوڈ رسک کے رجحان کے مطابق ہو۔ ان میں درج ذیل کمیٹیاں شامل ہیں:

- 1- کریڈٹ رسک مینجمنٹ کمیٹی (CRMC)
- 2- ایٹل لائیکولٹی مینجمنٹ کمیٹی (ALCO)
- 3- انٹرنل کنٹرول اینڈ آپریشنل رسک مینجمنٹ کمیٹی (ICORC)

CRMC اس بات کو یقینی بناتی ہے کہ کریڈٹ رسک سرگرمیاں بورڈ کی منظور کردہ پالیسیوں، ضابطے کی ضروریات، بینک کے رسک کے رجحان اور بہترین صنعتی طریقہ عمل سے مطابقت رکھتی ہوں۔ ALCO مارکیٹ، لیکویڈٹی اور ملک کے رسک ایکویوڈر، اثاثوں اور واجبات کی مدت تکمیل کی تفصیل کا جائزہ لیتی ہے، قیمتوں کا تعین کرتی ہے اور مستحکم لیکویڈٹی مینجمنٹ کے لئے فیصلہ سازی کرتی ہے۔ ICORC کا کام اس امر کو یقینی بنانا ہے کہ موزوں اندرونی ضبط کا نظام اور طریقہ کار موجود ہے اور اس کے ذریعے عمل کاری کی استعداد کو یقینی بنایا جا رہا ہے۔

اثاثوں کا معیار جامع مالیاتی پالیسیوں اور طریقہ ہائے کار، مناسب انداز سے مالی منظور یوں کے لئے مقرر کردہ مجاز حکام، موزوں کو لیٹرل کوریج اور دستاویزات اور میٹاتی جائزوں کے ذریعے یقینی بنایا جاتا ہے۔ جامع رسک اینالسس، پورٹ فولیو کے تنوع اور بہترین اراؤنڈ نام پر توجہ مرکوز کرتے ہوئے مالیات میں اضافے کو یقینی بنایا جاتا ہے۔ بینک کریڈٹ، مارکیٹ، لیکویڈٹی اور عمل کار رسک کی اسٹریٹجی ٹیسٹنگ مختلف صورت حالات میں متعدد شاکس کے ذریعے کرتا ہے۔ بینک مارکیٹ رسک اسمسٹ کے لئے رسک پر قدر کا شمار کرتا ہے۔ لیکویڈٹی کا روزانہ کی بنیاد پر انتظام نقدی کے بہاؤ سے ہم آہنگی، ضابطے کے مطابق زرمبادلہ کے ذخائر کی ضروریات کی تکمیل اور مناسب نقد اثاثے برقرار رکھ کر کیا جاتا ہے۔ ممکنہ لیکویڈٹی خطرات کی نگرانی اور ضبط کے لئے متعدد لیکویڈٹی شرحیں موجود ہیں۔ مزید برآں کسی بھی بحرانی صورت حال کے وقت لیکویڈٹی کے انتظام کے لئے غیر یقینی حالات میں فنڈنگ پلان بھی موجود ہے۔ عمل کاری کے خطرات کو عمل کار طریقوں کے نفاذ، ضروری ہیومن ریورسز پر عمل درآمد، تربیت اور ترقی، ذمہ داریوں کی تقسیم، بنائے نگرانی کرنے اور منظور کرنے کے طریقہ کار کی مضبوطی، خطرات کی ابتدا میں ہی نشاندہی، منظم رپورٹس، کاروبار کے تسلسل اور حادثات سے بحالی کے منصوبوں کے ذریعے منظم کیا جاتا ہے۔

2015	2016	نفع اور نقصان کھاتے
33,114 (14,897)	31,430 (12,873)	مالیات، سرمایہ کاری اور انتظامات سے حاصل شدہ منافع / آمدنی جمع شدہ رقم اور دیگر واجب الادا مصارف پر خرچہ
18,217 (563)	18,557 185	پرودہ سے قبل خالص منافع غیر فعال مالیات اور سرمایہ کاریوں کے عوض (ریورسل) / پرودیشن
17,654 1,987 1,471 629 342 168	18,742 2,744 1,208 744 878 223	پرودہ کے بعد خالص منافع فیس، کمیشن اور بروکرینج کی آمدنی غیر ملکی کرنسی میں لین دین کی آمدنی ڈیویڈنڈ کی آمدنی سرمایہ جاتی منافع (Capital Gain) دیگر آمدنی
22,251 (13,799)	24,539 (15,596)	اخراجات سے قبل کی آمدنی انتظامی اور دیگر اخراجات
8,452 (3,429)	8,943 (3,381)	منافع قبل ٹیکس ٹیکس
5,023	5,562	منافع بعد ٹیکس

فی حصص آمدنی

CFA سوسائٹی آف پاکستان

- اسلامک بینک آف دی ایئر

پاکستان بینکنگ ایوارڈ

- بیسٹ اسلامک بینک ان پاکستان

گلوبل فنانس

- بیسٹ اسلامک بینک ان پاکستان
- انوویٹران اسلامک فنانس 2016

ICAP اور ICMAP

- بیسٹ کارپوریٹ رپورٹس ایوارڈ - بینکنگ سیکٹر (دوسری پوزیشن)

ساؤتھ ایشین فیڈریشن آف اکاؤنٹنٹس (SAFA)

- سرٹیفکیٹ آف میرٹ ان پرائیویٹ سیکٹر ٹیکس کیٹیگری - بیسٹ پریزنٹنٹ اینیول رپورٹ ایوارڈ -

اسلامک فنانس فورم آف ساؤتھ ایشین (IFFSA) ایوارڈز

- گولڈ ایوارڈ فار اسلامک بینک آف دی ایئر - پاکستان
- کمپیٹل مارکیٹس سروس پرووائڈر آف دی ایئر
- اسلامک مانیجر فنانس کمپنی / پروڈیکٹ آف دی ایئر
- ایڈوانسڈ سروس پرووائڈر آف دی ایئر

دی ٹینکر - برطانیہ

- اسلامک بینک آف دی ایئر، پاکستان

ایپلارز فیڈریشن آف پاکستان

- ایٹیکلنٹس ان بیسٹ HR پیکٹیز - 2016 - اول انعام

پاک ویملڈ ڈاٹ کام - پیپلز چوائس ایوارڈز

- موسٹ پاپولر بینک ان پاکستان اسلامک آٹو فنانسنگ سیکٹر

RTC-3 پینٹنل آف اسلامک بینکنگ فورم

- لارجسٹ اسلامک بینک ان پاکستان

منافع میں اضافے کے باعث فی حصص آمدنی 5.01 روپے سے بڑھ کر 5.55 روپے فی حصص ہو گئی جو 11 فیصد اضافے کی عکاسی کرتی ہے۔

ڈیویڈنڈ

بورڈ نے سال 2016 کے لئے 1.25 روپے فی حصص (12.5 فیصد) حتمی نقد ڈیویڈنڈ تجویز کیا ہے۔ 2016 کی تیسری سہ ماہی میں 17.5 فیصد عبوری نقد ڈیویڈنڈ کی ادائیگی کے ساتھ اس اعلان کے بعد اس سال کے لئے کل ڈیویڈنڈ ادائیگی 3 روپے فی حصص (30 فیصد) ہو جائے گی۔ میزان بینک نے اسٹاک ایکسچینج میں لسٹنگ کے بعد سے بلا تامل ادائیگیوں کا ریکارڈ برقرار رکھا ہے۔

کریڈٹ ریٹنگ

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے، جو جاپان کریڈٹ ریٹنگ ایجنسی کی ماتحت کمپنی ہے، بینک کی طویل مدتی ریٹنگ AA (ڈبل اے) اور قلیل مدتی ریٹنگ A1+ (اے ون پلس) کی مستحکم آثار کے ساتھ دوبارہ توثیق کی ہے۔ قلیل مدتی ریٹنگ میں A1+ سب سے اعلیٰ درجہ ہے۔ یہ ریٹنگ بینک کے اعلیٰ معیار اور مضبوط معاشی اشاروں کی نشاندہی کرتی ہے۔ میزان بینک AA اور A1+ کریڈٹ ریٹنگ کا حامل پاکستان کا واحد اسلامی بینک ہے۔

کارپوریٹ ایوارڈز اور اعتراف کارکردگی

میزان بینک نے اس سال مندرجہ ذیل موقر ایوارڈز حاصل کئے:

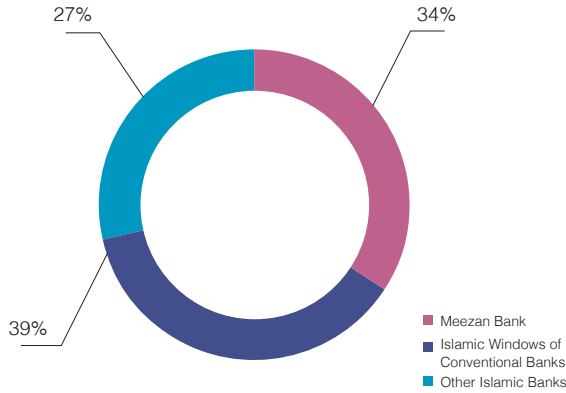
اسلامک فنانس نیوز (IFN)

- بیسٹ اسلامک بینک فارٹری بیٹجمنٹ - گلوبل ایوارڈ
- رناپ، موسٹ انوویو اسلامک بینک - گلوبل ایوارڈ
- بیسٹ اسلامک بینک ان پاکستان
- پاکستان ڈیل آف دی ایئر

ایسٹ ٹریڈ A اسلامک فنانس ایوارڈز

- بیسٹ اسلامک بینک ان پاکستان
- بیسٹ بینک فار ڈیجیٹل انوویٹن
- بیسٹ ڈیجیٹل بینکنگ پروڈکٹ میزان یو پیسہ
- بیسٹ ریٹیل بینک
- بیسٹ انوٹمنٹ بینک
- بیسٹ ٹریڈ فنانس بینک
- صلوک ہاؤس آف دی ایئر
- بیسٹ ڈیل، پاکستان

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

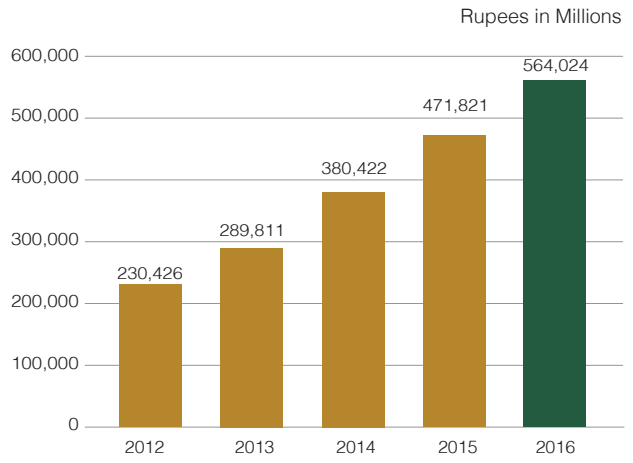


اسلامی بینکاری نے پاکستان میں اپنی ساٹھ مستحکم کر لی ہے اور میزبان بینک بطور مارکیٹ لیڈر اسلامی بینکاری کی مصنوعات اور خدمات کی وسیع رینج پیش کر رہا ہے۔ اسلامی بینکاری کی صنعت کی جمع شدہ رقم مجموعی بینکاری صنعت کی جمع شدہ رقم کے 13 فیصد کے برابر ہیں۔ پاکستان میں عمل کارمکل اسلامی بینکوں میں بینک مارکیٹ کا حصہ تقریباً 56 فیصد ہے۔ پاکستان میں اسلامی بینکاری کی مجموعی صنعت میں بشمول روایتی بینکوں کی اسلامی بینکاری شاخوں کے، میزبان بینک مارکیٹ کا حصہ 34 فیصد ہے۔

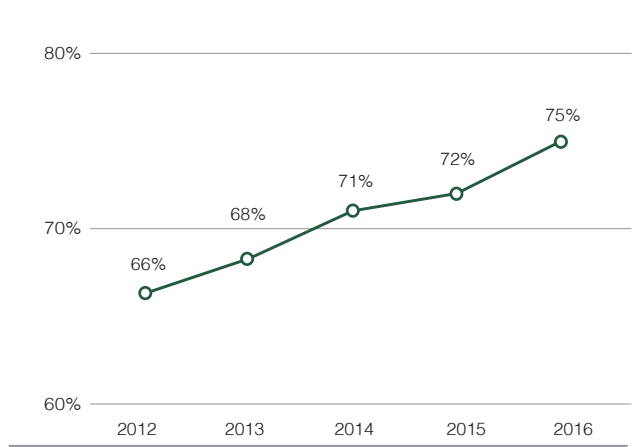
المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ

ہم اپنی ذیلی کمپنی، المیزان انویسٹمنٹ مینجمنٹ لمیٹڈ (المیزان) کی شاندار کارکردگی کو سراہتے ہیں۔ المیزان کے زیر انتظام اثاثوں نے دسمبر 2016 میں 103 ارب روپے کا ہدف عبور کر لیا ہے جو پاکستان میں نئی شعبہ کی سب سے بڑی ایسٹ مینجمنٹ کمپنی بن گئی ہے۔ المیزان کو یہ امتیاز بھی حاصل ہے کہ وہ پاکستان میں اپنے سرمایہ کاروں کو شریعت کے مطابق سرمایہ کاری کی سہولیات فراہم کرنے والی واحد ایسٹ مینجمنٹ کمپنی ہے۔

Deposits



CASA Deposits to Total Deposits

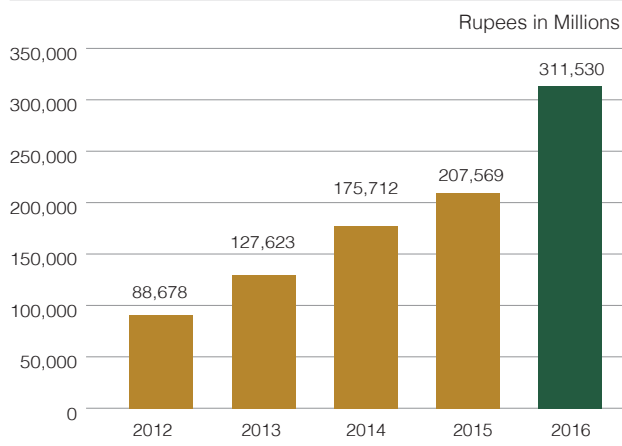


انتظامی اور دیگر اخراجات 13 فیصد اضافے کے ساتھ 13.8 ارب روپے سے بڑھ کر 15.6 ارب روپے ہو گئے۔ اس اضافے کی بنیاد وجہ 2015 میں کھولی گئی 123 نئی شاخوں میں عملے پر ہونے والے اخراجات، جگہ کا کرایہ اور دیگر متعلقہ مصارف ہیں۔ تاہم یہ ایک سرمایہ کاری ہے جس کا فائدہ نتیجتاً بینک کو ہی ہوا ہے جیسا کہ گزشتہ برسوں میں جمع شدہ رقم میں مستحکم اضافے اور منافع سے اس کی تصدیق ہوتی ہے۔

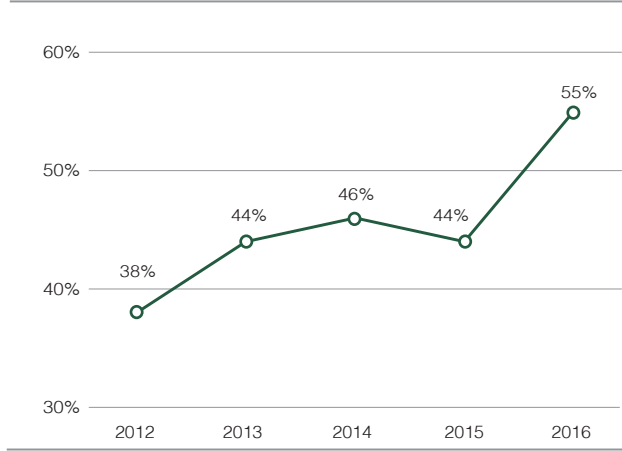
میزبان بینک کے 2016 کے اہم کاروباری نتائج درج ذیل ہیں۔

اضافے کی شرح	2015	2016	اہم کاروباری نتائج
↑ 50%	208 ارب روپے	312 ارب روپے	سرمایہ کاریاں
↑ 4%	551 شاخیں	571 شاخیں	برانچ نیٹ ورک
↑ 2%	143 شہر	146 شہر	موجودگی
↑ 20%	472 ارب روپے	564 ارب روپے	جمع شدہ رقم
↑ 24%	532 ارب روپے	658 ارب روپے	کل اثاثے
↑ 11%	5.02 ارب روپے	5.56 ارب روپے	منافع بعد از ٹیکس
↑ 10%	25.6 ارب روپے	28.1 ارب روپے	ایکویٹی
↑ 20%	461 ارب روپے	552 ارب روپے	تجارتی کاروبار (درآمدات و برآمدات)

Financings



Advances to Deposits Ratio - ADR



ملک کی مجموعی برآمدات میں کمی کے باوجود بینک کے زیر انتظام تجارتی کاروبار (بشمول درآمدات و برآمدات) نے نصف ٹریلین روپے کا امتیازی ہدف عبور کر لیا اور 2015 کے 461 ارب روپے کے مقابلے میں 2016 میں انتہائی متاثر کن 20 فیصد اضافے کے ساتھ 552 ارب روپے ہو گیا۔ کفالتی بینکوں کے وسیع نیٹ ورک اور بین الاقوامی بینکوں کے ساتھ غیر ملکی زرمبادلہ کے وسیع سلسلے نے بینک کے تجارتی کاروبار میں مسابقت کی راہ ہموار کی۔

اس سال حکومت پاکستان کے اجارہ صلوک کے محض دو نئے اجراء ہوئے۔ مزید برآں یہ دونوں اجراء اس انسٹرومنٹ کی طلب کے مقابلے میں کم تھے جس کی وجہ سے مقابلہ نرخ کا آغاز ہوا اور ان کی اختتامی قیمت بھی روایتی بینکوں کو دستیاب مساوی انسٹرومنٹ سے کم تھی۔ اس سے اسلامی بینکاری کی صنعت پر منفی اثرات مرتب ہوئے۔ بینک 5.59 فیصد کے اختتامی منافع کے ساتھ محض 55 ارب روپے ان صلوک کے لئے مختص کر سکا۔

بینک کی جمع شدہ رقوم میں مستحکم اضافہ دیکھنے میں آیا جو کہ 92 ارب روپے تھا اور سال کا اختتام 2015 کے 472 ارب روپے کے مقابلے میں 2016ء میں 564 ارب روپے پر ہوا۔ اضافے کی یہ شرح بینکاری صنعت میں جمع شدہ رقوم میں اضافے کی اوسط شرح یعنی 20 فیصد کے مساوی ہے۔ بینک نے اپنی جمع شدہ رقوم کی ترکیب کی ازسرنو درنگی کی اور مستحکم تعلقاتی انتظام کاری اور صارفین کو بہتر خدمات کی فراہمی کے ذریعے اپنے لئے سرمائے کی قیمت کا مانیہ سے کم کی۔ بینک کی جمع شدہ رقوم میں کرنٹ اکاؤنٹ کا حصہ 2015 کے 32 فیصد کے مقابلے میں بہتر ہو کر 2016 میں 35 فیصد ہو گیا، نتیجتاً بینک کا کرنٹ اور سیونگز اکاؤنٹ (CASA) کا مجموعی حصہ 2015 کے 72 فیصد کے مقابلے میں بڑھ کر 75 فیصد ہو گیا۔

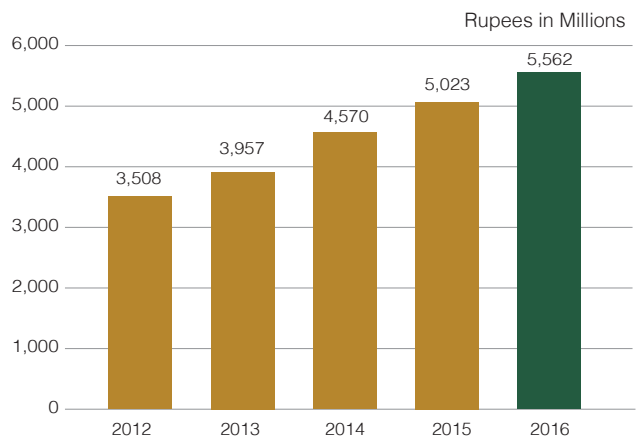
کے ساتھ ساتھ ایک وجہ پاکستانی روپے کا علاقائی کرنسیوں کے مقابلے میں بہت زیادہ استحکام بھی بنی جس کے نتیجے میں بین الاقوامی منڈی میں پاکستانی مصنوعات کی قیمتوں کی مسابقت کاری میں کمی واقع ہوئی۔

2016 کے دوران ایک اہم پیش رفت MSCI کی جانب سے پاکستان کی ابھرتی ہوئی منڈی کے طور پر دوبارہ درجہ بندی کا فیصلہ تھا۔ اس کے ساتھ معیشت کے انتہائی مثبت آثار پاکستان اسٹاک ایکسچینج کی زبردست کارکردگی کا باعث بنے جب 2016 میں انڈیکس 47,800 پوائنٹس اور 46 فیصد منافع (امریکی ڈالر کی صورت میں) کے ساتھ تاریخ کی بلند ترین سطح پر پہنچا اور پاکستان اسٹاک ایکسچینج دنیا کی پانچویں بہترین کارکردگی کی حامل مارکیٹ بن گئی۔ اضافے کا یہ رجحان 2017 میں بھی جاری ہے اور انڈیکس نے 50,000 پوائنٹس کا ہدف عبور کر لیا ہے۔

ہماری کارکردگی

الحمد للہ ڈسکاؤنٹ ریٹس میں کمی، جیسا کہ پہلے ذکر کیا گیا، کے رجحان کے باوجود میزبان بینک نے ترقی کی رفتار کو برقرار رکھا اور ملک بھر کے روایتی اور اسلامی بینکوں کے درمیان پاکستان کے سب سے بڑے اسلامی بینک اور ملک کے سب سے تیزی سے ترقی کرنے والے بینک ہونے کا اعزاز برقرار رکھا ہے۔

Profit After Tax



بینک نے گزشتہ سال کے 5.02 ارب روپے کے مقابلے میں 11 فیصد اضافے کے ساتھ 5.56 ارب روپے کا بعد از ٹیکس منافع ظاہر کیا۔ ایک امتیازی کامیابی بینک کے سرمایہ کاری پورٹ فولیو میں متاثر کن اضافہ تھی جو 50 فیصد اضافے کے ساتھ 208 ارب روپے سے بڑھ کر 312 ارب روپے ہو گیا۔ بینک نے سرگرمی سے تمام شعبہ جات میں سرمایہ کاریوں میں اضافے پر توجہ مرکوز رکھی بالخصوص SME / کمرشل اور کنزیومر فنڈنگ (خاص طور پر کاروبار اور ایزی ہوم) جس میں گزشتہ سال کے مقابلے میں بالترتیب 62 فیصد اور 66 فیصد کا اضافہ ہوا۔ بینک کا Advances to Deposits Ratio (ADR) 2015 کے 44 فیصد کے مقابلے میں 55 فیصد کی متاثر کن شرح پر برقرار ہے۔ اسی مدت کے دوران ایک اور مؤثر کامیابی بینک کی کل سرمایہ کاری میں سے غیر فعال (NPL) سرمایہ کاریوں کی شرح میں کمی تھی جو 2015 کے 3.27 فیصد سے کم ہو کر 2.14 فیصد پر آگئی اور جو 2016 میں بینک کی جانب سے بڑی وصولیوں کے نتیجے میں ممکن ہوئی ہے۔ میزبان بینک کے NPL کی شرح بینکاری صنعت کی کم ترین شرحوں میں سے ایک ہے جو بینک کی دانشمندانہ حکمت عملی کی تصدیق کرتی ہے اور جس کی وجہ مضبوط انفراسٹرکچر اور بازیافت و بحالی کی سخت کوشش ہے۔ بینکاری صنعت کی اوسط NPL شرح 11 فیصد ہے۔ بینک نے غیر فعال سرمایہ کاریوں کی مدد میں 118 فیصد کوریج کی شرح کے ساتھ Provisions کی تسلی بخش سطح برقرار رکھی ہے۔ ہماری توجہ بدستور اعلیٰ معیار کا متنوع سرمایہ کاری پورٹ فولیو قائم کرنے پر مرکوز ہے جس کا مرکز اعلیٰ سطح کے کاروباری، کمرشل اور خوردہ صارفین ہیں۔

ڈائریکٹرز کی رپورٹ برائے ممبران

بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2016 کو مکمل ہونے والے سال کے لئے تفصیلی مالیاتی نتائج پر مبنی 20 ویں سالانہ رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

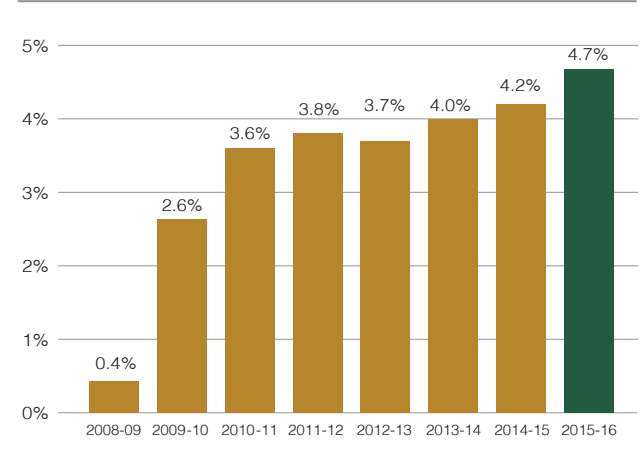
الحمد للہ، میزان بینک نے ایک مکمل اسلامی کاروباری بینک کے طور پر طریقی عمل کے چودہ سال مکمل کر لئے ہیں اور اس مدت کے دوران اس صنعت کے سب سے زیادہ تیزی سے ترقی کرنے والے بینک ہونے کا امتیاز بھی برقرار رکھا ہے۔ ہم اللہ ﷻ کی رحمت اور اپنی ٹیم کی قابل ستائش اجتماعی کاوشوں کے تہہ بول سے شکر گزار ہیں جن کی بدولت ہمیں پاکستان کی اسلامی بینکاری کی صنعت میں 146 شہروں میں 571 برانچوں کے نیٹ ورک کے ساتھ ایک زبردست نمایاں مقام حاصل ہوا۔ اس پورے سفر کے دوران، بینک ”اسلامی بینکاری کو بینکاری کا پہلا انتخاب“ بنانے کے اپنے نظریہ پر کاربند رہا ہے۔

اس سال کی ایک اہم کامیابی 7 ارب روپے مالیت کے ثانوی صکوک (Tier II) کا اجراء تھی جس سے بینک کے Capital Adequacy Ratio (CAR) کو مزید استحکام حاصل ہوا اور جو بینک کی مستقبل کی ترقی کی حکمت عملی میں بھی معاون ثابت ہوگا۔ اس اجراء پر سرمایہ کاروں کا زبردست مثبت رد عمل سامنے آیا جس کے نتیجے میں بینک نے اپنے گرین شو (Green Shoe) آپشن کا استعمال کرتے ہوئے 7 ارب کی پیشکشیں قبول کیں جو 4 ارب روپے کے ابتدائی اجراء کے حجم سے 3 ارب روپے زیادہ تھیں۔ بینک نے مضاربہ انتظام کے تحت انتہائی پرکشش قیمتوں پر صکوک جاری کئے جس سے اس صنعت میں میزان بینک کی مستحکم قدر اور مضبوط ساکھ کی نشاندہی ہوتی ہے۔ JCR-VIS کریڈٹ ریٹنگ کمپنی نے، جو جاپان کی کریڈٹ ریٹنگ ایجنسی کی ملحقہ کمپنی ہے، صکوک کو-AA (ڈبل اے مائنس) کا درجہ دیا۔ بینک کا CAR دسمبر 2015 کے 10.98 فیصد کے مقابلے میں اب 12.90 فیصد کی تسلی بخش سطح پر برقرار ہے جو 10.65 فیصد کی کم از کم لازمی سطح سے کافی زیادہ ہے۔ اس کے ساتھ ہی بورڈ، بینک کے حصص یافتگان کی نمائندگی کرتے ہوئے، پاکستان کے ساتھ بالعموم اور میزان بینک کے ساتھ بالخصوص تمام حالیہ اور مستقبل کی سرمائے کی ضروریات کی تکمیل کے لئے اپنی وابستگی کی یقین دہانی کرواتا ہے۔

معاشی جائزہ

پاکستان کی معیشت نے سال 2016ء کے دوران بہتر کارکردگی کا مظاہرہ کیا جب مجموعی قومی پیداوار (GDP) نے گزشتہ کچھ سالوں میں مسلسل اضافے کے ساتھ مالی سال 2015-16 میں 8 سال کی تاریخ کی بلند ترین سطح 4.7 فیصد کی شرح کو چھو لیا (گراف ملاحظہ کریں)۔ اس ترقی کو اس تیز رفتاری طلب سے ہمیز ملی جو بنیادی طور پر تیزی سے پھیلتے ہوئے متوسط طبقے سے پیدا ہوتی ہے اور جو ملک کی مجموعی آبادی کے 38 فیصد کے برابر یا تقریباً 76 ملین افراد پر مشتمل ہے اور جرنی یا ترقی کی کم و بیش پوری آبادی کے مساوی ہے۔ اس کے ساتھ مستحکم سیاسی ماحول اور امن و

GDP Growth Rate



امان کی بہتر صورت حال، مثبت کاروباری رجحان اور کم افراط زر جیسے عوامل مستقبل میں مزید بہتری کی جانب اشارہ کرتے ہیں۔

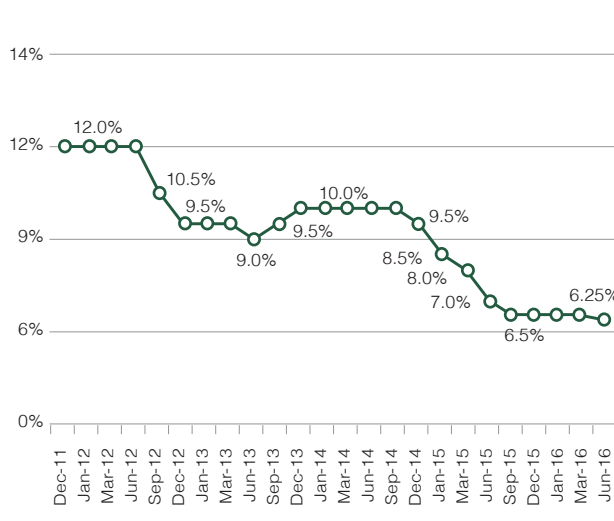
اس سال ایک اور اہم سنگ میل عبور کیا گیا جب نومبر 2016 میں گوادری بندرگاہ کا باقاعدہ افتتاح ہوا، اس کا مطلب یہ ہے کہ پاکستان چین اقتصادی راہداری (CPEC) کا خواب اب ایک حقیقت بن چکا ہے۔ سی پیک چین کے وزیر اعظم شی جن پنگ کے نظریے ”ایک بیلٹ، ایک روڈ“ کا ایک حصہ ہے جو پرانے شاہراہ ریشم کی تجدید کرے گا اور سی پیک کی صورت میں چین کے مغربی صوبوں کی خنجراب پاس کے ذریعے بحیرہ عرب تک براہ راست رسائی ممکن ہوگی۔ خنجراب پاس 15,300 فٹ کی بلندی پر واقع دنیا کی بلند ترین سرحدی خط میں سے ایک ہے۔ چین نے ان منصوبوں بالخصوص بنیادی انفراسٹرکچر اور توانائی میں معاونت کے لئے 50 ارب ڈالر سے زائد مختص کئے ہیں جس میں گوادری بندرگاہ، سڑکیں اور ریلوے اور تھرکول منصوبے شامل ہیں۔ ہمیں یقین ہے کہ سی پیک بالعموم اور وسیع تھرکول منصوبے کی ترقی بالخصوص پاکستان میں حالات کے دھارے کا رخ موڑ دیں گے اور مستقبل میں پاکستان کی شاندار معاشی ترقی میں مدد کریں گے۔

کرنٹ کھاتوں کے خسارے میں کمی ہوئی، اضافہ شدہ مالیاتی داخلہ بہاؤ کے ذریعے سرمائے کا انتظام تسلی بخش رہا اور مالی سال 2016 میں مالی خسارہ بھی GDP کے 4.6 فیصد کے ساتھ کافی منظم رہا۔ اس سال غیر ملکی ترسیلات زر بھی مستحکم رہیں اور سال میں 2.3 ارب امریکی ڈالر کے اضافے کے ساتھ 23.1 ارب امریکی ڈالر کی سطح پر پہنچیں۔ اس اضافے کی بنیادی وجوہات میں کئی ذرائع بشمول IMF سے قرضوں کا حصول اور اس کے ساتھ ساتھ حکومت کی جانب سے بین الاقوامی سرمایہ کاروں کے لئے ایک ارب امریکی ڈالر کے صکوک بانڈ کا اجراء شامل ہے۔

بہتر معاشی آئٹمز S&P کی جانب سے پاکستان کی اعلیٰ ترین ریٹنگ کو مستحکم آکار کے ساتھ -B (بی مائنس) سے B (بی) پر لے آئے۔

اسٹیٹ بینک آف پاکستان نے ستمبر 2016 میں 25 پیسے پوائنٹس کی کمی کے بعد اپنی مالیاتی سہولت/زری کی پالیسی مؤخر کردی اور پالیسی کی شرح 5.75 فیصد پر برقرار رکھی۔

Discount Rate



بین الاقوامی سطح پر OPEC اور Non-OPEC معاہدے سے تیل کی قیمتوں میں اضافے اور مقامی طور پر برصغیر ہوتی طلب کے باعث افراط زر کی شرح میں بتدریج اضافہ ہونے کی توقع ہے۔ منفی رخ پر اس سال ملک کی برآمدات میں کمی آئی جس کی وجہ سے بین الاقوامی طلب تھی اور اس

Annexure to the Directors' Report

For the year ended December 31, 2016

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:

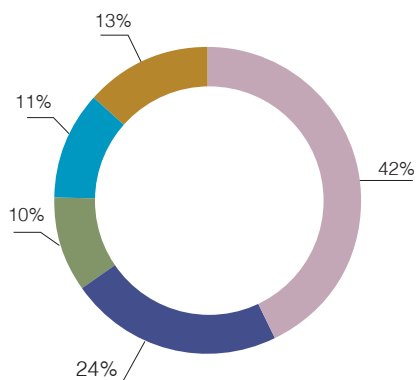
	Number of Shares as at Jan. 01, 2016	Number of Shares purchased during the year	Number of Shares sold during the year	Bonus Shares allotted during the year	Number of Shares as at Dec. 31, 2016
NAME OF DIRECTORS					
Mr. Mohammad Abdul Aleem	184,325	-	-	-	184,325
Mr. Noorur Rahman Abid	2,857,683	-	-	-	2,857,683
Mr. Irfan Siddiqui	3,218,067	-	-	-	3,218,067
Mr. Ariful Islam	1,798,393	-	(2,000)	-	1,796,393
CHIEF FINANCIAL OFFICER					
Mr. Shabbir Hamza Khandwala	554,131	-	-	-	554,131
HEAD OF INTERNAL AUDIT					
Mr. Ebrahim Yakoob	-	-	-	-	-
COMPANY SECRETARY					
Mr. Tasnimul Haq Farooqui*	-	-	-	-	-

*Note:- Subsequent to the Year end Mr. Muhammad Sohail Khan has taken charge as Company Secretary and he held 11,355 shares.

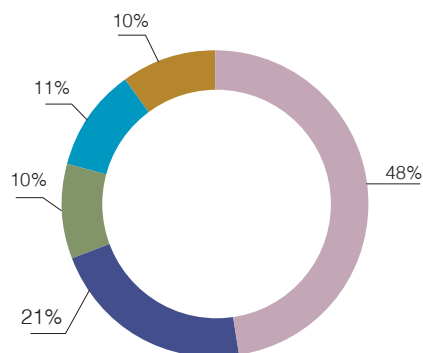
Statement of Value Added and Distributed

Value Added	2016		2015	
	Rupees in '000	%	Rupees in '000	%
Profit / return on Islamic financings, investments and placements - net of provision	31,614,513	102.9%	32,550,567	104.3%
Fee, commission and brokerage income	2,744,287	8.9%	1,987,212	6.4%
Dividend income	744,090	2.4%	628,661	2.0%
Income from dealing in foreign currencies	1,207,563	3.9%	1,471,337	4.7%
Capital Gain on sale of securities and other income	1,101,281	3.6%	509,510	1.6%
	37,411,734		37,147,287	
Administrative and other expenses	(6,695,744)	(21.7%)	(5,930,542)	(19.0%)
	30,715,990	100%	31,216,745	100%
Value allocated as follows:				
To Depositors / Financial Institutions Profit on deposits and other dues expensed	12,872,844	42%	14,897,149	48%
To Employees Salaries, allowances & other benefits	7,347,494	24%	6,722,803	21%
To Shareholders Cash Dividend	3,008,213	10%	3,008,213	10%
To Government Income tax	3,381,225	11%	3,428,744	11%
To Expansion Depreciation & Amortisation	1,552,816	5%	1,145,540	4%
Retained in Business	2,553,398	8%	2,014,296	6%
	4,106,214	13%	3,159,836	10%
	30,715,990	100%	31,216,745	100%

Statement of Value Added & Distributed 2016



Statement of Value Added & Distributed 2015



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

Allocation of Income and Expenses to Remunerative Depositors' Pool

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
Income from financing activities	14,888,529	13,089,136
Income from investments	9,455,774	7,065,598
Income from placements with financial institutions	6,372,190	12,253,434
Other income attributable to pools	1,262,613	1,635,969
Total Income	31,979,106	34,044,137
Less: Directly attributable charges to pools including takaful (Note)	(650,841)	(471,227)
Less: Profit on assets allocated to IERS and other special pools	(3,921,857)	(3,006,533)
Less: Profit share allocated to bank's equity and other pools in mudarabah pools	(6,195,117)	(7,255,473)
Gross distributable Income	21,211,291	23,310,904
Mudarib (Bank) share of profit before Hiba	10,200,347	10,547,211
Less: Hiba from Mudarib (Bank) share	(976,328)	(1,714,865)
Net Mudarib (Bank) share of profit	9,224,019	8,832,346
Rab-ul-Maal share of profit	11,987,272	14,478,558
Rab-ul-Maal share of profit is distributed as follows:		
Remunerative depositors' profit share in mudarabah pools	11,987,272	14,478,558

The Bank maintain following four remunerative general pools:

	Net Income allocated to General Pool and bank's equity	Profit share allocated to bank's equity	Mudarib share of profit	Hiba from Mudarib (Bank) share	Net Mudarib (Bank) share of profit	Remunerative depositors' share in Mudarabah pool
2016						
Rupees in '000						
Rupee deposit pool	26,939,714	6,118,625	9,912,320	976,328	8,935,992	11,885,097
Dollar deposit pool	434,120	68,703	266,573	-	266,573	98,844
Pound deposit pool	27,362	6,222	18,232	-	18,232	2,908
Euro deposit pool	5,212	1,567	3,222	-	3,222	423
	<u>27,406,408</u>	<u>6,195,117</u>	<u>10,200,347</u>	<u>976,328</u>	<u>9,224,019</u>	<u>11,987,272</u>
2015						
Rupees in '000						
Rupee deposit pool	30,018,385	7,089,508	10,317,995	1,714,865	8,603,130	14,325,747
Dollar deposit pool	502,915	156,273	207,985	-	207,985	138,657
Pound deposit pool	31,326	6,051	15,165	-	15,165	10,110
Euro deposit pool	13,751	3,641	6,066	-	6,066	4,044
	<u>30,566,377</u>	<u>7,255,473</u>	<u>10,547,211</u>	<u>1,714,865</u>	<u>8,832,346</u>	<u>14,478,558</u>

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

Business and Operations Review

Business Review

Meezan Bank, in its fifteenth year of operations as a full-fledged Islamic commercial bank, has maintained its distinction of being the fastest growing bank in the industry and continues its journey as a dominant player in the Pakistani banking sector. With a vast network of 571 branches in 146 cities, the Bank remains committed to its Vision of establishing 'Islamic banking as banking of first choice'.

2016 was another year of significant achievements for the Bank. Even in the backdrop of lower discount rate, stagnant private sector credit takeoff and intense competition in the banking industry, the Bank has maintained its strong growth momentum. Key highlights of the Bank's achievements during the year are as follows:

- Successful issue of Subordinated Sukuk (Tier II Capital) amounting to Rs 7 billion
- Growth in financings by 50% with the ADR clocking at a historically high level of 55%
- Crossing half a trillion benchmark in both Deposits and Trade volumes

During the year, the Bank has successfully issued Subordinated Sukuk (Tier II Capital) amounting to Rs 7 billion at a very attractive pricing, with the objective of further strengthening its CAR and continuing with its unprecedented growth strategy. The issue received an overwhelming response from investors which is evident from the fact that the total commitments received were double the size of the issue, reflecting the strong brand value and standing of Meezan Bank developed over the years.

In the era where banks are struggling to increase their deposits and attract New To Bank customers, the Bank's extensive branch network, superior service and excellent brand image allowed it to cross half a trillion benchmark and close its deposits at Rs 564 billion. The Bank has registered a deposit CAGR of 27% over the last five years, accompanied with an improvement in CASA mix from 72% to 75%. This enabled the Bank to not only sustain the impact of historically low interest rates but also to achieve growth in its profitability.

The Bank's financing portfolio has also grown by an impressive 50% to Rs 312 billion, outpacing the industry average of 17% by a huge margin. Owing to its well diversified product range and its professional expertise of providing tailored solutions to cater to the ever evolving needs of its customers, the Bank excelled in all segments including Corporate, SME/Commercial and Consumer Financing that grew by 42%, 62% and 66% respectively. The Advances to Deposits Ratio (ADR) of the Bank stood at 55% - well above the banking industry average of 50%. The Bank maintained a high quality financing portfolio with an infection ratio as low as 2.14%, against the industry average of 11%.

Notwithstanding the overall decline in the country's exports, the trade business (both import and export) handled by the Bank grew by an impressive 20% and crossed the half a trillion Rupee benchmark, closing at Rs 552 billion. An extensive network of correspondent banks, significant foreign exchange lines and unprecedented customer service has allowed the Bank to achieve excellent results in its trade business.

AWARDED

BEST ISLAMIC BANK

AT THE FIRST PAKISTAN BANKING AWARDS 2016

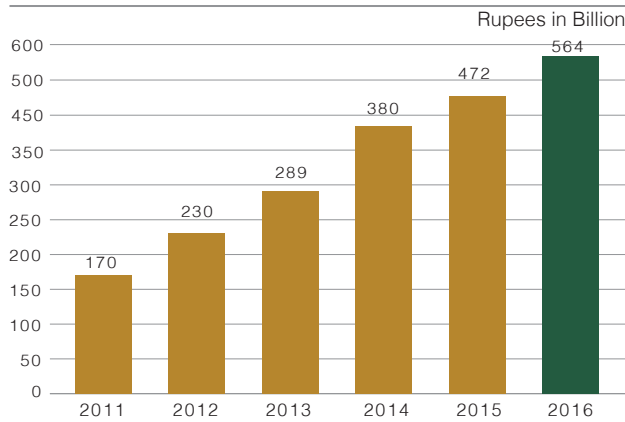


Retail Banking

Deposits

Meezan Bank offers an extensive range of deposit products - current, savings and term deposit accounts, and is a market leader in offering innovative Shariah-compliant products and services to cater to the diverse needs of both individuals and companies - ranging from SME's to large corporates. The Bank's wide range of deposit products has enabled it to achieve exponential growth through a large, well-diversified and stable customer and deposit base. The Bank's total deposits as of December 31, 2016 stood at Rs 564 billion, increasing 19.5% over 2015. A notable achievement during the year was the increase in the ratio of current and saving account (CASA) deposits to total deposits - increasing its CASA mix from 72% in 2015 to 75% in 2016, enabling the Bank to minimize the impact of reducing spreads as a result of historically low interest rates.

Deposits



Meezan Bank has the largest Islamic banking customer base in the country, serving more than 1.5 million customers. Since its inception in 2002, the Bank has been growing at a fast pace and has attained the position of being the country's 8th largest bank in a short span of 14 years, which has only been possible due to the continuous support and patronage of its customers.

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

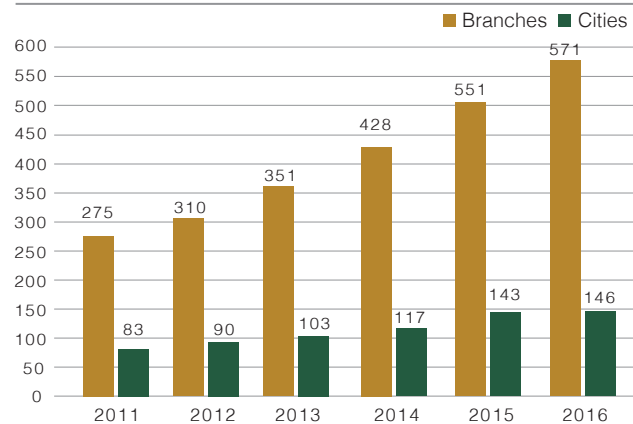
The modern banking customer expects a much more robust retail experience from banks compared with only a few years ago when there was little proliferation of technology-based platforms. Recognizing this fact, Meezan Bank has focused on deploying technology to provide customers with services that allow them to manage their banking transactions at the touch of a button without the need to go to a branch. As a part of this strategy, Meezan Bank offers a very secure Internet Banking product that is supplemented with a

state-of-the-art Mobile Banking App, allowing customers to transfer funds, pay utility bills, top-up mobile phone credit and view their account activity. The Bank's Website was also redesigned during 2016, enhancing its utility as well as making it more customer-friendly.



In order to enhance the trust and confidence of its customers, the Bank will continue to improve its products and services and further streamline its processes. The Bank's focus during 2017 would be to tune itself in becoming a highly customer centric bank offering personalized customer services.

Branch Network



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. The Bank caters to the various investment needs of its customers by identifying investment opportunities and providing investment advice.

Meezan Kafalah

Meezan Kafalah is the Shariah-compliant alternative to Bancassurance and Bancatakaful, which is another first from Meezan Bank. Meezan Kafalah has received a high take-up from retail customers since it is designed to meet their long-term savings objective with the added protection of Takaful (Islamic insurance) cover.

By the end of 2016, the Bank had provided Takaful coverage of a total amount of Rs 7.8 billion to more than 20,000 customers.

Meezan Premium Banking

Meezan 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 service to discounts and privileges.

Premium Banking customers enjoy priority handling at all branches and also have access to special Premium Banking Centres in the main cities of the country. During the year, a new Premium Banking Centre was opened in Karachi, bringing the total number of Premium Banking Centres to eleven.



Additional benefits available to Meezan Premium Banking customers are:

- Meezan Visa Platinum Debit Card – a very prestigious Debit Card, offering discounts at selected retail outlets and restaurants across the country.
- Fee waivers on selected banking and Alternate Delivery Channel services.
- Access to International CIP lounges at Karachi, Lahore, Islamabad, Multan and Sialkot airports.
- Private conference rooms for short business meetings at Premium Banking Centres.
- Premium Phone Banking - a dedicated Call Centre exclusively for Premium Banking customers.

Alternate Distribution Channels

In addition to the Bank's traditional 'brick and mortar' branch network, Meezan Bank provides banking services through a broad spectrum of channels consisting of the largest nationwide ATM network of any Islamic bank, a portfolio of Debit Cards including MasterCard and Visa, a highly user-friendly and efficient Mobile Banking Application, Internet and SMS-Banking platforms and a 24-hour Call Centre with IVR and manned services for the benefit of its customers. These channels are often collectively referred to as Alternate Distribution Channels (ADC). In addition to these, the Bank also provides e-Statement and SMS Alert facilities.

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

Customers can use ADCs for all their basic banking needs - cash withdrawal, shopping and payments, online shopping, funds transfer, bill payments, balance and statement inquiries, product and services inquiries and complaint registrations, among many other services offered. Meezan Bank has always strived to make banking a convenient and pleasant experience for its customers and this philosophy is especially visible in the Bank's Alternate Distribution Channels.

In 2016, 440,000 new subscribers were added to the Bank's ADC services and the Bank carried out 68% more transactions through these channels than in the previous year.

70 new ATMs were added to the Bank's network during the year, taking the total number of on-site and off-site ATMs to 545. Meezan Bank strives to maintain one of the best up-times for ATM services and customers' trust is evident in the increasing transaction volumes on the Bank ATMs from 15.7 million to 27.5 million year-on-year. Meezan Bank's Mobile Banking App gives customers easy access to their account through their smart phones, providing them a wide range of banking services such as funds transfer, bill payment of over 36 utility companies, payment and top-up of phone credit and viewing account balance on a user-friendly and portable mobile interface. With over 125,000 downloads, the App has been amongst the most trending applications in its category on both Google's Play Store and Apple Store. The Bank's Internet and Mobile Banking subscribers also increased from 35,000 to 105,000.



Meezan Bank's 24/7 Call Centre handled more than 1.6 million calls during 2016. This in-house Call Centre is managed by a team of 55 phone banking officers, facilitating customers and the general public nationwide with banking transaction and general banking or product enquiries. The Bank's SMS Alert Service added over 200,000 new customers during the year, taking the total to over 718,000 registered users, a growth of 28%. The Bank's Debit Cards continue to gain popularity among customers with the number of cards increasing to 650,000 with a 63% increase in Point of Sale (POS) transactions in comparison to 2015. Meezan MasterCard Titanium & Visa Platinum cards contributed in serving the Premium banking segment through unique propositions that include higher limits, bigger discounts on high-end brands, complimentary Domestic & International Airport Lounge access and

other benefits. The Bank also signed up with MasterCard to launch MasterCard Platinum Debit Card with a range of added benefits, services and features.

The Bank has also initiated a project to rollout EMV Chip based Debit Cards offering the most advanced security feature to its customers to prevent skimming frauds.

As a part of its continuous efforts to provide the most secure banking experience to its customers, Meezan Bank signed up with Visa and MasterCard for their 3D Secure services known as 'Verified by Visa' and 'MasterCard Secure Code' respectively, to provide the ultimate standard of online security to its customers for their ever increasing e-commerce transactions.

The Bank joined an innovative new initiative, Keenu's Net Connect service that allows its customers to transact on Pakistan's leading e-commerce websites & pay directly from their bank accounts via Meezan Bank's Internet Banking services in a fully secure and convenient way.

The Bank signed an agreement with Inov8 to join the FalconPay platform, which is powered by MasterCard Master Pass. This will enable Meezan Bank's customers to pay by scanning the QR code at merchant outlets with their smart phones across Pakistan.



Meezan Bank also integrated its corporate Cash Management portal with its ADC channels to enable school fee collections through Internet Banking, Mobile Banking and ATMs across Pakistan. Now customers can pay their children's school fees using Meezan Bank's ADC services.

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



Cash Management

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

Meezan eBiz

Meezan eBiz allows customers to conduct banking transactions instantly over the internet through a secure channel. With the help of Meezan eBiz, customers can view and download their account balances, account detail and account statements as well as efficiently conduct their day-to-day transactions such as fund transfers, interbank fund transfers, salary payments, utility bill payments, pay order issuance and other services via an automated, secure and versatile electronic processing platform.



Meezan eBiz+

Meezan eBiz+ is a comprehensive customized Internet based Cash Management solution which allows Corporate, Commercial and SME customers to not only electronically manage their banking relationship, but also reduce operational burden by outsourcing the management of country wide collection and payment needs. The solution is tailor-made to meet the customers' specific MIS and reconciliation requirements. In addition to the features available in eBiz, this solution also includes:



- Management of collections through 571 Online branches as well as electronic & ADC channels
- Real time information through online reporting for reconciliation and transactional alert generation through SFTP, email and SMS.
- Management of Payments like funds transfer, interbank funds transfer, pay order issuance, RTGS, and issuance of corporate cheques.
- System capability for host to host integration with customer ERP system supported by a dedicated customer service / client service team.

With strong system and integration capabilities, these solutions have not only received a very positive response from local companies but multinational companies as well for their transaction banking needs

Home Remittance

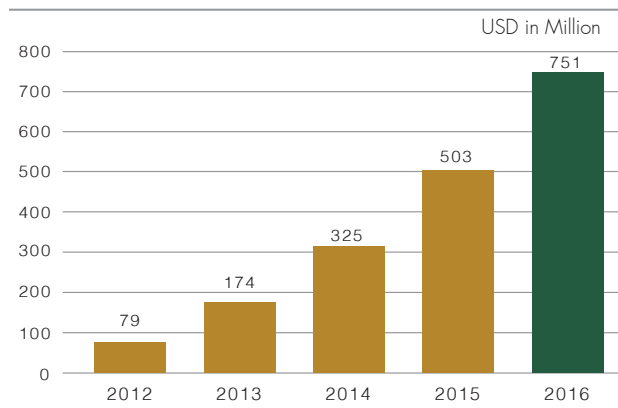
The Bank plays an active role in the nationwide drive of stimulating and formalizing home remittances through banking channels under the Pakistan Remittance Initiative (PRI) and non-PRI arrangements. A focused approach towards this segment has contributed in improving the banking experience of customers and has allowed the Bank to record 40% growth in remittance volume in 2016 over the previous year.

Notable foreign correspondents were added in 2016, including a landmark exclusive relationship with HomeSend (money transfer organization of MasterCard).



The total volume of Remittances routed through Meezan Bank over the last five years are as follows:

Remittance Volume



Branchless Banking

Almost 70% of Pakistan's population remains unbanked due to various reasons including lack of access to a physical branch network, hesitation to avail banking facilities in order to avoid Riba, stringent KYC and other requirements. Financial inclusion (making financial services available to those sections of the population who do not have access to formal banking channels) to this large segment of the country's population, by giving it access to Islamic Banking, is a major step forward in realizing Meezan Bank's Vision of establishing 'Islamic banking as banking of first choice'. Meezan Bank believes that a very effective way to achieve financial inclusion of this segment is through Branchless Banking, and is therefore taking steps to reach out to this segment through the Branchless Banking platform, the first one of which was the launch of Meezan UPaisa last year.

To further strengthen its outreach and market share in the Branchless Banking sector, Meezan Bank is focusing on building its Mobile Wallet portfolio. Mobile Wallets utilize technology that people already own, such as a smartphone, to allow them to make in-store payments quickly and securely without their credit or debit card. Meezan Bank will offer Wallets to different customer segments and is also working on providing Digital Credit solutions to farmers and retailers.

Corporate Banking

Meezan Bank provides a comprehensive 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 regular financing 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, financing for commodity operations, long-term finance, documentary credit requirements and project financing needs of its customers.

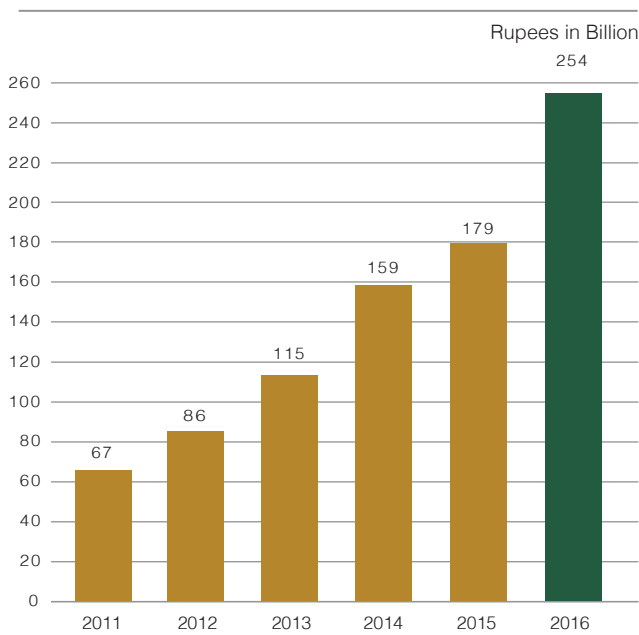
The Bank's Corporate Banking relationship teams work closely with Treasury, Cash Management, Investment Banking, Commercial Banking and Consumer Banking departments to develop & deliver suitable value-added products that fulfill the diverse business needs of the Bank's corporate clients.

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 in the wake of low demand from China, relatively thin profit margins owing to lower discount rates coupled with rising administrative and operational costs, the Bank was able to perform well in terms of the following elements:

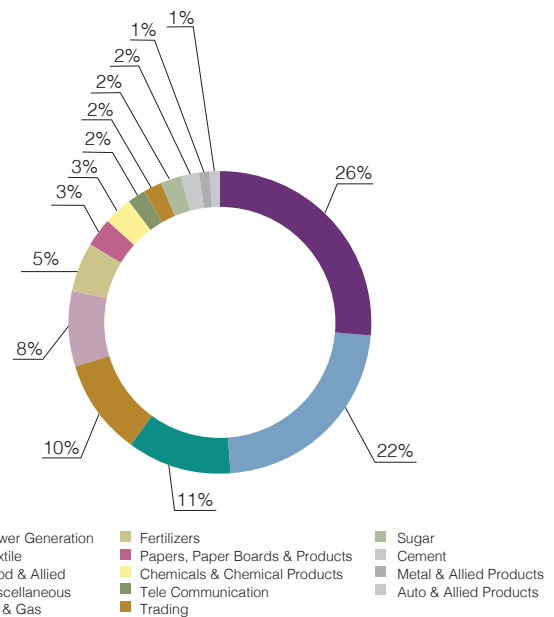
Corporate Assets

The Bank's corporate financing portfolio has registered an impressive growth of 42% - from Rs. 179 billion in 2015 to Rs 254 billion in 2016. The focused development strategy adopted by the Bank to vigilantly build a healthy and well-diversified portfolio has resulted in growth of the corporate assets book by an average (CAGR) of 31% per annum over the last 5 years.

Corporate Assets



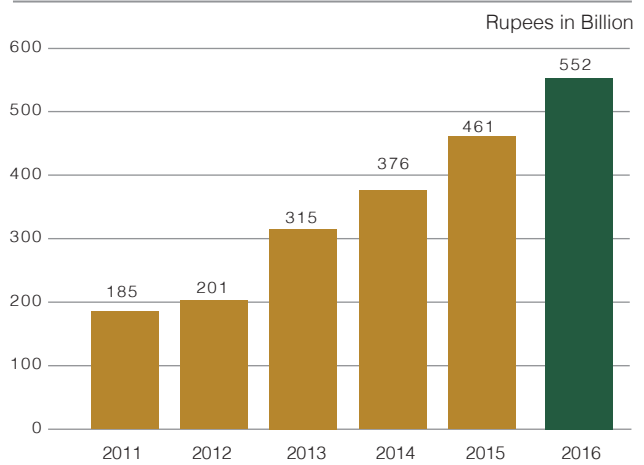
Corporate Banking Portfolio



Trade Business

The Bank's trade business (import and export) performed very well in 2016 in both volume and income and registered a growth of 20% and 27.5% respectively, notwithstanding the fact that exports of the country as a whole dropped by 13% during the year. The total trade business volume in 2016 crossed Rs 552 billion.

Trade Business



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. We have a team of highly qualified and experienced professionals including ACAs, MBAs, ACCAs and CFA Charterholders.

Since its inception, Meezan Bank has advised and arranged Investment Banking deals of over Rs 549 billion and established itself as a market leader in providing Islamic advisory and arrangement services.

In 2016, Meezan Bank successfully delivered syndicated project financing transactions of over Rs 159 billion for a diverse range of clients including Sui Northern Gas Pipeline Limited, Sui Southern Gas Company Limited, Power Holding Private Limited, FFBL Power Company Limited, Hartford Alternative Energy (Private) Limited, DG Khan Cement Company Limited and Daewoo Pakistan City Bus Service (Private) Limited.

A noteworthy achievement of 2016 was the structuring and issuance of Rs 7 billion Rated, Unsecured, Privately placed TIER-II Mudaraba Sukuk of Meezan Bank Limited. The success of this issue can be gauged from the total commitments received from the market which were more than double the size of the proposed issue. The excellent market standing of Meezan Bank along with

efficient pricing of the Tier II Mudaraba Sukuk attracted a large number of institutions to this Sukuk issue. The investing institutions were mainly banks, mutual funds and Takaful companies operating in Pakistan.

Meezan Bank has been widely acknowledged by numerous international bodies for providing innovative and tailored Investment banking solutions to cater to the specialized needs of its diverse clients.

The Bank will continue to leverage its deal structuring and placement capability and its relationship with corporate customers and financial institutions while innovating in the field of Islamic corporate finance. The focus will be to maintain its position as the market leader in the Islamic banking industry of Pakistan.



Major Investment Banking Transactions



Sul Northern Gas Pipeline Limited

Syndicated Long Term Finance Facility

Rs. 54,670 Million

Lead Arranger & Advisor,
Shariah Structuring Agent



Sul Southern Gas Company

Syndicated Long Term Finance Facility

Rs. 39,800 Million

Lead Arranger & Advisor,
Shariah Structuring Agent



Power Holding Private Limited

Syndicated Long Term Finance Facility

Rs. 25,000 Million

Mandated Lead Arranger &
Investment Agent



Frontier Works Organization (SEPCOL)

Syndicated Project Finance Facility

Rs. 12,658 Million

Mandated Lead Arranger
& Advisor & Shariah Structuring Agent



Hartford Alternative Energy (Pvt.) Ltd.

Syndicated Project Finance Facility

Rs. 9,830 Million

Mandated Lead Arranger & Advisor,
Project Monitoring & Accounts Bank
& Shariah Structuring Agent



Frontier Works Organization (KATCAM)

Syndicated Project Finance Facility

Rs. 6,200 Million

Mandated Lead Arranger, Security
Trustee & Shariah Structuring Agent



DG Khan Cement Company Limited

Syndicated Finance Facility

Rs. 6,500 Million

Financial Advisor
& Lead Arranger



Lalpir Power Limited

Short-term Sukuk

Rs. 2,000 Million

Advisor & Arranger



Daewoo Pakistan City Bus Service (Pvt.) Limited

Syndicated Long Term Islamic Finance Facility

Rs. 1,735 Million

Lead Arranger, Agent Bank &
Shariah Structuring Agent



Nishat Hotels & Properties Limited

Syndicated Finance Facility

Rs. 1,000 Million

Lead Advisor & Arranger
& Investment Agent



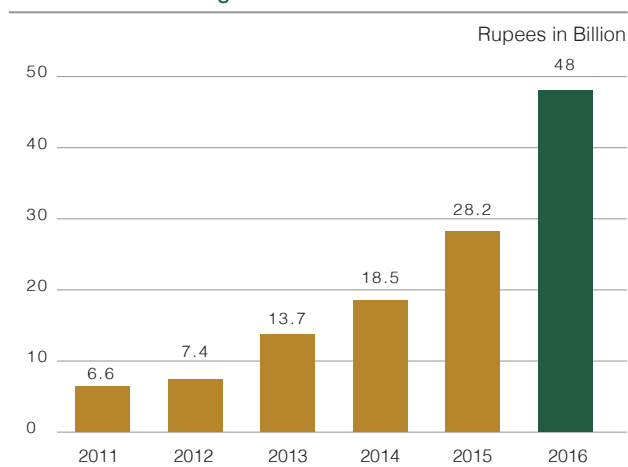
Commercial Banking (Including Small & Medium Enterprises and Agriculture Finance)

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.

Meezan Bank's Commercial Banking business grew by 71% in 2016, bringing the year-end portfolio to Rs 48 billion, significantly exceeding the Bank's business target for this segment.

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

Commercial Banking Assets



Meezan Bank is continuously striving for growth in the Small and Medium Enterprise segment, which accounts for more than 90% business entities in Pakistan. Growth and development of this sector is of vital importance for sustainable socio-economic development of the country. The Bank closed its SME financing book at Rs 10.5 billion in 2016 against Rs 3.1 billion in 2015, registering a growth of 238% over the year.

The SME sector in Pakistan is developing due to keen interest of the regulator (SBP), improved economic environment and positive attitude of commercial banks to invest in this segment. Meezan Bank plans to convert the traditional SME lending model into an SME Banking Model which would cater to the end needs of its clients.

Growth in Trade Business (Import & Export) has been a critical revenue driver as part of SME Banking philosophy. The Bank accelerated its pace of trade mobilization and recorded robust growth by routing Rs. 88 billion in SME segment as compared to Rs 55.6 billion last year, an increase of 51%.

Supply Chain Financing Program with Karandaaz

Last year, the Bank partnered with Karandaaz Pakistan to initiate a structured program to finance vendors & distributors operating in organized supply chains in Pakistan.

Karandaaz Pakistan has financial and institutional support from leading international development finance institutions; principally United Kingdom's Department for International Development (DFID) and the Bill & Melinda Gates Foundation. The Consultative Group to Assist the Poor (CGAP), a member of the World Bank Group, managed the start-up phase of the Company and continues to provide technical support. Karandaaz promotes access to finance for small businesses through a commercially directed investment platform, and financial inclusion for individuals by employing technology enabled digital solutions.

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

This program registered sizable growth in SME segment and the Bank successfully brought various customers in the financing net through this structured program. The Bank also structured an innovative Dealer Finance Program to finance the dealers of a top tier fertilizer company. This first-of-its-kind initiative was developed to focus on cash flows and the strength of the relationship between the dealer and the corporate entity.

Agriculture Financing

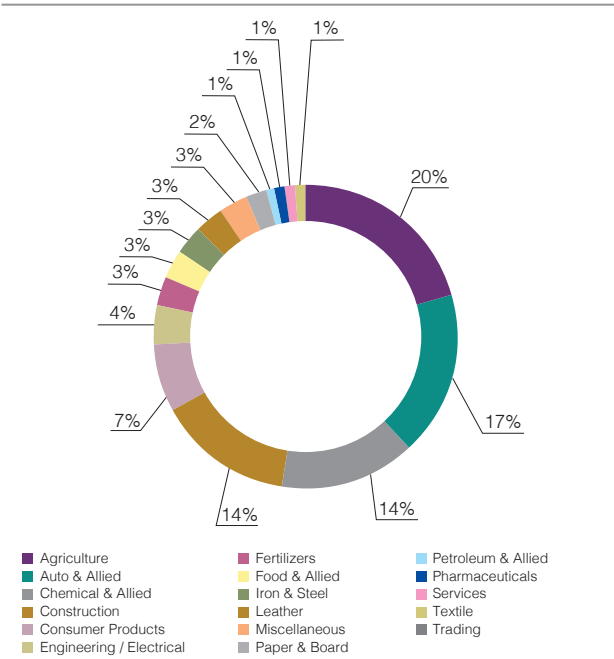
Agriculture holds great significance for any developing country. Increase in agricultural productivity leads to increase in the income of rural population which in turn leads to more demand for industrial products. The progress of agriculture sector therefore provides a sound base for economic development and is considered one of the preconditions for takeoff or self-sustained growth of any developing economy.

The GDP growth rate in Pakistan, being an agricultural country, is mostly reliant upon the growth rate of the agriculture sector. About 25% of Pakistan's agriculture accounts for almost 21% of GDP and employs around 43% of the labour force. Providing financing to the agriculture sector is therefore a very direct contribution towards supporting the growth of the country's economy and Meezan Bank is fully committed to providing this support.

Being aware of the importance of expanding its outreach to the Agriculture sector, Meezan Bank has launched Islamic Agricultural Finance to enable the farming sector to avail Shariah-compliant financing for their needs. Agriculture financing

offered by Meezan Bank is growing at a prudent pace and the Bank disbursed Rs 3 billion to this sector, registering a growth of 67% over last year's disbursement of Rs 1.8 billion.

Commercial Banking Portfolio



Non Performing Finances

The non-performing portion of the portfolio remained under strict vigilance and continued its downward trend, moving down from 4% last year to 3% this year, indicating both improvement in credit quality and an effective recovery system.

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 below:

Car Ijarah (Auto Finance)



The automobile industry in Pakistan grew by 17.3% in 2016 with car sales standing at 217,679 units compared to 179,953 units in 2015. A major reason for this increase was the high demand for cars because of the reduction in financing cost due to the decrease in SBP discount rate, which further incentivized customers to avail car financing facilities.

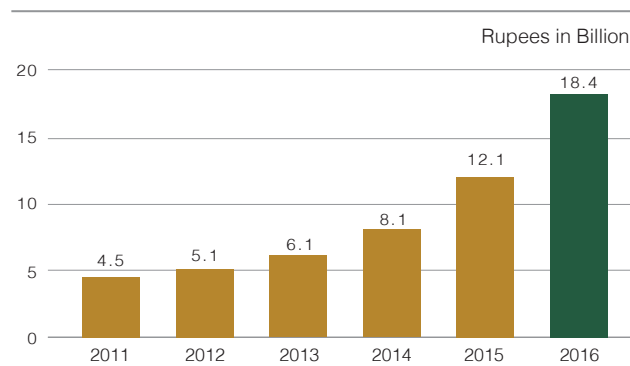
Meezan Bank is among the top three banks in the auto finance market of Pakistan. The Bank's auto finance business, 15 years after its launch, has an outstanding portfolio of Rs 18.4 billion with over 18,000 active contracts that comprise of new, used and imported vehicles. The Bank disbursed Rs 11.9 billion during 2016, thus growing the portfolio by a healthy 129%.

Meezan Bank has remained active in implementing a number of changes to improve the infrastructure,

product features and management of its Auto finance business. With a focus on cross selling, capitalizing on Meezan Bank's nationwide presence through its extensive branch network and forming a new alliance with both manufacturers and Takaful providers, these changes have shown positive results.

Meezan Bank follows a strategy of maintaining stringent credit criteria for the Consumer Finance segment. Healthy portfolio management and risk diversification in this business line is evident as the ratio of non-performing financing for the Car Ijarah portfolio remains at a low of 0.59%, which is amongst the lowest in the industry.

Car Ijarah Portfolio



Commercial Vehicles

Meezan Bank's Commercial Vehicles Ijarah Unit commenced operations in January 2016. The Bank has received overwhelming response from the Logistics and Transport sector. Through this unit, the Bank fulfils the commercial vehicles' need of SME and corporate entities such as oil, goods, passenger, logistics and transportation companies. The Bank offers financing facilities of all types of commercial vehicles ranging from heavy trucks, prime movers and buses to light commercial vehicles. During 2016, its first year of operations in this business, the Bank has extended financing of Rs. 3.1 billion.

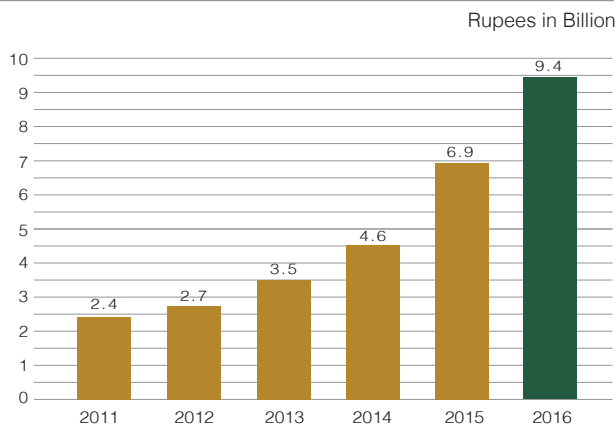
Easy Home (Housing Finance)



With a Housing Finance portfolio of Rs 9.4 billion as of 31st December 2016, Meezan Bank stands amongst the leading national housing finance providers in the country. According to the State Bank of Pakistan, Islamic banks have emerged as lead financiers for the housing sector during the year and Meezan Bank, as the largest Islamic bank in Pakistan, has played a major role in extension of Islamic Housing Finance across the country.

Despite the recent introduction of new taxes by the government on real estate transactions that have caused considerable slowdown effects on the property market, Meezan Bank managed to disburse Rs 4 billion during 2016 which was the Bank's highest ever disbursement in a single year.

Easy Home Portfolio



Due to excellent credit quality and efficient collection efforts, the ratio of Non-Performing Financing stood at 2% which is amongst the best in the industry.

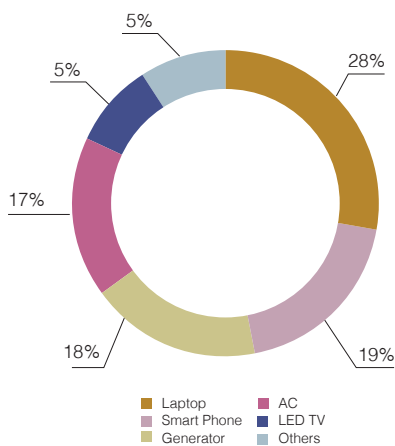
Meezan Consumer Ease (Consumer Durables Finance)



Meezan Bank offers Shariah-compliant consumer durable goods financing to its customers. The Bank's product menu is being continuously expanded to cater to customers' ever growing needs. Continuing with its growth trend, Meezan Bank has extended financing for more than 7,000 durable goods to individual customers. In addition, as a result of Meezan Bank's prudent approach and outstanding credit quality, the delinquency ratio remains at less than 1.5%.

All the durable items offered under the umbrella of Consumer Ease are in high demand as reflected in the product wise portfolio graph below.

Product Wise Disbursement

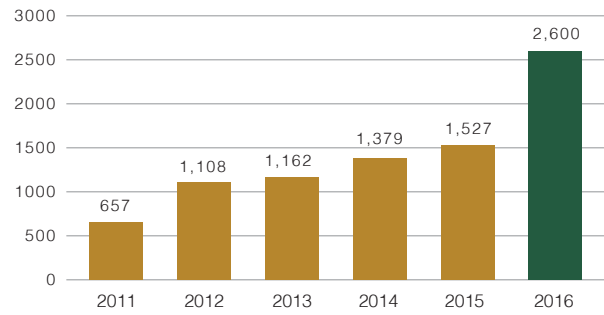


Bike Ijarah (Motorcycle Finance)



The Bank re-launched its Bike Ijarah financing product in 2016 and has received an overwhelming response by the market. The Bank has financed more than 1,200 bikes with 0% NPL. In this first year of re-launch, the Bank has joined hands with all major bike manufacturer in Pakistan - Honda, Suzuki and Yamaha.

Number of Consumer Ease Cases Disbursed



Meezan Labbaik (Hajj and Umrah Finance)



Meezan Labbaik - Hajj & Umrah facility was initiated as a Corporate Social Responsibility project and has gained immense popularity over the years among the general public, especially after the Bank's enrolment in Government Hajj Scheme in 2015. During the last Hajj season, Meezan Bank installed purpose-built Hajj booths in 10 cities of the country to facilitate more than 9,000 pilgrims.

In its second year of enlistment with Ministry of Religious Affairs (MORA) Meezan Bank collected 34,747 Hajj applications and was ranked 4th out of eight (8) banks on MORA's panel and 7th among top 10 Banks in 2015. Encouraged with Meezan Bank's performance MORA took the long awaited and bold step of placing all Government Hajj funds in Islamic Banks and Islamic Banking windows of approved Banks. Meezan Bank was the only full-fledged Islamic Bank on the approved panel.

Meezan Bank's Labbaik product facilitates customers who wish to perform Hajj or Umrah privately and offers selected packages of well-reputed Travel Agents that have been carefully vetted and are on the Bank's panel. The active agents were Dar Al Eiman (Pakistan) and Universal Brothers and 377 pilgrims performed Umrah & Hajj through the Bank's platform this year. The Bank's role in Labbaik is limited to sales and funds collection agent of the travel agent while all travel-related arrangements are made by the travel agents themselves. With Meezan Labbaik, customers have three payment options to select from i.e. full payment plan, installment plan for payments in 12 months or a Mudarabah based savings plan.

Treasury and Financial Institutions

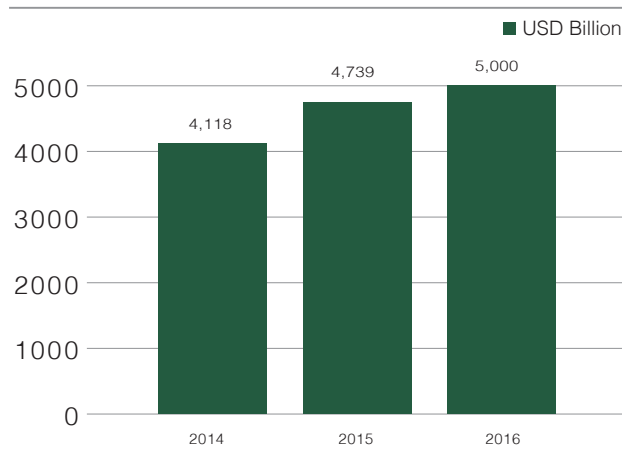
Meezan Bank has one of the most well equipped Treasuries in the country, both in terms of people and systems. The Bank offers a wide range of Shariah-compliant products that not only serve the foreign exchange needs of its clients but also make effective utilization of excess liquidity to generate profits that are paid as return 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. FX trading desk's activity enables the 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 Meezan Bank, its trading desk has started facilitating other inter-bank counterparts in hedging their G7 exposure.

The Bank witnessed numerous challenges during 2016 due to difficult market dynamics in the foreign exchange market and a lack of investment avenues in the Money Market. With declining commodity prices, the customer deal ticket size in the FX market shrank, considerably affecting volatility and spreads. In the backdrop of this scenario, the Bank's Treasury Marketing Unit continued to support the increasing needs of businesses by offering a wide array of foreign exchange products for both hedging and working capital financing. Further, many new clients were brought on board through aggressive pricing given by the FX trading desk.

Volume of FX Business routed through Treasury



In the backdrop of limited avenues of generating income in the local interbank market, the Bank's Foreign Exchange Trading desk focused their efforts on G7 exposures arising out of trade flows, and capitalized on the volatility in the international market.

The 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 tenor at market prevalent rate. The ALM desk performed well even though the challenge for effective deployment of liquidity was greater this year with increasing deposit numbers, maturing placements with Government of Pakistan (GOP) and the need to minimize call placements to reduce capital risk charge. Despite two auctions conducted by the GOP amounting to a total of Rs 197 billion, the market continued to remain liquid on account of maturing GOP Ijarah 14 Sukuk (Rs 44 billion) and Bai-Muajjal with Ministry of

Pakistan (Rs 225 billion). The ALM desk, however, managed to effectively deploy liquidity through investment in GOP Ijara 17 and 18 Sukuks amounting to Rs 57 billion and successive Bai-Muajjal transactions under secured basis amounting to Rs 100 billion.

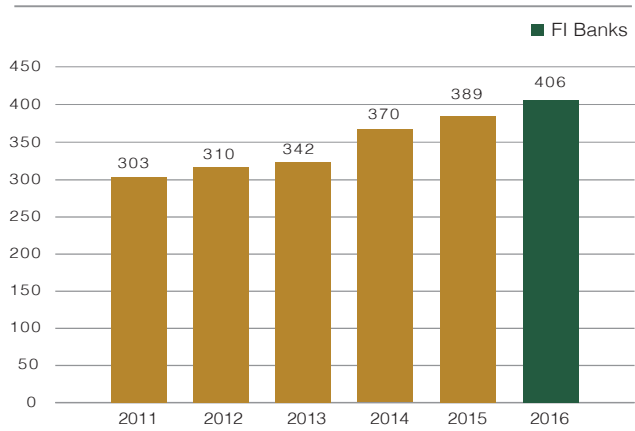
In the area of financial institutions and correspondent banking, Meezan Bank made many remarkable achievements this year. The Bank enhanced its relationship with correspondents across the globe for enabling import and export transactions. It built upon its reputation whereby an increasing number of international banks have chosen Meezan Bank to issue their back-to-back guarantees in Pakistan.

The most significant development in the region has been the commencement of work on the China Pakistan Economic Corridor and Meezan Bank has established, and is in the process of furthering its relationships, with banks in countries linked to this project.

Meezan Bank started an export document collection service for other commercial banks in Pakistan to route their export documents through Meezan Bank, in case they do not have arrangements to do so themselves.

As part of its efforts to support and promote the Islamic financial sector, the Bank has enlisted the nascent Takaful Windows of Conventional Insurance Companies on its approved panel for Consumer Financing. Customers of the Bank can now avail Shariah-compliant insurance solutions from reputable companies in the market for their car and house financing needs.

Correspondent Banking Network



Meezan Bank opened a new US Dollar nostro account with Citibank in New York, which is significant in today's world of increased compliance costs in correspondent banking. Citibank is one of the main US Dollar clearers in the U.S. and is now clearing Meezan Bank's US Dollar payments and remittances. A new account in Australian Dollars was also opened with the Bank of Sydney.

Accounts in Thai Baht (THB) and Norwegian Krone (NOK) were opened with prominent correspondent banks, which enable customers to conduct their trade, services and remittance transactions with the least cost of foreign exchange conversion.



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 provide Investment Advisory Services and manage Voluntary Pension Schemes.

AI Meezan, with a track record of over 20 years of Fund Management operations, has always strived to serve its esteemed clientele with distinction and service excellence. This is evident in the fact that over these two decades, AI Meezan has managed to amass a healthy investor base of over 51,000 customers, who have entrusted the company with providing them unique investment options and competitive returns.

Since inception, the company has grown considerably and has recorded to its credit multiple achievements. With Assets under Management (AUMs) crossing Rs. 103 Billion mark in December 2016, AI Meezan is now the largest private sector asset management company of the country. Its AUMs represent around 16% of the total mutual funds industry and 47% of the Shariah compliant mutual funds industry. AI Meezan is also managing the largest private sector equity fund and the largest Voluntary Pension Fund in Pakistan.

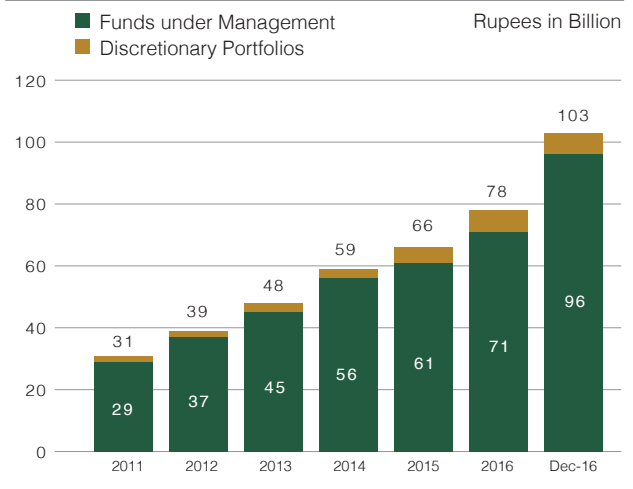
AI Meezan was also granted with multiple accolades during the year 2016 as given below:

- “Best Islamic Fund Manager” in Pakistan by Pakistan Observer at the 3rd Roundtable Conference in Islamabad.
- “Asset Management Company of the Year” and “MGF-Product of the Year Award” by IFFSA.
- “Pension Reform Innovations” award by World Pension Summit 2016 (The Hague, Netherland) in recognition for introducing industry’s first voluntary pension scheme, Meezan Tahaffuz Pension Fund MTPF.
- “Best Private Sector Asset Management & Investment Firm 2016 – Pakistan” awarded by UK based magazine; Wealth & Finance International.

JCR-VIS Credit Rating Company has assigned Management Quality Rating of AM2++ to AI Meezan, which denotes that the Asset Manager exhibits commendable management characteristics. This is the highest management quality rating assigned to management companies so far in the country.

The AUMs of AI Meezan have recorded an average annual growth of over 22% during the last five years, as shown below:

Funds Under Management of AI Meezan



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

During the year, AI Meezan successfully launched Meezan Asset Allocation Fund (MAAF) which utilizes a dynamic asset allocation strategy, aimed at providing lucrative returns to unit holders over a predefined investment horizon through direct investing. Moreover, two additional plans, namely Meezan Asset Allocation Plan – III (MAAP-III) and Meezan Asset Allocation Plan – IV (MAAP-IV) were introduced during the same period that have generated considerable investor interest and enthusiasm. The plans are part of the series under the existing fund of fund i.e. Meezan Financial Planning Fund of Fund (MFPF).

Owing to the immense popularity of asset allocation structure, AI Meezan floated another fund of fund this year in the form of Meezan Strategic Allocation Fund (MSAF). Attributes of the fund are similar in nature to MFPF, whereby AI Meezan has successfully launched the first two plans under MSAF i.e. Meezan Strategic Allocation Plan – I (MSAP – I) and Meezan Strategic Allocation Plan – II (MSAP – II), which have generated impressive amounts in assets.

A significant breakthrough within AI Meezan’s product suite was achieved with the launch of Meezan Energy Fund (MEF) during the period. With the addition of this new fund category, AI Meezan has further strengthened its diversified product range being offered to its investors. The equity sector scheme, MEF, intends to provide investors with exposure to companies in the dynamic energy sector of Pakistan, on account of favorable global economic scenario and ongoing local developments pertaining to the country’s energy needs.

AI Meezan’s product offering was further enhanced after the roll-out of Islamic Provident Fund Management & Book Keeping services. Currently, it is the only asset management company in the country, which has coupled provident fund management with back – office services, thereby eliminating Client’s need to outsource such services to a separate vendor.

The fund-wise break up of assets under management along with return on these funds since inception and for calendar year 2016, are as under;

Islamic Mutual Funds	Type	Net Assets - Rs. million (December 31, 2016)	Annualized Return since Inception till December 31, 2016	CY16
Equity				
Al Meezan Mutual Fund (AMMF)	Equity	8,176	17.27%	44.36%
Meezan Islamic Fund (MIF)	Equity	46,924	22.69%	45.09%
KSE Meezan Index Fund (KMIF)	Equity Index Tracker	1,097	26.91%	44.42%
Meezan Energy Fund*****	Equity	633	N/A	8.04%
Fixed Income				
Meezan Islamic Income Fund (MIIF)	Income	9,436	9.37%	4.82%
Meezan Cash Fund (MCF)	Money Market	3,607	8.24%	4.59%
Meezan Sovereign Fund (MSF)	Income	9,169	8.62%	5.71%
Asset Allocation Fund				
Meezan Asset Allocation Fund*****	Asset Allocation Fund	934	N/A	23.57%
Balanced Fund				
Meezan Balanced Fund (MBF)	Balanced	7,092	17.01%	27.12%
Capital Preservation (Fund of Funds)				
Meezan Capital Preservation Fund - II	Capital Preservation	1,317	12.41%	19.46%
Fund of Funds				
Meezan Financial Planning Fund of Fund	Fund of Fund			
Aggressive		688	21.80%	32.06%
Moderate		820	16.98%	22.84%
Conservative		457	11.86%	14.17%
MCP-II		3,296	8.71%	16.29%
MAAP-I		1,456	22.80%	36.81%
MAAP-II		1,111	34.22%	37.46%
MAAP-III*		3,347	N/A	36.94%
MAAP-IV**		1,043	N/A	19.81%
Meezan Strategic Allocation Fund				
MSAP-I***	Fund of Fund	2,757	N/A	10.84%
MSAP-II****	Fund of Fund	548	N/A	0.64%
Commodity Fund				
Meezan Gold Fund	Commodity	378	-0.46%	4.85%
Pension Fund				
Meezan Tahaffuz Pension Fund	Voluntary Pension Scheme			
Equity Sub fund		5,407	20.96%	39.50%
Debt Sub Fund		2,306	8.14%	5.19%
Money Market sub fund		499	8.00%	4.13%
Gold sub Fund****		42	N/A	-11.90%
Total		95,700		

* Launched in January 2016, ** Launched in May 2016, ***Launched in October 2016, ****Launched in December 2016, *****Launched in August 2016, ****Launched in April 2016, *****Launched in November 2016

Operations Review

For an organization to deliver products and services that 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 (RSBM) 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

Meezan Bank believes in a service culture that ensures consistent delivery of its products and services to its customers across all banking channels within the highest quality service standards, measured regularly by a dedicated team.

Well-defined Service Standards help evaluate the performance of branches and Head Office departments on a common standard. The Bank uses service evaluation techniques such as mystery shopping and customer satisfaction surveys for obtaining feedback from customers for improving its products and services.

A Service Board chaired by the Bank's CEO and with senior management level representation from various business and support units has been established that meets every month to evaluate the Bank's service standards and take appropriate measures to ensure a superior banking experience for the Bank's customers.

The Bank also has a dedicated Complaint Management team which addresses and handles customer complaints in accordance with the 'Customer Grievances Handling' policy approved by the Board. The Bank's robust complaint handling mechanism allows its customers to log complaints from a number of channels, including a 24/7 Call Centre, Bank's website, a dedicated email address for complaints and Hearing and Caring (complaint) drop boxes placed at branches nationwide.



Information Technology

Meezan Bank is acutely aware of future trends and challenges that will probably change the face of banking. The Bank is therefore focused on increasing the capacity of its technology infrastructure with special focus on reliable resilience, so as to put into place a strong foundation on which it plans to build a robust and secure digital banking platform.

Some of the key technology-related initiatives that the Bank undertook during the year were:

State-of-the-Art Data Centre

The Data Centre is the most critical resource within a financial services organization. It provides the means for storage, management and dissemination of all data, applications and communications for business. Efficiency of this resource is critical for effective management of the organization's business.

Recognising the significance of a strong Data Centre, Meezan Bank made significant monetary and human investment to build a Data Centre that adheres to Tier III standards – one of only a few in Pakistan's banking industry. This effort has yielded the following benefits.

Space Savings-Flexibility of space to change, update and improve the business processes, as and when needed.

Reliability-Achieving the intended aim of reliability through uninterrupted service and continuous access with a focus on minimum downtime resulting in better customer service.

Manageability-Designed to be a highly reliable and flexible system to accommodate disaster recovery, updates and modifications with special emphasis on strategic, unified cable management that keeps cables and connections properly stored and organized, easy to locate and access, and simple to reconfigure.

Robust Core Banking Infrastructure

The growth in Digital banking has led to an increased load on core banking systems and processes. To manage this demand, Meezan Bank invested in acquiring more robust heterogeneous computing platforms for its Core Banking infrastructure from Global Technology Leaders. The IT infrastructure is extremely reliable, scalable and resilient to provide uninterrupted round-the-clock operations. To ensure maximum uptime, the Bank has installed an on-site fail-over mechanism for all mission-critical services at its production and disaster recovery sites. This addition has increased core banking capacity to manage increasing volumes due to the impressive growth achieved by all business verticals.

Anti-Money Laundering (AML)

A new AML software was implemented during the year that provides an automated system for performing effective financial crime surveillance, detection, and event correlation along with watch list management, enterprise analytics, FATCA and regulatory reporting. The software will improve the Bank's ability to detect possible suspicious

transactions that cover the main scenarios identified by the regulators. The pre-defined scenarios capture transaction activity from various aspects based on thresholds, behavioral pattern, anticipated customer profile and network of accounts, entities and customers.

Product Development and Shariah Compliance (PDSC)

Shariah compliance is a way of life at Meezan Bank and the Bank has a zero tolerance policy in this context. Various checks and balances ensure that all the products, services, processes, policies and procedures of the Bank are fully Shariah-compliant. To continually meet this objective, a dedicated unit named 'Product Development and Shariah Compliance' (PDSC) was formally established in 2005. This department also provides a centralized hub for 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 programs of Islamic banking, both in-house and at external avenues including educational institutes and training companies

The Bank has achieved such success and recognition in its research and product development activities that the practices and procedures adopted by Meezan Bank are accepted as benchmarks of the Islamic banking industry, both locally and internationally.

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 3,000 such cases were processed during the year. The Bank's staff also visited over 135 clients to gain hands-on understanding of their business processes to develop Shariah-compliant financing solutions that suit their needs.

During the year the Bank structured an agency based syndicate finance solution of up to Rs. 25 billion to finance the needs of power holding company Power Holding (Pvt) Limited (PHPL). The Bank also structured a bilateral deal of Rs 25 billion for supporting the financing requirement of Water and Power Development Authority (WAPDA). In order to make the benefits of Islamic banking available to the airline

industry and to cater to their specific requirements, the Bank developed a unique Ujrah based structured solution, which enables the Bank to finance an airline even if tangible assets are not available. In order to raise Tier-II capital the Bank structured Rs 7 billion Sukuk under the concept of Mudarabah which was well received by the industry. The Bank also structured a Vendor and Distributor Financing Program for Karandaaz under its Supply Chain Finance Initiative Program under which financing solutions were offered to vendors of different corporates like Millat Tractor, Engro Corporation etc.

The Bank maintained its focus on improving the processes involved in execution of transaction documents and in this regard a detailed guideline for online/e-mail execution of these documents was issued, affording ease of operations both to the clients and the Bank. Meezan Bank also issued Istisna and Tijarah monitoring sheet as a control mechanism to manage various risks that relate to delay in delivery or delayed sale from Istisna and Tijarah transactions. The Bank further focused on standardizing its processes, and as part of this initiative, after detailed visits of sugar industry units, a standardized process flow was developed to finance sugar industry through Istisna and Tijarah transactions. In export-based Istisna and Tijarah transactions, the Bank issued important guidelines regarding the routing of export documents through the Bank's counters. The Bank also issued guidelines for using Running Musharakah transactions for routine financing and Islamic Export Refinance Facility (IERF) financing at the same time, which will fulfil the needs of those customers who need both normal limits and IERF limits and want to utilize them at the same time. In order to improve the internal efficiency of the Shariah review process of renewal cases, the Bank issued detailed checklist for ensuring that every aspect is reviewed while processing a renewal case.

The Bank developed an in-house Pool Management System, named 'Al-Diyanah' for profit calculation and distribution system through which profit is calculated with minimal manual interference. The Bank has also made available a solution based on Parallel Istisna for fulfilling needs of those customers who want financing to purchase a flat that is under construction.

The Bank has established a strategic relationship with Pak China Investment Company Limited (PCICL) to develop business relationships with its Chinese counterparts in elements such as provision of training on Islamic Finance etc. 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 slightly over Rs 78 billion, which is now 12.2% of the Bank's total financing portfolio.



The Bank also worked on approximately 13 syndicated/structured transactions involving hybrids of various structures such as Ijarah, Diminishing Musharakah, etc. Some of the major transactions are as follows:

- Support for infrastructure development financing of Government by actively participating in the structuring and designing of a syndicated solution of up to Rs 144 billion, comprising Rs 100 billion to WAPDA for construction of Dasu Dam and Rs 44 billion to Neelum Jhelum Hydro Power Company (Pvt.) Limited for the construction of a power project.
- Support for infrastructure development activities of the Government of Khyber Pakhtunkhwa (KPK) by working on a structured syndicated solution of Rs 34.7 billion for development of Swat Motorway.
- Developed Ijarah based structure for Sui Northern Gas Pipeline Limited (SNGPL) to finance the capital expenditure of Rs 54.7 billion for installation of a pipeline of approximately 763 km for transporting LNG from Qadirpur to Shahkot near Lahore.
- Developed Ijarah based structure for Sui Southern Gas Company (SSGC) to finance the capital expenditure of Rs 39.8 billion for installation of a pipeline of approximately 338 km for transporting LNG from Karachi to Sawan.
- Provided structured finance solution of Rs. 9.8 billion for establishment of 50MW wind power generating unit for Hartford Alternative Energy (Pvt.) Limited.
- A Structured financing solution of Rs 1.7 billion was provided to Daewoo Pakistan Limited for import of 200 Daewoo buses in Pakistan to meet the transportation requirements of the province of Punjab.

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

Meezan Bank is one of the Joint Financial Advisors to the Government of Pakistan for the issuance of Government of Pakistan Ijarah Sukuk. During the year, the Bank played a key role in execution of GOP Sukuk on Jinnah Terminal Airport, Karachi generating Shariah-compliant financing of Rs 196 billion for the Government of Pakistan.

Meezan Bank is also playing an active role in developing industry-level solutions for providing financing to the Government of Pakistan or its entities and alternatives to discounted schemes such as Energy Financing Scheme and Long Term Financing Facility (LTFF). In order to achieve this, the Bank's product and Shariah team visited different commodity exchanges in Malaysia and Dubai to explore the options of utilizing these exchanges for financing the needs of the Islamic Finance industry. Apart from the above mentioned special projects, the Bank continued to play an active role in coordinating with the State Bank of Pakistan for various matters pertaining to the industry, including improvement of Shariah Governance Framework, solutions for Energy Finance Scheme, issuance of new Sukuks, etc.

The Bank's President & CEO as well as its Resident Shariah Board Member, both being members of the Prime Minister's Steering Committee for Islamic Banking and Finance, played an important role in

recommending strategies and action points for development of the industry. The Bank's RSBM, Dr Muhammad Imran Ashraf Usmani, has been nominated in the Implementation Committee formed by the Finance Minister to implement the suggestions being laid down by the Prime Minister's Steering Committee.

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 150 sessions were held where knowledge pertaining to Islamic banking was extended to more than 2,500 employees of the Bank. Apart from routine training sessions such as Islamic Banking Certification, Six-Day 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.



The Bank invited a number of foreign industry and academic professionals to exchange knowledge on various issues from reputable international institutions such as Johns Hopkins University USA, INCEIF Malaysia, University of New Orleans USA, and CIMB Islamic Bank Malaysia.

External Training (Customer & Public Awareness Initiatives)

Meezan Bank's Vision of establishing 'Islamic Banking as banking of first choice' has led to multifaceted projects and partnerships for creating awareness about Islamic banking among different segments of the society. The Bank arranged approximately 50 seminars in more than 20 cities of Pakistan which were attended by more than 4,000 participants.

The Bank's staff members conducted various training programs at National Institute of Banking & Finance (NIBAF) and Institute of Bankers Pakistan (IBP). Meezan Bank's staff taught Islamic banking courses and conducted seminars in a number of reputable universities throughout the country.

In the scholastic field, Meezan Bank also provided support to Journal of Islamic Banking and Finance through contribution of academic and scholarly articles/research papers.

During the year, Meezan Bank played a key role in supporting IBA Centre for Excellence in Islamic Finance

(IBA-CEIF) towards the common aim of capacity building for the industry and spreading the message of Islamic Banking. The Bank supported IBA-CEIF, as strategic partner, for organizing The World Islamic Finance Forum (WIFF 2016) conference which was attended by religious scholars, academics, professionals and regulators and proved to be a mega event for the Islamic Banking Industry.



Meezan Bank also extended its support in arranging product forums and awareness sessions for media professionals, lawyers, Shariah scholars, judges, corporates and practitioners. The Bank has also supported IBA-CEIF towards capacity building of the existing Islamic banking industry through a number of focused workshops in areas like Treasury, Pool Management, AAOIFI Shariah Standards etc.

Meezan Bank continues to play its role as Strategic Partner for Lahore University of Management Sciences (LUMS) and Institute of Management Sciences, Peshawar by supporting the activities and sessions organized by these institutes.

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 Supervisory Board, Resident Shariah Board Member (RSBM) and State Bank of Pakistan as well as to ensure that a robust Shariah control system is in place and working effectively. To ensure efficiency of Shariah controls, the Shariah Audit function focuses on the following areas:

- Evaluation and assessment of Shariah control systems that are in place.
- Eradication of non-Shariah-compliant income, if any, and identification of Shariah-compliant returns.
- Assessment of employees' understanding of general Islamic banking principles and Meezan Bank's products.
- Conducting formal training sessions on 'How to improve Shariah Audit rating'.
- Evaluation of Treasury operations on an ongoing basis to assist Treasury in ensuring Shariah-compliance in their day to day operations.
- Conducting audits of pool management, profit calculation and distribution processes in order to ensure Shariah-compliance as well as to protect depositors' rights as 'Rab-ul-maal'.
- Continuously improving the quality of Shariah

reviews and audits through introducing new risk based evaluation methodologies and models for assessing the Bank's activities.

- Implementation of Quality Assurance and review so as to bring best practices and standardization to Shariah Audit activities.

Islamic Financial Advisory

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

The Bank entered into collaboration with two world renowned organizations in the field of Islamic finance, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and International Shariah Research Academy for Islamic Finance (ISRA) to synergize their efforts in various fields of Islamic finance.



In the area of Capital Markets, the Bank facilitated the successful launch and managed the recomposition of KMI All Shares Index – KSE Meezan Islamic All Shares Index. The Bank has also advised a number of clients in launching numerous funds and plans and has converted a conventional fund into an Islamic fund, adding another feather to its cap as the leading Shariah consultant in the Capital Markets of Pakistan.

Meezan Bank further extended its support to the Islamic finance industry players such as National Institute of Banking and Finance (NIBAF) and Centre for Islamic Economics (CIE) by assisting in conducting various programs on Islamic banking and finance.

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 (RSBM). The Bank plans to introduce further courses on Shariah Audit, Takaful and Islamic Capital Markets which will add to the technical knowledge and capabilities of industry professionals and pave the way for the development and further growth of the Islamic financial system in Pakistan.

Human Resource

As the Premier Islamic bank, Meezan Bank believes in building a dynamic and professionally competent workforce that is fully capable of providing a world-class banking experience to its customers. The Bank's branch network of over 570 branches across more than 140 cities is supported by a staff of nearly 8,000 full time employees and over 1,300 outsourced staff. The Bank gives special attention to the well-being of its most important asset- its employees and considers them the key to its success.

Recruitment Activities

Being the largest and fastest growing Islamic bank in the country, Meezan Bank is in continuous need of human resources. This leads to opportunities and openings across its growing network. To fulfil this requirement, candidates are sourced through various initiatives including recruitment drives in educational institutions across the country.

The active recruitment exercise helped in growing the Bank's HR numbers by 6.7% in 2016.

Staff Headcount		
	2015	2016
Central	2,502	2,738
North	1,062	1,141
South	2,054	2,241
Head Office	1,637	1,623

First prize in Best Human Resource Management (HRM) Practices 2016 by Employers Federation of Pakistan

Meezan Bank was awarded the first prize by Employers Federation of Pakistan for Best HRM Practices in 2016 in the category of 'Large National Companies'. The award was announced at the International HR Conference held in October in Karachi. The conference was supported by the International Labor Organization.



This award recognized the Bank as being among the organizations with HR practices that strengthen employee engagement and commitment.

Employee Benevolent Fund Trust (EBFT)

Meezan Bank has always been cognizant of the importance of caring for its employees and their families. The Bank established an Employee Benevolent Fund Trust (EBFT) in 2012 for providing

financial assistance to employees for medical exigencies, welfare, education and marriage. The establishment of EBFT is proof of Meezan Bank's efforts to achieve excellence in all its affairs. This kind of financial support is rarely seen in the banking industry and highlights the Bank's philosophy of being an employee-friendly bank.

During 2016, 119 individuals benefitted from this fund through financial assistance of Rs. 23.4 million in the form of grants and interest-free loans.

Employee Satisfaction Survey

Employee satisfaction is essential to the success of any business. Satisfied employees bring better efficiency and effectiveness to their job which is something every organization strives to achieve. Keeping this in mind, the Bank organized an 'Employee Satisfaction Week' during which the third Employee Satisfaction Survey (ESS) was conducted through an online process.

Objectives of the ESS were:

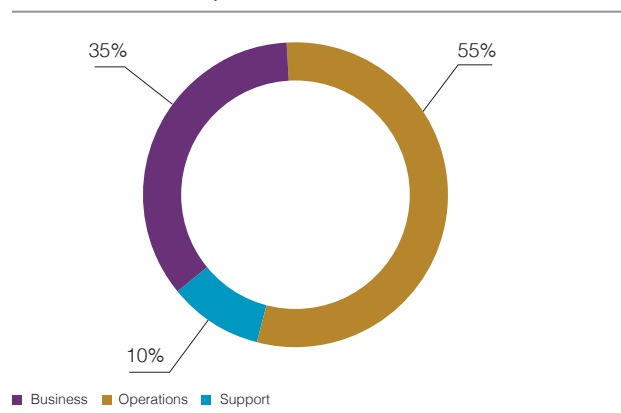
- Enable the management to hear 'Voice of Employees'
- Identify grass-root level issues being faced by employees
- Strengthen employee loyalty
- Build confidence and trust among employees

Keeping in view the diversified workforce, the questionnaire was prepared in English & Urdu, seeking their opinion on eleven elements:

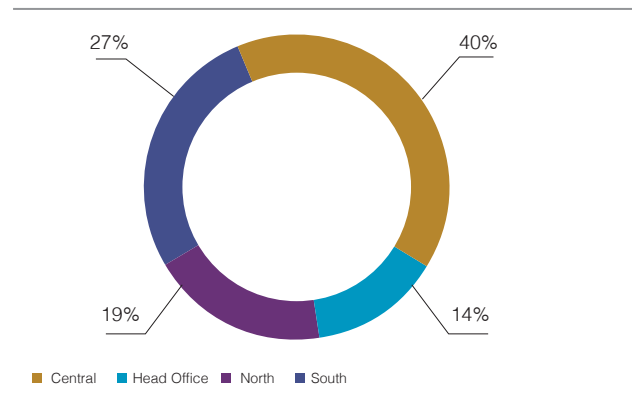
- About Meezan Bank
- Communication within the organization
- Relationship with managers
- Compensation, benefits & rewards
- Opportunity to work
- Training & development programs
- Premises
- Work Life Balance
- Diversity
- Gender equality
- Appraisal process

The purpose of conducting this survey was not only to gauge the contentment level of employees but also to get their feedback on various employment-related practices. The results were very positive and indicated a high level of commitment of employees towards achieving the Bank's Vision.

Function Wise Responses



Location Wise Responses



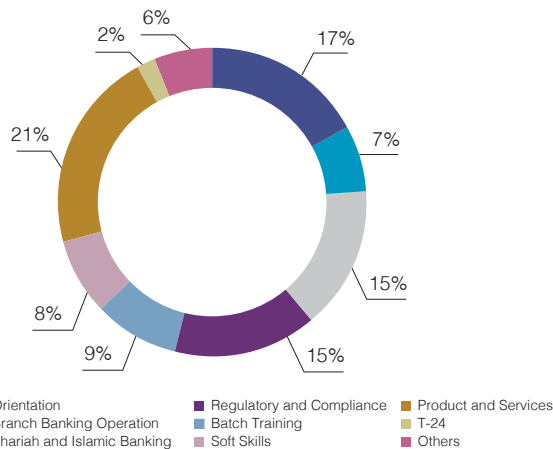
Learning and Development

Meezan Bank has always been the largest and leading Islamic bank in Pakistan and has also become one of the largest banks in the country. This success could not have been achieved without a motivated and professionally competent team. Meezan bank's learning and development philosophy consists of providing a variety of learning opportunities to its staff through in-house, external and international training programs. The Bank has four dedicated learning centres located at Karachi, Lahore, Islamabad and Multan where learning sessions are conducted throughout the year under an organized learning calendar. In addition to class-room-style learning facilities, the Bank also has mock branches at Karachi, Lahore and Islamabad where technical training programs are conducted on a regular basis.



During the year, a total of 326 in-house learning programs were conducted, benefitting 8,116 participants encompassing 499 learning days. Similarly, 101 external, local and international learning opportunities were provided to the Bank's staff, benefitting 215 participants encompassing 150 learning days. These learning programs were organized in a wide range of areas including orientation, Branch Banking Operations, Shariah & Islamic Banking, regulatory compliance including SBP Prudential Regulations, AML/CFT and KYC, as well as soft skills. The learning programs are aimed at enhancing the functional and soft skills of employees and developing the Bank's staff into true Islamic banking professionals.

Learning Volume - Subject wise



The Bank has also employed a robust Distance Learning System to inculcate a learning culture throughout the organization by capitalizing on e-learning technology. The Distance Learning System provides unlimited access of e-learning materials to a wide audience. The e-learning courses launched in 2016 include AML/CFT, Bio Verisys System for account opening, Government Hajj Application Form as well as knowledge questions on the book 'Meezan Bank's Guide to Islamic Banking' by Dr. Muhammad Imran Ashraf Usmani.

As a part of employee learning and development initiative, Meezan Bank has launched the project of developing internal soft skill trainers for the Bank's in-house programs.

To help support the strategic human resource needs of the organization, the Bank hired and trained batches of fresh graduates as Branch Services Officer (BSO) through rigorous classroom and on-the-job learning programs and placed them at branches across the country.

Meezan Bank has also rolled out the fourth program of its Summer Internship initiative in which students from highly reputable universities are taken on-board and given specific, project-based assignments with the Bank in an internship program through their respective universities. This initiative not only helps to promote the Bank's brand name but is also an efficient way of sourcing and recruiting future human resource needs of the Bank.

Operations

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

to its efforts of establishing Islamic banking as banking of first choice.

To achieve this end, the Bank has focused on continuous re-engineering of policies, procedures, service level agreements and turnaround time (TAT), thus enhancing operational efficiency and improving effective utilization of resources.

The major milestones achieved by Meezan Bank in 2016 were:

- Centralization of Account Opening Centres at the Head Office
- Opening Accounts through BioSys (Fingerprint) verification
- Printing 2D Bar Codes on Pay Orders and Call Deposit Receipts to enhance security
- Auto-population of customer data into the banking system using 2D Bar Code scanners
- Automation of RTGS with Core Banking System
- Implementation of bilingual (Urdu & English) forms to facilitate customers
- Setting up of Cash Houses with automated cash sorting machines and introduction of a single Operations Manual covering all aspects of Branch Banking's day to day operations.



Implementation of these initiatives eventually translates into a better banking experience for the Bank's customers and strengthens the Bank's presence as a customer friendly and technologically advanced organization.

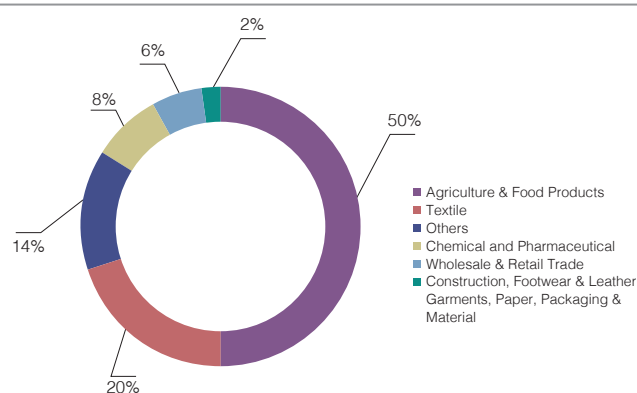
Statement of Inventory

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 basis. This statement signifies the difference of Islamic modes of financing that is based on trade of real assets and goods. It also demonstrates the exposure that the Bank takes in different sectors. The goods lying unsold at the date of the financial statements are carried as inventory in the financial statements of the Bank.

The sector wise detail of inventory held by the Bank as at December 31, 2016 is as follows:

Sector	Nature of Inventory	2016 Rs. in '000	2015 Rs. in '000
Agriculture & Food Products	Corn, Sugar, Soyabean, Canola, Rice (Grain, Paddy), Wheat, Spices, Syrups, Oil Cake	7,860,063	8,037,316
Chemical and Pharmaceutical	Chemicals, Medicines, Petroleum Products (HSD, LSFO, HSFO, PMG)	1,204,048	174,150
Construction	Iron & Steel, Sanitary items & Fittings, Pipes, Cement Bags	187,025	508,015
Footwear & Leather Garments	Wet Blue, Finished Leather	4,978	39,830
Paper, Packaging & Material	Packing Material, Chip Boards, Glass Vials, Glass Bottles	98,414	36,811
Textile	Cotton (Raw Cotton, Bales, Fabric, Yarn), Bedsheets, Garments, Home Textile Products (Towels, Pillow Covers, etc)	3,200,391	2,674,912
Wholesale & Retail Trade	Rock Phosphate, Coal, Fertilizer, Caps and Corks, Nestle Products, Edible Oil, Confectionary Items, Shield Products (Baby Products, Toiletries)	893,486	2,196,410
Others	Poultry Feed, Float Glass, Polypropylene, Olein Oil, Copper Wire, Bottle Caps, Ship Scrap, Battery Lead Panels, Electronic Components, Sport Goods, Cars	2,334,297	860,538
Grand Total		15,782,702	14,527,982

Sector-wise Breakup



Statement of Financing Portfolio Income

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

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



Rs in Million

Islamic mode of financing	2016		2015	
	Amount	%age	Amount	%age
Diminishing Musharakah	6,004	38.49%	4,836	35.16%
Running Musharakah	2,652	17.00%	2,561	18.62%
Ijarah	2,528	16.21%	1,313	9.55%
Istisna	1,354	8.68%	2,026	14.74%
Murabaha	948	6.08%	1,522	11.07%
Musawamah	752	4.82%	205	1.49%
Wakalah	615	3.95%	61	0.44%
Tijarah	342	2.19%	163	1.19%
Others	404	2.58%	1,064	7.74%
Total	15,599	100%	13,751	100%

Marketing & Corporate Communication

The Bank launched several initiatives for enhancing its brand image and increasing its visibility to existing and potential customers.

Key Highlights - Major Initiatives & Campaigns

<p>New Corporate Website A user-friendly, responsive website with simplified navigation and additional features for easy access of information.</p>		<p>Redesigning Branch Signage A modern and consistent look, utilized imported structures and material, energy-efficient and easy to manage.</p>	
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Marketing Strategy Focused on Digital & Social Media

Being a 'Socially Engaging Bank', Meezan Bank maintains a strong social media presence. The Bank is in the continuous process of increasing its outreach on social media. It stays engaged with its social media following through both outbound communication such as announcements and updates about its products and services as well as through speedily addressing the queries and complaints received through various social media platforms. In addition to maintaining a strong digital presence, the Bank also utilized the traditional Print and Electronic marketing media for its following campaigns:

- 500 branches milestone campaign to highlight this achievement.
- Riba se Azaadi campaign during Ramadan to emphasize the importance of Riba-free banking.

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

- Bringing happiness home-a viral video for Remittances
- Meezan Mobile App campaign-highlighting the speed and usability of Bank's App
- Black Friday Shopping campaign
- Over 20 product focused campaigns on social media for Car and Home financing, Home Remittance, Current account, etc.

Events & Sponsorship: The Bank participated in more than 20 public events nationwide that provided excellent marketing mileage and enhanced the Bank's brand visibility.

Promotion of Islamic Banking: Interviews of senior management members were arranged in print form and on television to create awareness about the Bank and its activities among general public.

Corporate Publications

- **Award-winning Annual Report:** The Bank's Annual Report is a comprehensive document which comprises financial highlights and accomplishments of the past year. Meezan Bank's Annual Report has been consistently praised at both local and international forums. The report for 2015 was acknowledged with 'Certificate of Merit' at SAFA (South Asian Federation of Accountants) 'Best Presented Annual Report Awards' and was awarded the 2nd position in the Banking sector of Pakistan at 'Best Corporate Report Awards' by ICAP & ICMAP.
- **PR & Newsletter:** The Bank regularly disseminates information to its customers, general public about its achievements as well as business and operational milestones through Press Releases in print, electronic and social media. The Bank's official newsletter-PAGES and its intranet portal- 'Meezan World' both serve as very effective channels to disseminate news, information and announcements to the Bank's staff across the country.
- **Calendars:** The Bank continued to research, design and produce informative calendars for distribution to existing and potential customers. These calendars are developed in English and Urdu languages. A digital calendar is also made available on the Bank's website.
- **Ramadan Cards:** The Bank continued to distribute Ramadan cards instead of the conventional Eid cards to highlight the importance of this holy month.

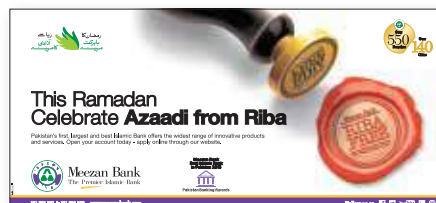

facebook
Over 1 Million Fans


Instagram channel
launched in 2016


Linked in
29,000+ Followers
Amongst the top banking pages in terms of followers


twitter
2,544 Followers
One of the most followed pages in Pakistan's banking industry


YouTube
First dedicated Islamic banking channel in the country



Corporate Social Responsibility

Meezan Bank believes in creating value for its stakeholders and society simultaneously, in a manner that is integrally linked to its values and the Islamic principle of Ihsan. The Bank recognizes that it is part of the community at large and that there is a strong need to contribute to the society. Throughout 2016, the Bank partnered with various organizations to design and implement initiatives, primarily in the healthcare and education sectors, benefitting the society.

Education

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 have consequently integrated education into our CSR programs. Three of our most recent and also the most ambitious projects are mentioned below:

Commercial Partnership with Deutsche Gesellschaft furs International Zusammenarbeit - (Deutsche Company for International Cooperation - GIZ) and Vocational Training Institute for Women (VTIW)



Cooperative Vocational Trainings (CVT) are based on the modified 'Dual Training' concept in order to equip the youth with skills that will enable them to get employment in future. Meezan Bank, in partnership with Deutsche Gesellschaft furs International Zusammenarbeit – Deutsche Company for International Cooperation (GIZ) and Vocational Training Institute for Women (VTIW), Bufferzone supported the TVET project (Technical and Vocational Education and Training) launched for the first time in Sindh Province.

Through this program, the Bank shortlisted eight female candidates from the underprivileged sections of the society and sponsored a one-year training program for each candidate to equip them with skills necessary to enter the job market. The candidates have undergone 6-month classroom training at the partner institute and are currently going through a 6-month training program, which commenced with rigorous branch banking training and in the second phase by placement at various departments of the Head Office.

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

Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA) and IM Sciences are among Pakistan's leading private sector educational institutions. Meezan Bank entered into cause-related partnerships with these institutions in order to help foster the learning and development of Islamic banking and finance across the country by supporting their newly established Centres for Excellence in Islamic Finance. With an altruistic motivation to support the cause of Shariah-compliant banking services and increase 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 the Bank aims to equip students and executives 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 eighth successive year in 2016. 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 their 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. Under an MOU signed between the Bank and Indus Hospital, Meezan Bank supports Indus Hospital in its Zakat collection drive. The Bank, in collaboration with the Indus Hospital, has taken the following initiatives as part of its CSR activities:

Blood Donation Drive

Since 2014, the Bank is supporting Indus hospital through successful voluntary Blood Donation Drive at its

Head Office located in Karachi. Staff members from head office and branches participated in this CSR activity with great enthusiasm. In addition to proper screening for blood donation, the staff members were also screened for various diseases including Hepatitis as well as other infectious diseases for free.

Qurbani for Those in Need

The Bank initiated a donation collection drive to facilitate 'Qurbani' for those in need on the occasion of Eid-ul-Azha. A comprehensive marketing campaign was designed for the purpose that helped raise awareness among the masses. This effort helped distribute fresh meat to some of the most impoverished areas of Karachi and Lahore, honouring the Muslim tradition of enriching the lives of others as we celebrate Eid.

Indus Hospital Family Carnival (IHFC)

The first-ever Indus Hospital Family Carnival (IHFC) was organized and hosted in Karachi inviting participation from student volunteers and torchbearers. This event created awareness, increased corporate engagement and raised funds for expansion. Marketed through all platforms, the carnival attracted thousands of families from various backgrounds. As a gold sponsor, Meezan Bank supported this meaningful event for helping Indus Hospital and aiding its donation collection.



Omair Sana Foundation (OSF)

Omair Sana Foundation (OSF) is a diversified NGO operating in three verticals, namely: Blood Diseases, Medical Relief and General Welfare. The organization has been striving to make free treatment available to Thalassemia patients who cannot afford it on their own.

Meezan Bank, in its endeavour to provide access to healthcare among the disadvantaged sponsored the Thalassemia Azadi Cricket Tournament organized by OSF with an objective to create awareness about Thalassemia. The event featured a voluntary blood donation drive with an aim to eradicate the sense of deprivation among Thalassemia children. The funds collected in the process were spent solely upon the healthcare management of children patients and prevention.



Shaukat Khanum Memorial Cancer Hospital (SKMCH)

Shaukat Khanum Memorial

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



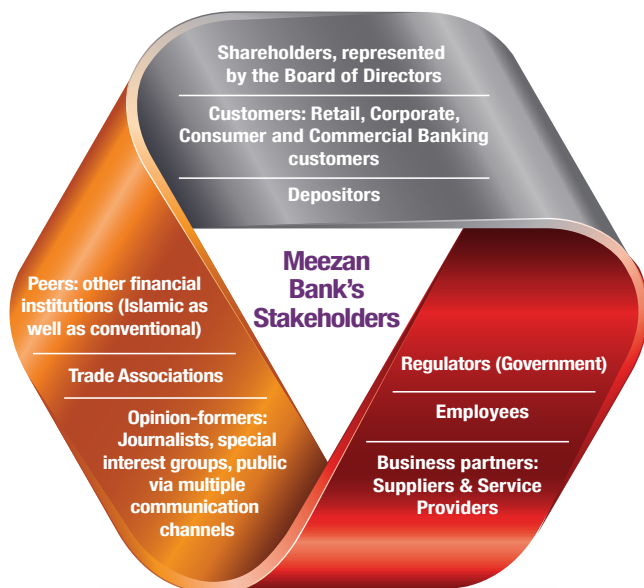
Sindh Institute of Urology Transplant (SIUT)

Sindh Institute of Urology Transplant (SIUT) is one-of-its-kind centre for kidney transplantation in Pakistan and has been providing free medical treatment for kidney and liver diseases to patients, predominantly from the rural and poor urban strata with virtually no access to medical facilities. SIUT's extensive facilities, which house state-of-the-art equipment, enable 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 responsible corporate citizens. Meezan Bank's consciousness of its responsibility towards society and stakeholders is also expressed in its Vision and Mission statements.

Stakeholders



Meezan Bank's stakeholders are the people and organizations that affect or are affected by its operations. 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 also give the Bank an opportunity to interact, understand and get feedback from customers for further improvement of products and services. In 2016, around 50 Islamic banking seminars and workshops were conducted nationwide across 20 cities that were attended by more than 4000 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 develop a better understanding of Islamic banking and the products and services that Meezan Bank offers.
- Independence Day Celebrations** are hosted across the country including the Bank's Head Office, Branches and Regional offices. Customers are invited with their friends and families to visit their branch and interact with branch staff. These events further emphasize the inculcation of positive image building in our children as well as giving Meezan Bank's staff the opportunity to connect with customers and their families, hence strengthening relationship with 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 professional 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 regularly to gauge employees 'level of job satisfaction. This year, the Bank conducted its first 'online' employee satisfaction survey, live-streaming the event for its audience located across the country. The initiative served as an opportunity to engage the employees and encourage their inclusion through an 'online' methodology that not only helped increase participation but also provided error free direct input and data analysis. The survey received an overall participation of 73% depicting high levels of motivation and has helped the senior management devise important action plans for the future.



■ Appreciation of Achievements

Academic and professional achievements are milestones in an individual's career. Meezan Bank acknowledges the outstanding performance of its team members in order to boost employee morale and create a positive work environment. The Bank recognizes its employees and teams via internal email circulations and publication in quarterly newsletter. It also follows the practice of making the published research work of its employees available to all staff in electronic form. Additionally, the Bank distributes service awards on yearly basis to staff members who complete 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 held full day strategy meeting session at the Head Office. The meeting, in addition to providing a venue for exchange of creative ideas also proved to be an effective team-building initiative.

The Consumer Business units of Easy Home and Car Ijarah organized the fourth 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, Meezan Bank became the first bank in Pakistan to launch a comprehensive intranet portal - Meezan World, based on the latest platform of IBM WebSphere and IBM Connections. The portal has the capacity to build workflows, facilitate project & 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 such as SMS, customer letters, e-statements and emails and through 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 2016, 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. In addition, the Bank also held 10 induction sessions through various Job Fairs held in multiple cities across Pakistan including Karachi, Lahore, Multan, Quetta, Mirpur and Islamabad to benefit from the entourage of competent and capable young individuals.

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 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 mock branches at Karachi, Lahore and Islamabad which enable the staff to get trained in a simulated branch environment and equip them with the practical elements of their day-to-day core banking systems related work. The mock branch at Karachi is also equipped with an ATM for hands-on ATM-related trainings.
- During the year 2016, the Bank undertook the initiative of organizing Guest Speaker Sessions for its employees as well as Senior Management; inviting some of the most renowned and accomplished professionals and businessmen, who shared their experience and insights and helped broaden the intellectual horizon of the audience.

Health & Recreation

Meezan Bank demonstrates a strong commitment to improving the health and well-being of its employees through a workplace wellness program that not only focuses on providing a pleasant working environment to its staff but also encourages participation in healthy activities during the workday. The Bank believes in promoting a healthy lifestyle for its employees to create a healthier, more productive workforce. The following efforts evidence the Bank's commitment to adopting healthy habits and in making this organization an excellent workplace.

Medical Benefits & Health Facilities

The medical assistance benefits give peace of mind to individuals and enable 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, the 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 hygienically cooked meals at a subsidized cost to its staff at the Head Office cafeteria which are prepared in an on-location kitchen. The staff is also provided with multiple coffee areas for refreshments throughout the day.

Day Care Facility for Working Parents

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

Company Sports

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



Safety Measures

Employees

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

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



Customers

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

- Installation of locks and cameras in all ATM rooms with 24/7 recording
- Anti-skimming devices have been installed on all ATMs
- ATM-safe-usage-guidelines are displayed on all ATM screens for customers before they undertake a transaction
- Meezan Internet Banking website is encrypted with 256 bit encryption Two-factor authentication for funds-transfer transactions on Internet Banking
- Recording of all customer calls to the Call Centre
- IVR Transactions are secured via a separate Telephone Banking PIN (T-PIN)
- Meezan Bank's SMS alerts service keeps the customers constantly updated of any activity (Debit or Credit) in their account

Selection of Business Partners

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

Service Quality Monitoring

Meezan Bank has Pakistan's largest Islamic banking branch network of over 570 branches in 146 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 Coordinators 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.

Complaint Management System

The Bank has a dedicated team which handles and addresses customer complaints as per the Customer Grievances Handling policy approved by the Board. All complaints of the customers that are received through various channels are logged in a Complaint Management System to keep track of their resolution. During the year 2016, the Bank rolled out an automatic complaint escalation mechanism, which ensures escalation of complaints to next level automatically. This mechanism has further improved the Bank's ability to quickly resolve customer complaints. In 2016, the Bank received 40,214 complaints and average complaint resolution time was 3.6 working days.

Conservation of Energy & Resources

Energy conservation through re-designed branch signage

An integral part of Meezan Bank's branding is its branch signage which is the most commonly visible image of the Bank. The Bank has redesigned its branch signages using new LED lights. After the redesigning, the overall energy consumption has decreased by approximately 60% compared to the previous design which used incandescent tubelights. Keeping in mind that the Bank has over 570 branches across Pakistan; this contributes significantly in reducing the overall energy consumption by the Bank.

Energy conservation through energy-efficient office building structure

Meezan Bank constantly takes energy-saving measures at its Head Office. The Head Office building has been constructed using glass panels and atriums which allow natural light to come in throughout the day, thereby almost eliminating the need for artificial lighting in large sections of

the building during working hours. The energy-conserving centralized cooling system also contributes to reduced electricity consumption in the office building.



Minimizing Carbon footprint through shuttle bus service

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

Maintaining sustainable branches and operations

The Bank has an extensive network in more than 145 cities across the country and strives to construct, manage and upgrade its facilities with sustainability and improved efficiency as its guiding principles. From various energy conservation efforts to the implementation of smart business practices, the Bank is now working towards increased awareness among its stakeholders to address and to minimize the social and environmental impacts of its operations. Some of these include:

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

Natural Resources and Process Efficiency

The 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 state-of-the-art T24 software

The Bank has a state-of-the-art T24 software to shift from paper-cheque payments to electronic payments. The software serves as a gateway for multiple banking services including treasury, electronic payments and foreign exchange transactions, apart from managing multiple payment channels including ATMs, Internet banking, mobile banking and others. In 2016, T24 usage has enabled efficient management of increased transaction volume of over 100%.

Installation of High-quality Video Conferencing Facility

Successful installation of high-quality video conferencing facilities at all major offices across the country has enabled efficient usage in trainings, meetings, interviews and conferences. The initiative has been launched as a suitable technological fix to reduce commuting and aviation emission and has helped reduce travel costs.

Implementation of Centralized Account Opening Workflow

Due to growth in branch network and future expansion plans, the Bank strategically implemented Centralized Account Opening (CAO) Workflow to streamline the document movement between branches and Head Office 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 of both cost and time and has increased overall efficiency.

E-statements

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

Consumer Protection Measures

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

- Takaful Coverage for 'Accidental Death and Permanent Disability' and 'ATM Cash Withdrawal Theft' to all deposit account holders who are maintaining an average monthly balance of Rs. 10,000/- or more.

Things go wrong without warning
That's why we give you what no one else does

**FREE Takaful (Islamic Insurance)
Coverage on all accounts***

*Terms and conditions apply. Coverage is provided by your Clear Coverage Takaful Ltd.

- 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, Bike and Commercial Vehicle 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.

Rural Development Program

Meezan Bank, as a premier Islamic bank is striving to connect Pakistan's financial sector to socially-responsible finance and to further expand agricultural finance vertical in 2017.

The Bank has developed a reasonable portfolio in 2016 to cater agricultural financing needs of Sindh and Punjab. In the first phase, the Bank has taken exposures in poultry, dairy and animal farming segments offering economic growth and fostering shared prosperity in the region. Moreover, the Bank also promoted financing to farmers under the Prime Minister Youth Business Loan Scheme (PYMBL) scheme. The Bank's focus on Shariah-compliant financing structures promotes profit and loss sharing, emphasizing on tangible assets and real economy and thus supporting transactions that serve a real purpose. These efforts towards agri-finance include provision of agricultural inputs to the farmers, Ijarah based agricultural financing in case of movable property as well as provision of diminishing Musharaka and Salam products. For this purpose, the Bank is also considering to establish an independent vertical to optimize the opportunity and potential of this segment.

Meezan Bank appreciates the role of its Regulators (State Bank of Pakistan as well as Government of Pakistan) for their strong support and involvement for the development of the segment.




Report of the Board Audit Committee

Board Audit Committee (BAC) comprises of four non-executive directors having vast experience and knowledge of finance and accounting. The Chairman 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 in accordance with the requirements of code of corporate governance and Terms of Reference (ToRs) of BAC duly approved by the Board of Directors. During year 2016, four BAC meetings were held and following major activities were performed by BAC in accordance with its approved terms of reference.

- BAC reviewed quarterly, half yearly and annual financial statements of the Bank and recommended the same for approval of the Board.
- BAC reviewed management letters issued by the external auditors, management's response and their compliance status and held discussions with external auditors on major observations. BAC also recommended the appointment of external auditors and their fees to the Board.
- BAC reviewed and approved the audit strategy, audit plan, scope and extent of the work to be performed by internal audit (IAD) and Shariah audit. BAC also reviewed adequacy of resources as per the scope.
- BAC reviewed significant findings of internal audit and Shariah audit alongwith monitoring of its timely compliance. BAC also reviewed the whistle blowing mechanism.
- BAC reviewed major findings of internal investigations with respect to fraud & forgery and whistle blowing along with management's action thereto. BAC also reviewed annual review report of fraud, forgeries and robberies.
- BAC reviewed related party transactions and recommended the same for Board's approval.
- BAC reviewed 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 Internal Audit manuals, revision in polices, ToRs of BAC and recommended the same for Board's approval.
- BAC reviewed Shariah Audit manual and ensured compliance of corrective actions determined by Shariah Supervisory Board on the reports of Shariah audit.
- BAC reviewed and had an oversight of implementation of Internal Controls over Financial Reporting (ICFR) program across the bank.
- BAC reviewed the external assessment of internal audit and internal quality assurance reviews along with its progress and implementation status.
- 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 - 2016

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 (ﷻ), the year under review was the fifteenth year of Islamic commercial banking for Meezan Bank Limited. During the year, the Shariah Supervisory Board (SSB) of Meezan Bank held four meetings to review various products, concepts, transactions, processes, issues highlighted by Shariah Audit and their Shariah-compliance, referred to them by the Resident Shariah Board Member (RSBM).

In Meezan Bank Limited, we have a team of professionals in the Product Development & Shariah Compliance department (PDSC) working under the guidance of RSBM. Main objective of this department is to facilitate and ensure Shariah compliance in all the new researches & product development activities, refinement of existing products & procedures, conduct Islamic banking trainings, Shariah-compliance reviews of branches, Head Office Units and for 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 Department is working under the Board of Director's Audit Committee to review the overall Shariah-compliance in the Bank's activities which submits the report to RSBM / Shariah Board for information, review and determination of appropriate corrective actions.

We would like to appreciate the efforts of the staff at PDSC and Shariah Audit for ensuring the Shariah compliance environment in the Bank.

It gives us comfort to note that there is no pending Shariah related issue in the Bank; which depicts the keen interest of the staff, the management and the Board members.

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

Research and New Product Development

In order to increase capital adequacy ratio of the Bank, the SSB was pleased to approve the structure for a privately placed Tier II Sukuk, based on Mudarabah.

The SSB is happy to recognize the commendable efforts of the PDSC team for conducting around 150 customer and industry visits to understand the business model and reviewing more than 3,000 different types of transactions as per the guidance of RSBM/SSB.

Structuring and documentation of around 13 syndicated transactions, involving hybrids of various structures such as Ijarah and Diminishing Musharakah, were structured by PDSC under the supervision of RSBM. All the syndicate transactions were catered towards various government and private entities such as WAPDA, Dasu Dam, Neelam Jehlum Hydro Power Company, Daewoo Pakistan, SSGC and SNGPL for various purposes such as infrastructure development, capital expansion and power project financing. It is worth mentioning that to strengthen the Shariah-compliance control, 100% physical inspection was

done for taking delivery in Istisna and Tijarah transactions.

The SSB appreciates persistent efforts of the management of Meezan Bank and RSBM to persuade the Government of Pakistan to allow Islamic Banks to be the sole custodian of Hajj deposit. This was a right leap in our quest to make the religious obligation of Hajj pure and free from Riba/Interest.

The SSB is also pleased by the Bank's initiative to launch Al-Diyanah, an in-house pool management system, for profit calculation and distribution. Development of a pool management system would further enhance transparency in profit calculation and distribution and testifies to Meezan Bank's excellence in innovation.

Training & Development

SSB is pleased to note that the year 2016 was highly productive in terms of Islamic Banking Products Training. This is evident by the fact that during this year 150 training sessions were organized for the staff members across Pakistan catering to more than 2,500 employees of the Bank. This number includes, orientation sessions for new joiners, refresher programs and certification programs in Islamic Financial Products. Other than the training to internal staff the Bank also conducted 49 seminars which were attended by more than 4,000 participants representing customers, general public, professionals and students of various universities.

SSB appreciates the efforts of Meezan Bank as strategic partner with IBA-Centre for Excellence in Islamic Finance (CEIF) which is the premier institution in Pakistan for imparting the training sessions and awareness seminars on various topics of Islamic Finance.

SSB also lauds the efforts of the Bank in supporting the first World Islamic Finance Forum organised by IBA-CEIF. This conference was attended by scholars, academics, professionals, regulators (SBP and SECP).

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), Centre for Islamic Economics (CIE) and various other institutions in conducting Islamic banking training sessions. The Bank also supported various Islamic banking courses, sessions and degree programs in different institutes and organizations including Institute of Business Administration – Centre for Excellence in Islamic Finance, Center for Islamic Finance at LUMS, Sheikh Zayed Islamic Centre, CIBES, COMSATS Lahore, University of Engineering and Technology Lahore etc.

It is also worth mentioning that the Bank has entered into MOUs with world renowned Institutions in Islamic finance namely Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and International Shari'ah Research Academy (ISRA), for collaboration in various areas of Islamic Finance.

During the year, the Bank also facilitated Al Meezan Investment Management Limited (AMIM) and NBP

Fullerton Asset Management Limited (NAFA) in the launch of 4 funds, 2 sub-funds and 7 plans. Along with that, the Bank also facilitated Lakson Investment in converting one conventional fund into an Islamic fund. Besides that, Meezan Bank Limited also extended its Shariah advisory services in Bahrain to a reputed learning institute. Meezan Bank Limited also provided its Shariah advisory services to a local insurer for introducing Window Takaful Operations.

Review of Assets

The Bank primarily used Diminishing Musharakah, Running Musharakah, Istisna, Ijarah, Murabaha, Musawamah, Salam – Bills, Wakalah Tul Istithmar, Tijarah, Salam – Commodity, Musharakah and Bai Muajjal for its financing activities during the year.

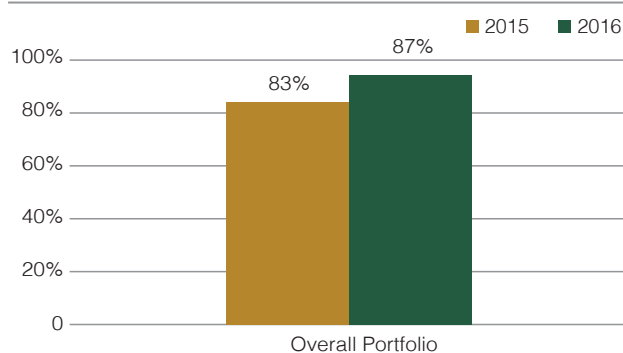
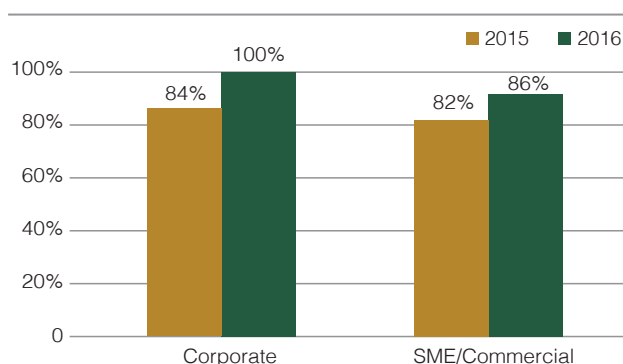
It is worth mentioning that the Bank has moved towards diversification in the usage of various financing products and has reduced the reliance on Murabaha, as is evident from the Bank's financing portfolio. There is a growth of 10.4% in Musharakah based financing (including Running Musharakah) from previous year. There is also a growth of 6.68% in Ijarah and 5.6% in Diminishing Musharakah. The Bank's total financing portfolio reached Rs. 312 billion (gross) as of December 31, 2016.

Financing Modes	2016 %	2015 %	Growth / (Decline)%
Diminishing Musharakah	31.86	30.17	5.61
Musharakah & Running Musharakah	24.73	22.41	10.39
Istisna	12.94	13.44	(3.73)
Ijarah	7.96	7.60	6.86
Murabaha	5.51	9.56	(42.44)
Musawamah	4.75	5.74	(16.77)
Salam - Bills	4.12	3.40	21.20
Wakalah Tul Istithmar	3.99	-	-
Tijarah	1.87	2.47	(24.13)
Salam - Commodity	0.63	2.32	(73.00)
Other	1.63	2.89	(34.58)

During the year 2016, direct payment for Murabaha financings to Corporate and SME/Commercial customers was maintained at 87%. It is highly recommended that efforts be continued to increase this percentage of direct payment of Murabaha transactions.

Summary of Direct Payment in Murabaha Financing for Meezan Bank

	2015	2016	Growth/(Decline)
Overall Portfolio	83%	87%	4%
Segment wise			
Corporate	84%	100%	16%
SME/Commercial	82%	86%	4%



Review of Liabilities

The Bank offered liability side products based on Shariah-compliant modes such as 'Mudarabah' & 'Qard'. It is heartening to see deposits grow by 19.5% to reach a sum of Rs 564 billion as on December 31, 2016. During the year, the process of allocation of assets and funds to various deposit pools, announcement of overall profit sharing ratios for Mudarabah-based deposits; monthly allocation of weightages and distribution of income to deposit accounts were monitored and reviewed in accordance with the respective pool management guidelines of SBP and Meezan Bank.

Shariah Audit Department

The Shariah Audit function plays a vital role in achieving the objective of ensuring Shariah-compliance by evaluating adherence to Shariah guidelines in each and every activity undertaken by the Bank.

As part of the Shariah Governance Framework, issued by the State Bank of Pakistan (SBP), a separate Shariah Audit Department under the reporting of Board of Directors' Audit Committee is effectively in place. This department is playing a significant role towards accomplishment of the objective of ensuring Shariah-compliance by evaluating the adherence to Shariah guidelines prescribed by Shariah Supervisory Board, Resident Shariah Board Member and Shariah guidelines of Islamic Banking Division of SBP. The Shariah Audit function also 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 572 branches, area offices, consumer & corporate hubs and Head Office departments was conducted as a part of the Bank's efforts to strengthen the internal Shariah controls mechanism. These audits not only cover the transactions that the branches/departments undertake but also include an evaluation of the knowledge of staff pertaining to Islamic Finance.

Charity

During the year an amount of Rs 28.2 million was transferred to the Charity Payable Account. This includes Rs 0.71 million to eliminate the non-compliant income portion identified during Shariah audit, Rs 2.59 million to purify the dividend income earned from the investment made in the Shariah-compliant stocks by the Bank and Rs 24.9 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 37.82 million was disbursed from the Charity Account after approval of the Resident Shariah Board Member. Details of charity account are available in the note # 20.4.

Recommendation

Based on the review of various transactions, reports of Internal Shariah Audit and Shariah Compliance 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. This will not only enhance the Bank's brand image as a leading global Islamic bank but would also enhance the country's image as a potential global/regional hub of Islamic banking and finance.
- Keeping in view the criticality and technicality of the job; the Bank should also focus on capacity building and training of the work force associated with Product Development and Shariah Compliance and Shariah Audit functions of the Bank.
- The Bank should focus on targeting government and semi government institutions, for Shariah-compliant deposits and Shariah-compliant financing as this will have a greater impact on our society.
- 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 pursue with State Bank of Pakistan for launch of Islamic Long Term Financing Facility (LTFF), Islamic Benchmark Rate and Islamic Discount window.
- It is highly recommended that the 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.
- The Bank should take up the issue of Government's interest based borrowings with the Government officials asking them to minimize such borrowings and focus more on issuing Sukuks.
- China Pakistan Economic Corridor is a very essential project for Pakistan's economy so GOP should maximize the financing for this project through Islamic modes and ask the Government officials for increasing the financing share of Islamic Banks in CPEC projects.
- The Bank should conduct awareness sessions regarding Islamic Finance for industry practitioners, lawyers, Judiciary, members of the legislature, public representatives, educationists, media professionals, business community, and members of the Armed Forces.

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 reports 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 (ﷻ) bless us with the best Tawfeeq to accomplish His cherished tasks, make us successful in this world and in the life hereafter and forgive our mistakes.

Wassalam Alaikum WaRahmat Allah Wa Barakatuh.



Dr. Muhammad Imran Ashraf Usmani
Resident Shariah Board Member



Sheikh Esam Mohamed Ishaq
Member Shariah Supervisory Board



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

Dated: 4th Jamada al-Awwal 1438 H / February 02, 2017

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

PDSC کی جانب سے بینک کے انجام کردہ مختلف عقود کے جائزے، ان کے متعلقہ دستاویزات کی جانچ پڑتال، ڈپازٹرز کو تقسیم ہونے والے نفع کے طریقہ کار کا مشاہدہ، اور ان کے متعلق شریعہ آڈٹ رپورٹ اور انتظامیہ کی دی گئی رائے کے جائزہ کی بنیاد پر ہماری رائے میں رواں سال میں بینک کی طرف سے کئے گئے عقود شریعت کے ان اصولوں اور ہدایات کے مطابق ہیں جو میزان بینک کے شریعہ سپروائزرزری بورڈ، ریزروٹنٹ شریعہ بورڈ ممبر اور اسٹیٹ بینک آف پاکستان کے شریعہ بورڈ کی طرف سے جاری کی گئی ہیں۔ اس جائزہ کے دوران جو غیر شرعی آمدنی پائی گئی وہ چیریٹی اکاؤنٹ میں منتقل کی جا رہی ہے جس کو شریعہ سپروائزرزری بورڈ کی ہدایات کے مطابق خرچ کیا جائے گا۔

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

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

والسلام علیکم ورحمۃ اللہ وبرکاتہ

ڈاکٹر محمد عمران اشرف عثمانی

ریزروٹنٹ شریعہ بورڈ ممبر

شیخ عصام محمد اسحاق

ممبر شریعہ سپروائزرزری بورڈ

جسٹس (ر) محمد تقی عثمانی

چیئر مین شریعہ سپروائزرزری بورڈ

رواں سال کل 28.60 ملین روپے چیریٹی واجب الادا اکاؤنٹ میں منتقل کئے گئے۔ اس میں سے 0.711 ملین روپے کی مشتبہ آمدنی کی شناخت شریعہ آڈٹ کے دوران ہوئی، اور اسٹاک ایکسچینج میں کی گئی سرمایہ کاری سے حاصل شدہ آمدنی میں سے 2.587 ملین روپے کا مشتبہ حصہ صدقہ کیا گیا۔ اور 24.899 ملین روپے چیریٹی واجب الاداء اکاؤنٹ میں ٹرانسفر کئے گئے جو روزمرہ کے تمویلی معاملات میں کسٹمرز کی جانب سے ادائیگی میں تاخیر کی بنیاد پر وصول کئے گئے تھے۔ علاوہ ازیں 37.817 ملین روپے ریزروٹنٹ شریعہ بورڈ ممبر سے منظور کیے گئے بعد چیریٹی اکاؤنٹ سے ادا کئے گئے۔ چیریٹی سے متعلق تفصیلات نوٹ نمبر 20.4 میں مذکور ہیں۔

تجاویز

متعدد عقود، بینک کی شریعہ آڈٹ رپورٹس، شریعہ کمپلائنس اور بینک کے دیگر آپریشنز کا جائزہ لینے کے بعد درج ذیل امور تجویز کئے جاتے ہیں:

• بینک کو اپنی سروسز اور پروڈکٹس بین الاقوامی سطح پر کسٹمرز کو متعارف کرانے کے لئے تجزیہ کرنا چاہئے۔ یہ اقدام نہ صرف میزان بینک کو عالمی بینک کے طور پر متعارف کروائے گا بلکہ پاکستان کو اسلامی بینکاری اور فنانس کے مرکز کے طور پر متعارف کر سکتا ہے۔

• معاملات کی تکنیکی پیچیدگی اور اہمیت کو مد نظر رکھتے ہوئے بینک کو چاہئے کہ پروڈکٹ ڈیولپمنٹ اینڈ شریعہ کمپلائنس ڈپارٹمنٹ اور شریعہ آڈٹ ڈپارٹمنٹ کے عملہ کی صلاحیتوں کی تعمیر اور عملی تربیت پر خصوصی توجہ دے۔

• بینک کو چاہئے کہ اپنی توجہ حکومتی اور نیم حکومتی اداروں پر مرکوز رکھے اور ان کو شرعی اصولوں کے مطابق ڈپازٹ اور سرمایہ کاری کے لئے آمادہ کرے، اس سے ہمارے معاشرہ پر مثبت اثر پڑے گا۔

• نئے افراد کو ملازمت فراہم کرتے ہوئے ان میں اسلامی بینکاری کے مقاصد تک پہنچنے کے عزم و ہمت کو خصوصی طور پر مد نظر رکھنا ضروری ہے۔

• بینک کو چاہئے کہ اسٹیٹ بینک آف پاکستان کو Islamic LTFF، اسلامک لینڈ مارک ریٹ اور اسلامک ڈسکاؤنٹ ریٹ کے آغاز پر قائل کرے۔

• اس بات کا پرزور مشورہ دیا جاتا ہے کہ بینک علماء کرام کے ساتھ اسلامی بینکاری اور فنانس کے سلسلے میں مزید روابط قائم کرے اور ان کو اس بات کا موقع مہیا کرے کہ وہ میزان بینک کے معاملات کو پرکھیں تاکہ اسلامی بینکاری اور فنانس کی آگاہی اور اس کا پیغام ایک بڑے طبقہ تک مؤثر انداز میں بآسانی پہنچ سکے۔

• بینک کو چاہئے کہ حکومتی عہدیداروں کو سودی قرضوں کی کمی پر آمادہ کرے اور نئے صکوک کے اجراء پر قائل کرے۔

• پاک چائنہ اقتصادی راہداری پراجیکٹ پاکستانی معیشت کے لئے اہمیت کا حامل ہے، لہذا بینک کو چاہئے کہ حکومت کو اس بات پر آمادہ کرے کہ اس کی زیادہ سے زیادہ سرمایہ کاری اسلامی اصولوں کے مطابق ہو۔

• بینک کو چاہئے کہ اسلامک فنانس کی آگاہی کے لئے سیمینارز منعقد کروائے جس میں اسلامک فنانس کے ماہرین، وکلاء، قانون ساز اداروں کے نمائندے، عوام الناس، تعلیمی شعبہ سے وابستہ افراد، ذرائع ابلاغ کے نمائندے اور فوجی عہدیداروں کو مدعو کیا جائے۔



ڈپازٹس کا جائزہ

بینک نے اپنی ڈپازٹ سائیز پر کئی ایسی پروڈکٹس وضع کی ہیں جو مضاربہ اور قرض پر مبنی ہیں۔ برطانیہ 31 دسمبر 2016ء بینک کے ڈپازٹس میں 19.5 فیصد اضافہ ہوا ہے اور بینک کا مجموعی ڈپازٹ 564 ارب روپے تک پہنچ چکا ہے۔

رواں سال بینک میں ڈپازٹ سائیز کے مختلف امور جیسا کہ مختلف اثاثوں اور فنڈز کو مختلف پوز کی طرف منسوب کرنا، مضاربہ کی بنیاد پر جمع شدہ رقم کے مجموعی نفع کے تناسب کا اعلان کرنا، ماہانہ Weightages متعین کرنا، اور ڈپازٹرز کے درمیان منافع کی تقسیم، اسٹیٹ بینک آف پاکستان اور میزبان بینک کی ہدایات کے مطابق کیا گیا۔

شریعی آڈٹ

بینک میں شریعی اصولوں کی پاسداری کو یقینی بنانے میں شریعی آڈٹ اہم کردار ادا کرتا ہے، اور شریعی ڈپازٹمنٹ کی دی گئی ہدایات کے مطابق بینک کے تمام عقود و معاملات کا جائزہ لیتا ہے۔ شریعی گورننس فریم ورک کی ہدایات کے مطابق مستقل شریعی آڈٹ ڈپازٹمنٹ کی تشکیل دی گئی ہے جو بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کے زیر نگرانی تندی سے کام کر رہا ہے۔ شریعی آڈٹ ڈپازٹمنٹ شریعی کمپلائنس کی یقینی دہانی کے لئے تمام شریعی اصولوں کے نفاذ کی جانچ پڑتال کرتا ہے جو کہ شریعی سپروائزر بورڈ، ریزولوشن شریعی بورڈ اور اسلامک بینکنگ ڈپازٹمنٹ اسٹیٹ بینک آف پاکستان کے شریعی بورڈ کی طرف سے دی گئی ہیں۔ شریعی آڈٹ ڈپازٹمنٹ برانچ کے کھلنے سے لے کر نفع کے کسٹمرز تک پہنچنے تک کے تمام تر معاملات اور مختلف پروڈکٹس کی انجام دہی کے ہر مرحلہ کی مکمل جانچ پڑتال کرتا ہے۔

اس سال میزبان بینک کی کل 572 برانچوں، ایریا آفسز، کنزیومر اور Corporate Hubs اور ہیڈ آفس ڈپازٹمنٹس کا آڈٹ کیا گیا تاکہ شریعی اصولوں کی تعمیل کا داخلی نظم اور طریقہ کار کو مضبوط کیا جاسکے۔ شریعی آڈٹ کے دوران مختلف عقود کی جانچ پڑتال کے ساتھ ساتھ بینک کے عملہ کا عملی جائزہ بھی لیا جاتا ہے۔

میں تبدیل کرنے میں بھی اپنی خدمات فراہم کریں۔ علاوہ ازیں، بینک کے شریعی ایڈوائزری ڈپازٹمنٹ نے اپنی پیشہ ورانہ خدمات بحترین معیار تعلیمی ادارہ کو پیش کیں۔ اسی طرح مقامی انشورنس کمپنی کو نکالنے و بندو کے آغاز کرنے میں میزبان بینک کے شریعی ایڈوائزری ڈپازٹمنٹ نے اپنی خدمات کو تکمیل تک پہنچایا۔

اثاثوں کا جائزہ

میزبان بینک نے بنیادی طور پر مشارکہ متناقصہ، رنگ مشارکہ، استصناع، اجارہ، مراہجہ، مساومہ، سلم۔ بل، وکالہ الاستثمار، تجارہ، سلم۔ کموڈٹی، مشارکہ، اور بیج مؤجل کی بنیاد پر تمویلی سہولیات فراہم کیں۔

یہ بات حوصلہ افزا ہے کہ بینک نے اس سال بھی محض مراہجہ پر انحصار کرنے کے بجائے کئی دیگر طریقہ تمویل کو اختیار کیا جیسا کہ تمویلی تناسب سے واضح ہے۔ یہ صورت حال واقعہ حوصلہ کن ہے کہ مشارکہ کے تناسب میں کل تمویلی سرگرمیوں کا 10.4 فیصد (بشمول رنگ مشارکہ) اضافہ ہوا۔ اجارہ میں 6.68 فیصد کا اضافہ جبکہ شرکت متناقصہ میں 5.6 فیصد کا اضافہ ہوا۔ بینک کا مجموعی تمویلی پورٹ فولیو (برطانیہ 31 دسمبر، 2016) 312 ارب تک پہنچ چکا ہے۔

شرعی طریقہء تمویل	2015 %	2016 %	شرح ترقی / تنزیلی
مشارکہ متناقصہ	30.17	31.86	5.61
رنگ مشارکہ اور مشارکہ	22.41	24.73	10.39
استصناع	13.44	12.94	(3.73)
اجارہ	7.60	7.96	6.86
مراہجہ	9.56	5.51	(42.44)
مساومہ	5.74	4.75	(16.77)
بل۔ سلم	3.40	4.12	21.20
وکالہ الاستثمار	-	3.99	-
تجارہ	2.47	1.87	(24.13)
کموڈٹی۔ سلم	2.32	0.63	(73.00)
دیگر	2.89	1.63	(34.58)

دوران سال، مراہجہ کی بنیاد پر Commercial / SME and Corporate کو کی گئی سرمایہ کاری میں براہ راست ادائیگیوں کا تناسب 87 فیصد رہا۔ اس بات کی تاکید کی جاتی ہے کہ مراہجہ کے عقود میں اس تناسب میں اضافہ کی کوشش جاری رکھی جائے۔

مراہجہ فائنانسنگ میں براہ راست ادائیگیوں کا خلاصہ

شرح ترقی / تنزیلی	2015	2016
مجموعی پورٹ فولیو	83%	87%
کارپوریٹ	84%	100%
ایس ایم ای / کمرشل	82%	86%

گاہک کی درجہ بندی کے لحاظ سے

گاہک کی درجہ بندی کے لحاظ سے	2015	2016
کارپوریٹ	84%	100%
ایس ایم ای / کمرشل	82%	86%

شریہ سپروائزری بورڈ رپورٹ 2016 (اردو ترجمہ)

الحمد لله رب العالمين، و الصلاة و السلام على خاتم الأنبياء والمرسلين، محمد المصطفى الأمين، و على آله و أصحابه أجمعين، و بعد:

الحمد لله، میزان بینک لمیٹڈ کی اسلامی تجارتی بینکاری کے پندرہویں سال کا تجزیہ آپ کے سامنے ہے۔ دوران سال میزان بینک کے شریہ سپروائزری بورڈ کی چارجس منعقد ہوئیں جن میں مختلف پروڈکٹس، عقود، طرق تمويل، اور ان کے عملی انعقاد کو جانچنے کا طریقہ کار، شریعہ آڈٹ کے دوران سامنے آنے والے مسائل اور ان کا حل ریزولوشن بورڈ شریہ سپروائزری بورڈ ممبر کی طرف سے پیش کیا گیا۔

میزان بینک لمیٹڈ میں ماہرین کا ایک مستقل شعبہ ”پروڈکٹ ڈیولپمنٹ اینڈ شریہ کمپلائنس (PDSC)“ ریزولوشن بورڈ ممبر کی زیر نگرانی کام کر رہا ہے۔ اس شعبے کی بنیادی ذمہ داریوں میں نئی پروڈکٹس کی تحقیق و توثیق اور موجودہ پروڈکٹس کے عملی انعقاد میں شرعی اصولوں کی پاسداری کو یقینی بنانا، موجودہ پروڈکٹس اور طریقہ کار کے عمل میں مزید بہتری، اسلامی بینکاری کی تربیت، براؤنچر، ہیڈ آفس، مختلف اقسام کے عقود، متعلقہ دستاویزات اور عقود کو انجام دینے کے فراہم کردہ طریقہ کار کی شرعی تعمیل کا جائزہ لینا ہے۔

مزید برآں، ایک مستقل شریعہ آڈٹ ڈپارٹمنٹ بورڈ آف ڈائریکٹرز کی ذیلی بورڈ آڈٹ کمیٹی کے تحت کام کر رہا ہے، جو مجموعی طور پر بینک میں رائج تمام معاملات میں شرعی اصولوں کی تعمیل کا جائزہ لیتا ہے اور اپنی رپورٹ اور کارگزاری ریزولوشن بورڈ ممبر/شریہ بورڈ کے جائزے، اور مختلف معاملات میں اصلاحات کے تعین کے لئے پیش کرتا ہے۔

ہم PDSC اور شریعہ آڈٹ ڈپارٹمنٹ کی کاوشوں کو سراہتے ہیں کہ انہوں نے بینک کے ماحول کو شریعت کے احکامات کے مطابق ڈھالنے میں اہم کردار ادا کیا۔

یہ بات ہمارے لئے قابل اطمینان ہے کہ بینک میں کوئی بھی شرعی مسئلہ زیر التوا نہیں ہے جو یہ ثابت کرتا ہے کہ بینک کا عملہ، مینجمنٹ اور بورڈ ممبران بینک کے شرعی معاملات کی تعمیل میں گہری دلچسپی رکھتے ہیں۔

رواں سال بینک میں درج ذیل اہم امور انجام پائے:

نئی پروڈکٹس کی تیاری اور تحقیق

شریہ سپروائزری بورڈ نے بینک کے سرمایہ کے تناسب میں اضافہ کے لئے مضاربہ کی بنیاد پر Tier II Sukuk کے اجراء کی منظوری دی۔

شریہ سپروائزری بورڈ PDSC ممبران کی کاوشوں کو سراہتا ہے جنہوں نے دوران سال تقریباً 150 کسٹمرز سے ملاقاتیں کیں اور ان کے کاروبار کا مشاہدہ کیا تاکہ ان کے معاملات کے طریقہ کار کو عملی طور پر سمجھ سکیں، اور اس کے ساتھ ساتھ 3000 سے زائد مختلف معاملات کا ریزولوشن شریہ بورڈ ممبر اور شریہ بورڈ کی ہدایات کے مطابق جائزہ بھی لیا۔

مزید یہ کہ PDSC ممبران نے ریزولوشن بورڈ شریہ سپروائزری بورڈ ممبر کی زیر نگرانی تقریباً 13 سے زائد سنڈیکیٹڈ معاملات کے دستاویزات کی تیاری اور ان کا عملی ڈھانچہ مرتب کیا۔ یہ معاملات مختلف عقود جیسا کہ اجارہ اور مشارکہ متناقصہ وغیرہ پر مشتمل تھے۔ تمام سنڈیکیٹڈ معاملات حکومتی وحشی اداروں کے ساتھ مختلف مقاصد جیسے کہ انفراسٹرکچر ترقی، سرمایہ میں اضافہ، اور بجلی کے بحران پر قابو پانے کے لئے لگائے جانے والے نئے پراجیکٹ کی سرمایہ کاری کے حصول کے لئے کئے گئے جن میں واپڈا، واسوڈیم، نیلم جہلم ہائیڈرو پاور پراجیکٹ، ڈائیو پاور پراجیکٹ اور سوئی گیس کمپنی اور سوئی نادرن گیس پائپ لائن شامل ہیں۔

یہ بات بھی قابل ذکر ہے کہ شرعی اصولوں کی پاسداری کی یقین دہانی اور جانچ پڑتال کی غرض سے استھنا ع اور تجارت کے سو فیصد معاملات میں بینک کے نمائندہ نے بنفس نفیس جا کر قبضہ حاصل کیا۔

میزان بینک کی انتظامیہ اور ریزولوشن بورڈ شریہ سپروائزری بورڈ ممبر کی جانب سے لگاتار کوششوں کے نتیجے میں حکومت پاکستان نے حج ڈپازٹ اسلامی بینکوں میں رکھنے پر اتفاق کیا، شریہ سپروائزری بورڈ انتظامیہ کی ان کوششوں کو سراہتا ہے۔ بلاشبہ حج جیسی عظیم عبادت کو سود سے پاک بنانا اسلامی بینکاری کی اہم کامیابی ہے۔

شریہ سپروائزری بورڈ بینک کی طرف سے ڈپازٹ پول سے حاصل شدہ نفع کے حساب اور تقسیم کے لئے ”الدیانہ پول مینجمنٹ سٹم (Al-Diyanah)“ کے اجراء پر مسرور ہے، پول مینجمنٹ سٹم نفع کے حساب اور تقسیم کو مزید شفاف بناتا ہے اور میزان بینک کی انقلابی سوچ کی عکاسی کرتا ہے۔

ٹریڈنگ اور ڈیولپمنٹ

شریہ سپروائزری بورڈ سال 2016 میں اسلامی بینکاری پروڈکٹس کی ٹریڈنگ کے حوالے سے کی گئی مؤثر کاوشوں پر مطمئن ہے جس کا مشاہدہ اس بات سے کیا جاسکتا ہے کہ دوران سال بینک نے کل 150 تربیتی مجالس منعقد کیں جن میں میزان بینک کے 2500 سے زائد اسٹاف ممبران نے شرکت کی۔ ان تربیتی مجالس میں اسلامک فنانس سے متعلق ابتدائی تربیتی مجالس، ریفرنڈیشن اور سرٹیفیکیشن پروگرام شامل ہیں۔ اسٹاف کی تربیت کے علاوہ میزان بینک نے 49 سیمینارز بھی منعقد کئے، جن میں 4000 سے زائد افراد بشمول کسٹمرز، عوام الناس، پروفیشنلز اور طلباء نے شرکت کی۔

شریہ سپروائزری بورڈ میزان بینک کے IBA-CEIF کے اشتراک کے ساتھ کی گئی کاوشوں کو سراہتا ہے، IBA-CEIF پاکستان کے ان ممتاز اداروں میں سے ہے جو مختلف موضوعات پر اسلامک فنانس کی تربیتی مجالس اور آگاہی کے لئے سیمینارز منعقد کرواتا ہے۔

IBA-CEIF کی طرف سے منعقد کردہ پہلے ورلڈ اسلامک فنانس فورم میں میزان بینک کی معاونت بھی قابل تحسین ہے۔ اس کانفرنس میں علماء، تعلیمی شعبہ سے وابستہ افراد، پروفیشنلز، اسٹیٹ بینک اور سیکوریٹی ایگنٹس کمیشن کے نمائندوں نے شرکت کی۔

شریہ ایڈوائزیوری اور انڈسٹری کی معاونت:

یہ بات بڑی قابل تحسین ہے کہ میزان بینک دیگر اداروں کی صلاحیتوں میں اضافہ اور تربیت میں مسلسل پیش پیش رہا ہے، ان اداروں میں نیشنل انشوریٹی آف بینکنگ اینڈ فنانس (NIBAF)، سینٹر فار اسلامک اکنامکس (CIE) اور دیگر کئی اداروں کی تربیتی نشستیں شامل ہیں۔ بینک نے اسلامی بینکاری سے متعلق مختلف کورسز، تربیتی نشستوں اور ڈگری پروگرامز کے انعقاد کے لئے کئی اداروں کے ساتھ تعاون کیا جن میں IBA-CEIF، سینٹر فار اسلامک فنانس LUMS-CIF، شیخ زید اسلامک سینٹر، COMSATS، پشاور یونیورسٹی، یونیورسٹی آف انجینئرنگ اینڈ ٹیکنالوجی، اور CIBES سمیت دیگر کئی ادارے شامل ہیں۔

یہ بات بھی قابل ذکر ہے کہ میزان بینک نے اسلامک فنانس سے متعلق دنیا کے معروف اداروں جیسا کہ AAOIFI اور ISRA کے ساتھ مفاہمتی معاہدوں پر اتفاق کیا تاکہ اسلامک فنانس کی مختلف جہتوں میں تعاون ممکن ہو۔

دوران سال، میزان بینک نے AMIM اور NAFA کو چارٹرزڈ، دو ذیلی فنڈز اور سات پلان کے اجراء میں تعاون فراہم کیا۔

اس کے ساتھ ساتھ بینک نے Lakson Investment کے ایک کنوینشنل فنڈ کو اسلامی فنڈ

Statement of Sources and Uses of Charity Fund

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
Opening Balance at January 01	10,851	11,899
Additions during the period		
Received from customers on delayed payment	24,899	43,562
Dividend Purification Amount	2,587	2,666
Non-shariah Compliant Income	712	1,526
Profit on Charity Saving Account	405	775
	<u>28,603</u>	<u>48,529</u>
	39,454	60,428
Less: Distribution of Charity		
Education	(32,867)	(40,427)
Health	(2,900)	(7,200)
Islamic Microfinance	(100)	(1,950)
Community Development	(1,950)	-
	<u>(37,817)</u>	<u>(49,577)</u>
Closing Balance at December 31	<u><u>1,637</u></u>	<u><u>10,851</u></u>

Note:

Details of charity payments of Rs 100,000 and above are disclosed in note 20.4.1 to the financial statements of the Bank.



AUDITORS' REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF 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, 2016 to comply with the requirements of Rule 5.19 of the listing regulations issued by the Pakistan Stock Exchange Limited 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, 2016.

Chartered Accountants
Dated: February 22, 2017
Karachi

Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2016

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 5.19 of the listing regulations of the Pakistan Stock Exchange Limited where the Bank is listed 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, 2016 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. Mansur Khan Mr. Alaa A. Al-Sarawi Mrs. Syeda Azra Mujtaba Mr. Muhammad Zarrug Rajab

The independent directors have been approved by the State Bank of Pakistan. Further, the independent directors meet the criteria of independence under clause 5.19.1(b) of the CCG.

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 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. Rana Ahmed Humayun on July 1, 2016 which was filled up by the Board within 90 days. The approval from the State Bank of Pakistan for this appointment was received on August 19, 2016.
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 with respect to training requirements of its directors as eleven directors have completed their training till December 31, 2016.
10. The remuneration and terms and conditions of employment of the Chief Financial Officer (CFO) have been approved by the Board of Directors. Further, a new Company Secretary has been appointed by the Board of Directors subsequent to the year end on January 5, 2017 upon retirement of the existing Company Secretary. There was no new appointment of Head of Internal Audit during the current 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 the approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the Bank 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 Audit Committee is an Independent 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; a Non-Executive Director, an Independent Director and an Executive Director. 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 suitably qualified and 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 of 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 the 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 Pakistan Stock Exchange.
23. The Bank has complied with the requirements relating to maintenance of register of persons having access to inside information by a designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles included in the Code have been complied with.



Irfan Siddiqui
President & CEO

February 15, 2017

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 the Chairman, Audit Committee. Having successfully achieved closure on ICFR, the Bank remains cognizant of its responsibility to continuously improve and with this view continues to strengthen its system of Internal Controls on an on-going basis.

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

On behalf of the Board.



Ariful Islam
Deputy CEO



Irfan Siddiqui
President & CEO

February 15, 2017

Notice of 21st Annual General Meeting

Notice is hereby given that the 21st Annual General Meeting of the Members of Meezan Bank Limited will be held Insha-Allah on Tuesday, March 28, 2017 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 October 31, 2016.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank, Audited Consolidated Accounts for the year ended December 31, 2016 together with the Auditors' and Directors' Reports thereon.
3. To appoint auditors of the bank for the year ending December 31, 2017 and to fix their remuneration. M/s. EY Ford Rhodes, Chartered Accountants has consented to act as auditors. The retiring auditors M/s A.F. Ferguson & Co., Chartered Accountants have completed the period of five (5) years in accordance with the Clause (xxxvii)(a) of the Code of Corporate Governance and therefore, are not eligible for re-appointment.
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 Chairman, Vice-Chairman and Non-Executive Directors of the Bank for the year ended December 31, 2016 for attending Board Meetings and Meetings of the Committees formed by the Board and approve the revised scale of remuneration payable to Chairman, Vice Chairman and Non- Executive Director for attending each Meeting of the Board and for attending each Meetings of the Committees.

“Resolved that the remuneration paid/payable to the Chairman, Vice-Chairman and Non-Executive Directors of the Bank for the year ended December 31, 2016 for attending Board Meetings and Meetings of the Committees formed by the Board, as disclosed in note 37 of the Audited Financial Statements of the Bank and revised scale of meeting fee payable to Chairman, Vice Chairman and Non-Executive Directors as shown in Statement Under Section 160 (1)(b) of the Companies Ordinance, 1984, 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

Muhammad Sohail Khan
Company Secretary

Karachi
March 06, 2017

Notes:

- i) The Members' Register will remain closed from March 20, 2017 to March 28, 2017 (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 16, 2017; 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 16, 2017 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., 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400. Phone No. 111-000-322, alongwith 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., 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400. 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, 2016 have been provided on the Company's website-www.meezanbank.com

viii) Members are hereby informed that pursuant to SECP's S.R.O. 787(I)/2014 dated September 8, 2014 and SRO 470 (I) of 2016 dated May 31, 2016, the Bank has made available on its website, a request form, through which members may use to communicate their email address alongwith 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., 1st Floor, 40-C, Block-6, P.E.C.H.S, KARACHI-75400.

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 28, 2017.

I) Scale of Directors' Remuneration

Pursuant to Prudential Regulation G-1 (C) the shareholders are requested to approve revised scale of meeting fee payable w.e.f April 26, 2016 & August 23, 2016 as per details hereunder:

Particulars	Old Scale of Meeting Fee in USD	Revised Scale of Meeting Fee in USD
Fee to each Non-Executive Director for attending each Board Meeting.	5,250	7,000
Fee to each Non-Executive Director for attending each Committee Meeting.	1,000	2,000
Fee to Vice Chairman for attending each Board Meeting.	12,500	12,500
Fee to Chairman for attending each Board Meeting.	15,000	18,000

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 express their opinion.
- Ensure that dissent of directors, if any, is properly recorded in the minutes.
- Ensure that minutes truly reflect what transpired during the meeting.
- Ensure that the Board discharges its role effectively and swiftly in line with regulatory requirements.
- Ensure that the Board 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:

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

Role of Shariah Supervisory Board

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

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

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.

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Unconsolidated Financial Statements

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated statement of financial position of **Meezan Bank Limited** (the bank) as at December 31, 2016 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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 except for the change as disclosed in note 3.7 to the financial statements with which we concur;
 - (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 unconsolidated statement of financial position, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated 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, 2016, 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 22, 2017

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>

Unconsolidated Statement of Financial Position

As at December 31, 2016

	Note	2016	2015
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	8	56,036,849	43,685,636
Balances with other banks	9	12,021,351	11,175,060
Due from financial institutions	10	129,115,165	101,079,476
Investments - net	11	130,156,297	146,304,897
Islamic financing and related assets - net	12	311,530,270	207,568,823
Operating fixed assets	13	8,924,328	8,056,743
Deferred tax assets		-	-
Other assets - net	14	9,982,837	13,979,299
		657,767,097	531,849,934
LIABILITIES			
Bills payable	15	9,130,998	6,560,324
Due to financial institutions	16	32,005,501	13,609,551
Deposits and other accounts	17	564,023,853	471,820,959
Sub-ordinated Sukuk	18	7,000,000	-
Deferred tax liabilities	19	1,362,909	393,121
Other liabilities	20	13,770,218	13,118,869
		627,293,479	505,502,824
NET ASSETS		30,473,618	26,347,110
REPRESENTED BY			
Share capital	21	10,027,379	10,027,379
Reserves	22	9,699,685	8,587,363
Unappropriated profit		8,422,009	6,942,042
		28,149,073	25,556,784
Surplus on revaluation of investments - net of tax	23	2,324,545	790,326
		30,473,618	26,347,110
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes 1 to 47 and Annexure 1 form an integral part of these unconsolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mansur Khan
Director

Unconsolidated Profit and Loss Account

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	25	31,429,594	33,113,741
Profit on deposits and other dues expensed	26	12,872,844	14,897,149
Net spread earned		18,556,750	18,216,592
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	12.10	(120,246)	425,908
(Reversal of provision) / provision against diminution in the value of investments	11.7	(64,673)	121,093
Provision against off balance sheet obligations	20.3	-	16,173
Bad debts written off directly		-	-
		(184,919)	563,174
Net spread after provisions		18,741,669	17,653,418
OTHER INCOME			
Fee, commission and brokerage income		2,744,287	1,987,212
Dividend income		744,090	628,661
Income from dealing in foreign currencies		1,207,563	1,471,337
Capital gain on sale of investments - net	27	877,680	342,136
Other income	28	223,601	167,374
Total other income		5,797,221	4,596,720
		24,538,890	22,250,138
OTHER EXPENSES			
Administrative expenses	29	15,488,411	13,560,648
Other (reversal of provisions) / provisions		(74,038)	59,152
Other charges	30	3,600	4,067
Workers Welfare Fund	20.6	178,081	175,018
Total other expenses		15,596,054	13,798,885
		8,942,836	8,451,253
Extraordinary / unusual items		-	-
Profit before taxation		8,942,836	8,451,253
Taxation - Current	31	2,996,908	2,394,558
- Prior years		240,647	459,143
- Deferred		143,670	575,043
		3,381,225	3,428,744
Profit after taxation		5,561,611	5,022,509
Rupees			
Basic and diluted earnings per share	32	5.55	5.01

The annexed notes 1 to 47 and Annexure 1 form an integral part of these unconsolidated financial statements.



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Director



Mansur Khan
Director

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
Profit after taxation for the year	5,561,611	5,022,509
Other comprehensive income		
Item that may not be reclassified to profit and loss account		
Remeasurements of defined benefit plan	59,832	(40,521)
Tax on remeasurements of defined benefit plan	(20,941)	14,182
Comprehensive income transferred to statement of changes in equity	5,600,502	4,996,170
Components of comprehensive income not reflected in equity		
Surplus on revaluation of investments	2,360,337	345,335
Deferred tax on revaluation of investments	(826,118)	(170,619)
Total comprehensive income	7,134,721	5,170,886

The annexed notes 1 to 47 and Annexure 1 form an integral part of these unconsolidated financial statements.



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Al-Nassar
Director



Mansur Khan
Director

Unconsolidated Cash Flow Statement

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		8,942,836	8,451,253
Less: Dividend income		(744,090)	(628,661)
		8,198,746	7,822,592
Adjustments for non-cash charges and other items:			
Depreciation		1,386,419	998,318
Amortisation		166,397	147,222
(Reversal of provision) / provision against non-performing Islamic financing and related assets		(120,246)	425,908
(Reversal of provision) / provision against diminution in the value of investments		(64,673)	121,093
Charge for defined benefit plan		268,150	397,923
Gain on sale of operating fixed assets		(50,600)	(50,167)
		1,585,447	2,040,297
		9,784,193	9,862,889
(Increase) / decrease in operating assets			
Due from financial institutions		(28,035,689)	(10,313,179)
Islamic financing and related assets		(103,841,201)	(32,282,789)
Other assets		3,999,137	944,524
		(127,877,753)	(41,651,444)
Increase / (decrease) in operating liabilities			
Bills payable		2,570,674	926,569
Due to financial institutions		18,395,950	(3,065,979)
Deposits and other accounts		92,202,894	91,389,805
Other liabilities		(64,532)	(2,596,277)
		113,104,986	86,654,118
		(4,988,574)	54,865,563
Contribution to defined benefit plan		(276,480)	(123,481)
Income tax paid		(2,475,684)	(2,054,850)
Net cash (used in) / generated from operating activities		(7,740,738)	52,687,232
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in:			
- available for sale securities		46,640,384	(33,565,343)
- held to maturity securities		(28,000,000)	-
- listed associated undertakings		(66,774)	1,573,940
Dividends received		741,415	624,197
Investments in operating fixed assets		(2,463,891)	(2,960,350)
Net cash inflow on acquisition		-	4,194,641
Proceeds from sale of fixed assets		94,090	84,666
Net cash generated from / (used in) investing activities		16,945,224	(30,048,249)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Sub-ordinated Sukuk		7,000,000	-
Dividend paid		(3,006,982)	(3,008,128)
Net cash generated from / (used in) financing activities		3,993,018	(3,008,128)
Increase in cash and cash equivalents		13,197,504	19,630,855
Cash and cash equivalents at the beginning of the year	33	54,860,696	35,229,841
Cash and cash equivalents at the end of the year	33	68,058,200	54,860,696

The annexed notes 1 to 47 and Annexure 1 form an integral part of these unconsolidated financial statements.



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President &
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Faisal A. A. Al-Nassar
Director



Mansur Khan
Director

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2016

	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, 2015	10,027,379	4,398,548	2,823,440	66,766	5,958,587	23,274,720
Profit after taxation for the year	-	-	-	-	5,022,509	5,022,509
Other comprehensive income for the year						
Remeasurements of defined benefit plan	-	-	-	-	(40,521)	(40,521)
Tax on remeasurements of defined benefit plan	-	-	-	-	14,182	14,182
Transactions with owners recognised directly in equity	-	-	-	-	(26,339)	(26,339)
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	-	-	294,107	-	-	294,107
Transfer to statutory reserve	-	1,004,502	-	-	(1,004,502)	-
Balance as at December 31, 2015	10,027,379	5,403,050	3,117,547	66,766	6,942,042	25,556,784
Profit after taxation for the year	-	-	-	-	5,561,611	5,561,611
Other comprehensive income for the year						
Remeasurements of defined benefit plan	-	-	-	-	59,832	59,832
Tax on remeasurements of defined benefit plan	-	-	-	-	(20,941)	(20,941)
	-	-	-	-	38,891	38,891
Transactions with owners recognised directly in equity	-	-	-	-	-	-
Final cash dividend for the year 2015	-	-	-	-	(1,253,422)	(1,253,422)
Interim cash dividend for the year 2016	-	-	-	-	(1,754,791)	(1,754,791)
	-	-	-	-	(3,008,213)	(3,008,213)
Transfer to statutory reserve	-	1,112,322	-	-	(1,112,322)	-
Balance as at December 31, 2016	10,027,379	6,515,372	3,117,547	66,766	8,422,009	28,149,073

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

The annexed notes 1 to 47 and Annexure 1 form an integral part of these unconsolidated financial statements.



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Edrees
Chairman



Irfan Siddiqui
President &
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Faisal A. A.
Al-Nassar
Director



Mansur Khan
Director

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

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 Pakistan Stock Exchange (previously "Karachi Stock Exchange"). The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2 The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3 The Bank was operating through five hundred and seventy one branches as at December 31, 2016 (2015: five hundred and fifty one branches). Its registered office is situated at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4 Based on the financial statements of the Bank for the year ended December 31, 2015, 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.

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 unconsolidated financial statements (here-in-after referred to as "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 the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFASs notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRSs, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFASs notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.
- 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 and non-banking assets 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 1, 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

- 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 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 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 disclosures as given in note 38.3 to these financial statements.

3.7 Change in accounting policy and disclosure

Effective from January 1, 2016, the Bank has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property is required to be credited to the 'surplus on revaluation of assets' account which is required to be shown in the Statement of Financial Position below equity and any deficit arising on revaluation is taken to the profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account. Previously, non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

The above change in accounting policy does not have any impact on these financial statements.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

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

- 3.9.1 The following standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned thereagainst:

Standard, Interpretations and Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments	January 01, 2018
- IFRS 15 - Revenue from contracts	January 01, 2018
- IFRS 16 - Leases	January 01, 2019

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

- 3.9.2 There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are therefore not detailed in these financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

4 BUSINESS COMBINATION

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

Last year, the Bank completed the acquisition of HSBC Bank Oman S.A.O.G. - Pakistan Branch (HBON). This was effective from the close of business on November 6, 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.

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)/625-114/2015/23895 dated October 28, 2015 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, 2015 the Bank had recorded assets and liabilities of HBON at the carrying values as appearing in audited financial statements of HBON at the acquisition date. During the current year, the fair valuation exercise of the recorded assets and liabilities was completed and no adjustments were identified that are required to be made to the carrying value of recorded assets and liabilities.

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

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

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

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

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 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 HBON (which will be adjusted against this reserve).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

- (a) Classification of investments in accordance with the Bank's policy (notes 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 35);
- (e) Depreciation / amortisation of operating fixed assets (notes 7.5 and 13); and
- (f) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 7.7, 19, 20 and 31).

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, end of service benefits and employees compensated leave absences are carried at present value.

6.2 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. These financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

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 except for the change in accounting policy as disclosed in note 3.7 to these financial statements.

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.

7.2 Due to / from financial institutions

Bai Muajjal

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

Musharaka / Mudaraba

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

Musharaka from State Bank of Pakistan under IERS

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

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 purchase the 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 Shirkatul Aqd or Business Partnership in the customer's operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharakah Financing limit during the Musharakah Period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly / half yearly / annual accounts of the customer.

Bai Muajjal

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

Service Ijarah

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

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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

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

Consumer Financing

The SBP vide circular 10 of 2016 has revised the Prudential Regulations for consumer financing.

In the revised Regulations, SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

Previously, the Regulations required provision to be maintained at 1.5% for secured portfolio and 5% for unsecured portfolio.

As a consequence of the above change, the Bank's general provisioning requirement against consumer portfolio has reduced by Rs 77 million. However, this amount has not been reversed by the Bank on account of prudence and keeping in view the growing portfolio of consumer assets.

Small Enterprise Financing

The Bank maintains general provision in respect of small enterprise financing at the rate of 1 percent for secured portfolio and 2 percent for unsecured portfolio.

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

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

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.

- 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

- **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 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

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 in accordance 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.

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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

- **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 of current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity 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 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 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Mudaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 50% of their profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools are created at the Bank's discretion and the Bank can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

7.9 Sub-ordinated Sukuk

The Bank records sub-ordinated sukuk initially at the amount of proceeds received. Profit accrued on sub-ordinated sukuk is charged to the profit and loss account.

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 financing, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Bank's customers and liquidity management respectively under the Musharakah / Mudaraba modes.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. During the year, the Bank has given General Hiba to the depositors of PKR General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Bank's 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 at its sole discretion.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. As per the Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of PKR, USD, GBP and Euro. The Bank maintains General Pools (PKR, USD, EUR, GBP), FI Pools, IERS pool and Equity pool. The general pools are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

General Pools

For General Pools (PKR, USD, EUR, GBP), the Bank allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 42.1.1.1. 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 Sukuks, Shariah Compliant Nostro accounts and the remaining funds are taken out and invested in PKR general pool as part of equity. In such cases return from PKR General Pool is given back to FCY pools, so that returns can be passed on to FCY pool customers accordingly.

IERS Pools

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financing 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 financing and subsidized financing to the Bank's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Bank as Mudarib in the general pools is responsible for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

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, 2016.

The Bank also operates End of Service unfunded defined benefit scheme as approved by the Board of Directors for the benefit of the founding President and Chief Executive Officer of the Bank. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been carried out on December 31, 2016.

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, 2016, 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 events 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 the profit and loss account currently.

Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

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 to 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.

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 financing is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vii) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- viii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- 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 the dividend is established.
- xii) Gain or loss on sale of investments is included in the profit and loss account.
- xiii) Gain or loss on disposal of operating fixed assets, Ijarah assets and musharaka assets, if any, is taken to the profit and loss account in the period in which they arise.
- xiv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financing and investments are recognised as permitted by the SBP, except where, in the opinion of the management, it would not be prudent to do so.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

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.

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 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
8 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		14,725,026	10,796,938
- foreign currencies		2,159,517	1,706,594
With the State Bank of Pakistan in			
- local currency current accounts	8.1	20,323,435	15,508,004
- foreign currency current accounts	8.1	3,138,134	3,038,669
With the National Bank of Pakistan in			
- local currency current accounts		15,690,737	12,635,431
		<u>56,036,849</u>	<u>43,685,636</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.

	Note	2016	2015
Rupees in '000			
9 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		2,000,041	1,978,004
- on deposit accounts / term deposit receipts	9.1	9,000,000	4,000,000
Outside Pakistan			
- in current accounts		814,335	2,089,623
- in deposit accounts	9.2	206,975	3,107,433
		<u>12,021,351</u>	<u>11,175,060</u>

9.1 This carries average profit rate of 5.75% per annum (2015: 6.5% per annum) and is due to mature by March 2017 (2015: December 2016).

9.2 The return on these balances is around 0.28% (2015: 0.16%) per annum.

	Note	2016	2015
Rupees in '000			
10 DUE FROM FINANCIAL INSTITUTIONS			
Bai Muajjal:			
With Scheduled banks - Secured	10.1	77,829,747	-
With State Bank of Pakistan	10.2	31,413,175	78,334,591
With Scheduled banks	10.3	19,887,743	21,885,385
	10.4	129,130,665	100,219,976
Musharakah		-	875,000
Commodity Murabaha		26,066	26,066
		<u>129,156,731</u>	<u>101,121,042</u>
Provision against non-performing amounts due from financial institutions	10.6	(41,566)	(41,566)
		<u>129,115,165</u>	<u>101,079,476</u>

10.1 The average return on this product is 5.75% (2015: Nil) per annum. The balances have maturities ranging between January 2017 to December 2017 (2015: Nil). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 80,305 million as at December 31, 2016 (2015: Rs Nil).

10.2 The average return on this financing is 5.82% (2015: 8.05%) per annum. The balances have maturities ranging between February 2017 to March 2017 (2015: February 2016 to March 2016).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

10.3 The average return on this product is 5.83% (2015: 7.39%) per annum. The balances have maturities ranging between January 2017 to March 2017 (2015: January 2016 to April 2016).

	2016	2015
	Rupees in '000	
10.4 Bai Muajjal Placements	136,298,219	108,119,392
Less: Deferred income	(3,631,432)	(1,526,722)
Profit receivable shown in other assets	(3,536,122)	(6,372,694)
Bai Muajjal Placements	<u>129,130,665</u>	<u>100,219,976</u>
10.5 Particulars of due from financial institutions		
In local currency	129,115,165	101,079,476
In foreign currencies	-	-
	<u>129,115,165</u>	<u>101,079,476</u>
10.6 Provision against amounts due from financial institutions		
Opening balance	41,566	41,566
Less: (Provision) / Reversals	-	-
Closing balance	<u>41,566</u>	<u>41,566</u>

11 INVESTMENTS

11.1 Investments by types

Note	2016			2015		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
Rupees in '000						
Available for sale securities						
- Sukuks	92,571,703	-	92,571,703	70,191,432	-	70,191,432
- Shares / Units	4,423,912	-	4,423,912	4,021,496	-	4,021,496
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	-	-	69,394,946	-	69,394,946
11.3	96,995,615	-	96,995,615	143,607,874	-	143,607,874
Held to maturity securities						
- Sukuks	28,000,000	-	28,000,000	-	-	-
11.4						
In related parties						
Subsidiary (unlisted)						
- Shares	63,050	-	63,050	63,050	-	63,050
11.5						
Associates (listed)						
- Units of funds	1,902,120	-	1,902,120	1,835,346	-	1,835,346
11.6						
Associate (unlisted)						
- Shares	-	-	-	28,125	-	28,125
Investments at cost / carrying value	126,960,785	-	126,960,785	145,534,395	-	145,534,395
Less: Provision for diminution in value of investments	(380,712)	-	(380,712)	(445,385)	-	(445,385)
11.7						
Investments net of provision	126,580,073	-	126,580,073	145,089,010	-	145,089,010
Surplus on revaluation of investments classified as 'available for sale'	3,576,224	-	3,576,224	1,215,887	-	1,215,887
23						
Total investments at market value	<u>130,156,297</u>	-	<u>130,156,297</u>	<u>146,304,897</u>	-	<u>146,304,897</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
11.2 Investments by segments			
Federal Government Securities			
GoP Ijarah Sukuk	11.3 & 11.4	96,937,287	48,183,702
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	11.3	-	69,394,946
Sukuk certificates / bonds			
Sukuk Certificates	11.3	16,090,897	14,515,543
Global Sukuk Bonds	11.3	7,543,519	7,492,187
Fully paid up ordinary shares			
Listed companies	11.3	3,519,788	3,432,671
Unlisted companies			
- subsidiary	11.5	63,050	63,050
- associate*		-	28,125
- others	11.3	854,124	513,825
Units of open end funds			
- associates	11.6	1,902,120	1,835,346
- others	11.3	50,000	75,000
Total investments at cost / carrying value		126,960,785	145,534,395
Less: Provision for diminution in value of investments	11.7	(380,712)	(445,385)
Investments net of provision		126,580,073	145,089,010
Surplus on revaluation of investments classified as 'available for sale'	23	3,576,224	1,215,887
Total investments at market value		130,156,297	146,304,897

* The Company has no longer remained an associated entity during the current year.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

11.3 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	2016	2015	2016	2015	2016	2015		
		Number of shares / units / certificates		Cost	Market value / Cost	Entity rating long term / short term	Market value / Cost	Entity rating long term / short term	
		Rupees in '000				Rupees in '000			
Ordinary shares									
Automobile and parts									
Agriauto Industries Limited		-	84,042	-	5,279	-	Not Applicable	17,397	Unrated
Honda Atlas Cars (Pakistan) limited		408,000	562,000	75,930	104,590	272,805	Unrated	134,284	Unrated
Indus Motor Company Limited		47,400	47,400	42,684	41,991	76,529	Unrated	47,954	Unrated
Pak Suzuki Motor Company Limited		-	164,860	-	37,885	-	Not Applicable	81,655	Unrated
Construction and materials (cement)									
Attock Cement Pakistan Limited		-	282,200	-	48,017	-	Not Applicable	47,339	Unrated
Cherat Cement Company Limited		263,000	238,000	23,917	21,615	45,773	A / A1	21,463	A / A1
D.G. Khan Cement Company Limited		1,343,546	1,423,546	219,443	144,074	297,904	Unrated	210,101	Unrated
Fauji Cement Company Limited		2,195,000	3,844,500	74,365	69,115	98,951	Unrated	141,554	Unrated
Kohat Cement Limited		263,800	351,400	40,306	51,253	76,935	Unrated	84,645	Unrated
Lucky Cement Company Limited		531,265	575,615	339,620	240,947	460,214	Unrated	284,953	Unrated
Maple Leaf Cement Factory Limited		-	550,000	-	32,133	-	Not Applicable	41,019	A / A1
Pioneer Cement Limited		160,200	325,000	22,709	18,269	22,763	A / A1	29,530	Unrated
Electricity									
K-Electric Limited	11.3.1	10,800,000	9,500,000	80,981	72,627	101,196	AA / A1+	70,680	AA / A1
Lal Pir Power Limited		-	1,559,500	-	50,954	-	Not Applicable	46,380	AA+ / A1+
Pakgen Power Limited		-	787,500	-	22,559	-	Not Applicable	23,176	AA / A1+
The Hub Power Company Limited		3,096,690	3,237,390	172,167	140,195	382,379	AA+ / A1+	332,156	AA+ / A1+
Oil and gas									
Attock Refinery Limited		290,900	54,900	94,050	11,566	123,720	AA / A1+	11,632	AA / A1+
Hascol Petroleum Limited		-	26,760	-	2,461	-	Not Applicable	3,860	A+ / A1
Mari Petroleum Company Limited		308,600	312,600	205,065	123,367	424,297	Unrated	217,926	Unrated
Oil and Gas Development Company Limited		537,000	-	74,252	-	88,793	AAA / A1+	-	Not Applicable
Pakistan Oilfields Limited		743,626	880,626	311,072	370,554	397,557	Unrated	236,025	Unrated
Pakistan Petroleum Limited		620,147	846,647	112,707	153,871	116,699	Unrated	103,130	Unrated
Pakistan State Oil Company Limited		732,590	723,790	176,205	173,228	318,098	AA / A1+	235,789	AA / A1
Sui Northern Gas Pipeline Limited		1,522,000	-	85,878	-	124,150	AA - / A1	-	Not Applicable
Chemicals									
Engro Corporation Limited		535,800	615,800	143,653	165,102	169,361	AA / A1+	172,048	AA / A1+
Engro Fertilizers Limited		5,900,000	-	386,752	-	401,082	AA- / A1+	-	Not Applicable
Fatima Fertilizer Company Limited		-	1,634,000	-	61,334	-	Not Applicable	73,089	AA- / A1
Fauji Fertilizer Company Limited		-	903,248	-	96,143	-	Not Applicable	106,565	Unrated
Ghani Gases Limited		-	100,000	-	2,657	-	Not Applicable	2,644	Unrated
ICI Pakistan Limited		104,965	104,965	34,026	34,026	104,307	Unrated	50,805	Unrated
General industries									
Abbot Laboratories (Pakistan) Limited		95,000	25,000	72,634	16,509	90,924	Unrated	15,875	Unrated
Cherat Packaging Limited		175,000	92,900	54,046	28,965	59,147	Unrated	28,159	Unrated
Ferozsons Laboratories Limited		60,000	70,550	51,022	52,227	44,925	Unrated	78,035	Unrated
Packages Limited		566,879	666,879	242,513	280,633	481,875	AA / A1+	388,197	AA / A1+
The Searle Company Limited		324,976	266,080	83,181	85,712	212,466	Unrated	105,296	Unrated
Personal goods (textile)									
Nishat Mills Limited		740,100	1,879,100	72,039	182,905	112,695	AA / A1+	178,270	AA / A1+
Fixed line telecommunication									
Pakistan Telecommunication Company Limited (A)		-	5,439,899	-	88,049	-	Not Applicable	89,704	Unrated
Food Producers									
Al Shaheer Corporation Limited		483,575	324,000	27,980	23,626	27,757	Unrated	20,146	Unrated
Engro Foods Limited		50,000	290,250	7,464	35,917	9,597	Unrated	42,548	Unrated
Jute									
Thal Limited		-	69,100	-	15,152	-	Not applicable	17,505	Unrated
Electrical Goods									
Pak Elektron Limited		1,788,125	1,770,500	112,819	122,055	127,458	A+ / A1	110,727	A / A1
Engineering									
Crescent Steel & Allied Products Limited		239,375	661,875	27,257	73,403	36,907	Unrated	82,317	Unrated
Amreli Steels Limited		244,000	-	12,732	-	16,248	A / A1	-	Not Applicable
K.S.B Pumps Company Limited		41,500	31,000	10,614	7,929	16,942	Unrated	7,920	Unrated
Real Estate Investment Trust									
Dolmen City REIT		-	8,712,120	-	95,833	-	Not Applicable	93,481	RR1
Miscellaneous									
Shifa International Hospitals		91,771	85,000	29,705	27,944	28,211	Unrated	26,095	Unrated
		35,304,830	50,120,542	3,519,788	3,432,671	5,368,665		4,112,074	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

Name of the investee	Note	2016		2015		2016		2015	
		Number of shares / units / certificates		Cost	Market value / Cost	Entity rating long term / short term	Market value / Cost	Entity rating long term / short term	
		Rupees in '000				Rupees in '000			
Ordinary shares - unlisted (others)									
Fatima Energy Limited - at cost *****		25,055,300	19,161,883	250,553	191,619	250,553	Unrated	191,619	Unrated
Sapphire Electric Company Limited - at cost *		21,201,068	21,201,068	318,864	318,864	318,864	A+ / A1	318,864	A+ / A1
Daewoo Pakistan Express Bus Service Limited - at cost ***		4,000,000	-	253,240	-	253,240	A / A1	-	Not Applicable
Pak Kuwait Takaful Company Limited - at cost****		2,812,500	-	28,125	-	28,125	BBB	-	Not Applicable
S.W.I.F.T. SCRL - at cost		5	5	3,342	3,342	3,342	Unrated	3,342	Unrated
		53,068,873	40,362,956	854,124	513,825	854,124		513,825	
Units of open end fund									
Atlas Islamic Income Fund		98,894	98,894	50,000	50,000	51,150	AA-(f)	50,878	AA-(f)
NIT Islamic Equity Fund		-	2,500,000	-	25,000	-	Not Applicable	24,650	Not Applicable
		98,894	2,598,894	50,000	75,000	51,150		75,528	
GoP Sukuk									
GoP Ijarah Sukuk XIV		-	81,691	-	8,175,437	-	Not Applicable	8,201,776	Govt. Guaranteed
GoP Ijarah Sukuk XVI	11.3.17	399,833	400,000	39,928,380	40,008,265	40,962,774	Govt. Guaranteed	40,452,000	Govt. Guaranteed
GoP Ijarah GISF-1	11.3.18	20,000	-	2,068,211	-	2,065,200	Govt. Guaranteed	-	Not Applicable
GoP Ijarah GISF-2	11.3.19	269,407	-	26,940,696	-	27,482,208	Govt. Guaranteed	-	Not Applicable
		689,240	481,691	68,937,287	48,183,702	70,510,182		48,653,776	
Sukuk Certificates									
Albaraka Bank (Pakistan) Limited - at cost	11.3.14	200	200	142,857	171,428	142,857	A	171,428	A
Amreli Steels Limited - at cost		-	50,000	-	95,000	-	Not Applicable	95,000	A-
Arzoo Textile Mills Limited - at cost	11.3.10	10,000	10,000	50,000	50,000	50,000	Unrated	50,000	Unrated
Engro Fertilizers Limited II - at cost	11.3.8	100,000	100,000	450,000	475,000	450,000	AA- / A1+	475,000	AA- / A1+
K-Electric Limited - at cost	11.3.16	520,000	520,000	2,600,000	2,600,000	2,600,000	AA / A1+	2,600,000	AA-
Lalpir Power Limited - at cost		-	290,000	-	1,450,000	-	Not Applicable	1,450,000	AA / A1+
Liberty Power Tech Limited - at cost	11.3.12	18,140,480	18,140,480	1,078,025	1,254,510	1,078,025	A+ / A1	1,254,510	A+
Maple Leaf Cement Factory Limited - at cost		-	40,000	-	67,075	-	Not Applicable	67,075	A / A1
Neelum Jehlum (Private) Limited - at cost	11.3.15	35,750	-	3,575,000	-	3,575,000	AAA	-	Not applicable
Pakistan International Airlines - at cost	11.3.3	300,000	300,000	1,500,000	1,500,000	1,515,000	Govt. Guaranteed	1,500,000	Govt. Guaranteed
Pakistan Mobile Communications Limited - at cost	11.3.13	560,000	560,000	2,800,000	2,800,000	2,800,000	AA- / A1	2,800,000	AA-
Quetta Textile Mills Limited - at cost	11.3.9	30,000	30,000	72,619	74,483	72,619	Unrated	74,483	Unrated
Sitara Peroxide Limited - at cost	11.3.11	30,000	30,000	59,063	78,944	59,063	Unrated	78,944	Unrated
Sui Southern Gas Company Limited I - at cost	11.3.4	180,000	180,000	225,000	675,000	225,000	AA- / A1+	675,000	AA-/A1+
Sui Southern Gas Company Limited II - at cost	11.3.5	100,000	100,000	250,000	416,667	250,000	AA- / A1+	416,667	AA-/A1+
Sui Southern Gas Company Limited III - at cost	11.3.6	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**	11.3.7	200,000	46,154	1,000,000	230,769	1,000,000	AA- / A1+	230,769	AA- / A1+
WAPDA Second Sukuk Certificates - at cost	11.3.2	346,000	346,000	288,333	576,667	289,775	Govt. Guaranteed	579,550	Govt. Guaranteed
		20,952,430	21,142,834	16,090,897	14,515,543	16,107,339		14,518,426	
Global Sukuk Bonds									
First Gulf Bank Sukuk	11.3.20	5,000	5,000	523,381	532,327	524,169	A2	534,904	A2
Hazine MV Sukuk I	11.3.31	5,000	5,000	522,016	521,937	518,359	BA1	519,411	BAA3
Hazine MV Sukuk II	11.3.32	1,500	-	156,898	-	152,293	BA1	-	Not applicable
Hong Kong Sukuk	11.3.34	5,000	5,000	522,879	523,549	523,819	AAA	521,505	AAA
Luxembourg Sukuk	11.3.33	250	250	27,649	28,607	28,083	AAA	28,795	AAA
Qatar Islamic Bank I	11.3.24	10,000	10,000	1,046,419	1,048,405	1,050,012	A+	1,055,915	A+
Qatar Islamic Bank II	11.3.25	5,000	5,000	520,173	520,143	521,821	A+	515,713	A+
Republic of Indonesia Sukuk I	11.3.26	5,000	5,000	522,993	523,705	516,073	BAA3	487,881	BAA3
Republic of Indonesia Sukuk II	11.3.27	5,000	5,000	525,205	526,208	526,413	BAA3	499,038	BAA3
Republic of Indonesia Sukuk III	11.3.28	5,000	5,000	523,345	524,099	521,811	BAA3	496,865	BAA3
Saudi Electric Company Sukuk - 5 years	11.3.21	5,000	5,000	524,109	529,196	524,807	A2	527,633	A1
Saudi Electric Company Sukuk - 10 years	11.3.22	5,000	5,000	547,367	552,758	554,288	A2	540,364	A1
Sime Darby Berhad Global Sukuk - 5 years	11.3.29	5,000	5,000	523,095	523,901	519,007	BAA1	520,825	A3
Sime Darby Berhad Global Sukuk - 10 years	11.3.30	5,000	5,000	526,568	527,875	498,522	BAA1	496,986	A3
State of Qatar Sukuk - 10 years	11.3.23	5,000	5,000	531,422	533,541	534,828	AA2	543,017	AA2
Wakala Global Sukuk		-	725	-	75,936	-	Not Applicable	76,491	A3
		71,750	70,975	7,543,519	7,492,187	7,514,305		7,365,343	
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)									
		-	Not applicable	-	69,394,946	-	Not Applicable	69,394,946	Govt. Guaranteed
				96,995,615	143,607,874	100,405,765		144,633,918	

* The Chief Executive of Sapphire Electric Company Limited is Mr. Shahid Abdullah.

** These sukuks are in the process of being issued to the Bank.

*** The Chief Executive of Daewoo Pakistan Express Bus Service Limited is Mr. Shaheryar Arshad Chishty.

**** The Chief Executive of Pak Kuwait Takaful Company Limited is Mr. Aziz Kapadia. The company has no longer remained an associated entity during the current year.

***** The Chief Executive of Fatima Energy Limited is Mr. Fazal Ahmed Sheikh.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

11.3.1	The nominal value of these shares is Rs 3.5 each.				
	Name of the security	Profit rate	Profit payment	Face value per certificate	Maturity date
11.3.2	WAPDA Second Sukuk	6 months KIBOR minus 0.25%	Semi-annually	Rs 833	July 13, 2017
11.3.3	Pakistan International Airlines*	6 months KIBOR plus 1.75%	Semi-annually	Rs 5,000	October 20, 2019
11.3.4	Sui Southern Gas Company Limited I	3 months KIBOR plus 0.75%	Quarterly	Rs 1,250	May 17, 2017
11.3.5	Sui Southern Gas Company Limited II	3 months KIBOR plus 0.70%	Quarterly	Rs 2,500	May 28, 2018
11.3.6	Sui Southern Gas Company Limited III	3 months KIBOR plus 0.40%	Quarterly	Rs 5,000	October 30, 2019
11.3.7	Sui Southern Gas Company Limited IV	6 months KIBOR plus 0.5%	Semi-annually	Rs 5,000	December 15, 2022
11.3.8	Engro Fertilizers Limited II	6 months KIBOR plus 1.75%	Semi-annually	Rs 4,500	July 09, 2019
11.3.9	Quetta Textile Mills Limited	3 months KIBOR plus 3.00%	Quarterly	Rs 2,421	March 26, 2020
11.3.10	Arzoo Textile Mills Limited	Not applicable	Semi-annually	Rs 5,000	April 14, 2014
11.3.11	Sitara Peroxide Limited	1 month KIBOR plus 1.00%	Monthly	Rs 1,969	August 19, 2016
11.3.12	Liberty Power Tech Limited	3 months KIBOR plus 3.00%	Quarterly	Rs 59	January 1, 2021
11.3.13	Pakistan Mobile Communications Limited	3 months KIBOR plus 0.88%	Quarterly	Rs 5,000	December 22, 2019
11.3.14	Albaraka Bank (Pakistan) Limited	6 months KIBOR plus 1.25%	Semi-annually	Rs 714,285	September 26, 2021
11.3.15	Neelum Jehlum Private Limited	6 months KIBOR plus 1.75%	Semi-annually	Rs 100,000	June 26, 2026
11.3.16	K-Electric Limited	3 months KIBOR plus 1%	Quarterly	Rs 5,000	June 17, 2022
11.3.17	GoP Ijarah Sukuk - XVI	Weighted average yield of 6 months treasury bills minus 50 basis points	Semi-annually	Rs 100,000	December 18, 2018
11.3.18	GoP Ijarah Sukuk - GISF-1	6.1 % p.a.	Semi-annually	Rs 100,000	February 15, 2019
11.3.19	GoP Ijarah Sukuk - GISF-2	5.59% p.a.	Semi-annually	Rs 100,000	March 29, 2019
11.3.20	First Gulf Bank Sukuk	4.046 % p.a.	Semi-annually	USD 1,000	January 18, 2017
11.3.21	Saudi Electric Company Sukuk - 5 years	2.665 % p.a.	Semi-annually	USD 1,000	April 3, 2017
11.3.22	Saudi Electric Company Sukuk - 10 years	4.211 % p.a.	Semi-annually	USD 1,000	April 3, 2022
11.3.23	State of Qatar Sukuk - 10 years	3.241 % p.a.	Semi-annually	USD 1,000	January 18, 2023
11.3.24	Qatar Islamic Bank -I	2.5 % p.a.	Semi-annually	USD 1,000	October 10, 2017
11.3.25	Qatar Islamic Bank -II	2.754 % p.a.	Semi-annually	USD 1,000	October 27, 2020
11.3.26	Republic of Indonesia Sukuk I	3.3 % p.a.	Semi-annually	USD 1,000	November 21, 2022
11.3.27	Republic of Indonesia Sukuk II	4.35 % p.a.	Semi-annually	USD 1,000	September 10, 2024
11.3.28	Republic of Indonesia Sukuk III	4.325 % p.a.	Semi-annually	USD 1,000	May 28, 2025
11.3.29	Sime Darby Berhad Global Sukuk - 5 years	2.053 % p.a.	Semi-annually	USD 1,000	January 29, 2018
11.3.30	Sime Darby Berhad Global Sukuk - 10 years	3.29 % p.a.	Semi-annually	USD 1,000	January 29, 2023
11.3.31	Hazine MV Sukuk I	2.803 % p.a.	Semi-annually	USD 1,000	March 26, 2018
11.3.32	Hazine MV Sukuk II	4.251% p.a.	Semi-annually	USD 1,000	June 8, 2021
11.3.33	Luxembourg Sukuk	0.44 % p.a.	Annually	EUR 1,000	October 7, 2019
11.3.34	Hong Kong Sukuk	2.005 % p.a.	Semi-annually	USD 1,000	September 18, 2019

*Investment in sukuks of Pakistan International Airline (PIA) amounting to Rs 1.5 billion in respect of which no provision has been recognised as the SBP has allowed exemption from Regulation (R-8) of the Prudential Regulations for Corporate / Commercial Banking upto December 31, 2016. The said PIA sukuks have been restructured during the current year. The Sukuk is backed by guarantee from the Government of Pakistan.

11.4 Held to Maturity Securities

Name of the security	2016	2015	2016	2015
	Number of Certificates		Rupees in '000	

11.4.1	GoP Ijarah Sukuk - GISF-2 *	280,000	-	28,000,000	-
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*These Sukuks carry a fixed profit rate of 5.59% and will mature in 2019. These sukuk certificates are backed by the Government of Pakistan's sovereign guarantee.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

11.5	Subsidiary (unlisted) Particulars	Note	2016	2015	2016	2015	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	622.82	June 30, 2016	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 SECP in accordance with 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	2016	2015	Percentage of direct equity holding %	2016	2015
		Number of units			Cost Rupees in '000	
Units of open end funds						
Meezan Balanced Fund	11.6.1	18,886,746	18,886,746	Open end fund	161,345	161,345
Al-Meezan Mutual Fund	11.6.1	16,850,414	10,336,191	Open end fund	170,433	46,957
Meezan Islamic Fund		12,475,050	15,675,049	Open end fund	221,050	277,752
KSE Meezan Index Fund		2,113,224	2,113,224	Open end fund	100,000	100,000
Meezan Capital Preservation Plan - II		3,964,321	3,964,321	Open end fund	200,000	200,000
Meezan Gold Fund		1,000,000	1,000,000	Open end fund	50,000	50,000
Meezan Sovereign Fund		21,593,102	21,593,102	Open end fund	999,292	999,292
					<u>1,902,120</u>	<u>1,835,346</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 3,419 million (2015: Rs 2,907 million).

11.7 Provision / (reversal of provision) against diminution in the value of investments

	2016			2015		
	Associates	Others	Total	Associates	Others	Total
	Rupees in '000					
Opening balance	24,514	420,871	445,385	13,186	311,106	324,292
Charge / (reversal) for the year						
- on associates (unlisted)	3,611	-	3,611	11,328	-	11,328
- on available for sale investments						
- charge for the year	-	33,840	33,840	-	163,280	163,280
- reversal for the year	-	(102,124)	(102,124)	-	(53,515)	(53,515)
	3,611	(68,284)	(64,673)	11,328	109,765	121,093
Transfers*	(28,125)	28,125	-	-	-	-
Closing balance	<u>-</u>	<u>380,712</u>	<u>380,712</u>	<u>24,514</u>	<u>420,871</u>	<u>445,385</u>

* The Company has no longer remained an associated entity during the current year.

11.7.1	Particulars of provision in respect of type and segment	2016	2015
		Rupees in '000	
	Associates - unlisted		
	Fully paid up-ordinary shares	-	24,514
	Other - Available for sale securities		
	Fully paid up-ordinary shares	199,030	189,841
	Sukuks	181,682	231,030
		<u>380,712</u>	<u>445,385</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
12 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabaha financing	12.1	7,786,937	12,197,556
- Advances against Murabaha		3,993,151	1,848,265
- Murabaha inventory		4,967,432	5,762,536
- Financing under Islamic Export Refinance - Murabaha	12.2	723,956	595,214
- Advances against future Islamic Export Refinance - Murabaha		122,221	232,432
- Net investment in Ijarah		149,054	238,011
- Net book value of assets / investment in Ijarah under IFAS-2		20,671,262	13,610,087
	12.3	20,820,316	13,848,098
- Advance against future Ijarah		3,906,242	1,773,507
- Diminishing Musharakah financing - Housing		9,374,585	6,918,394
- Diminishing Musharakah financing - Others		79,478,870	51,538,252
- Advances against Diminishing Musharakah		12,971,982	6,632,827
- Running Musharakah financing		70,517,803	42,315,235
- Financing under Islamic Export Refinance - Running Musharakah		7,784,000	6,030,000
- Musharakah financing		746,640	-
- Wakalah Tul Istithmar		12,750,000	-
- Istisna financing		3,155,616	777,841
- Istisna advance		28,112,137	19,316,205
- Istisna inventory		1,876,007	1,358,024
- Financing under Islamic Export Refinance - Istisna		128,743	387,235
- Advances against Islamic Export Refinance - Istisna		7,261,153	6,348,823
- Financing under Islamic Export Refinance - Istisna - Inventory		828,634	818,114
- Tijarah financing		337,506	278,911
- Tijarah inventory		5,182,105	4,237,102
- Financing under Islamic Export Refinance - Tijarah		244,051	129,600
- Financing under Islamic Export Refinance - Tijarah - Inventory		227,584	685,800
- Musawammah financing	12.5	7,159,774	7,827,479
- Musawammah Inventory		2,590,940	1,666,407
- Advances against Musawammah		4,908,188	2,396,596
- Financing under Islamic Export Refinance - Musawammah	12.6	325,512	434,393
- Advances against Islamic Export Refinance - Musawammah		100,000	60,000
- Islamic Export Refinance - Musawammah - Inventory		110,000	-
- Bai Muajjal financing	12.4	101,496	863,631
- Advances against future Service Ijarah		718,750	770,456
- Labbaik (Qard for Hajj and Umrah)		5,871	4,725
- Financing against bills - Salam		13,183,818	7,343,900
- Financing against bills - Murabaha - Advance		1,738	1,738
- Salam Financing - Advances		2,000,000	5,000,000
- Staff financing	12.7	2,739,104	2,183,244
- Other financing		2,374,002	3,193,123
Gross Islamic financing and related assets		319,616,864	215,775,663
Less: Provision against non-performing Islamic financing	12.10	(8,086,594)	(8,206,840)
Islamic financing and related assets - net of provision	12.8	311,530,270	207,568,823
12.1 Murabaha receivable - gross	12.1.1	8,134,131	12,709,277
Less: Deferred murabaha income		(119,342)	(141,759)
Profit receivable shown in other assets		(227,852)	(369,962)
Murabaha financing		7,786,937	12,197,556
12.1.1 Murabaha sale price		8,134,131	12,709,277
Murabaha purchase price		(7,786,937)	(12,197,556)
		347,194	511,721

Notes to and forming part of the Unconsolidated Financial Statements

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	2016	2015
	Rupees in '000	
12.2 Financing under Islamic Export Refinance - Murabaha - gross	741,100	613,268
Less: Deferred income	(4,616)	(5,693)
Profit receivable shown in other assets	(12,528)	(12,361)
Financing under Islamic Export Refinance - Murabaha	<u>723,956</u>	<u>595,214</u>

12.3 Net investment in Ijarah including net book value of assets / investments under Ijarah in IFAS-2

	2016			
	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000			
Ijarah rentals receivable	13,344,491	13,255,284	114,461	26,714,236
Residual value	980,181	5,065,851	54,292	6,100,324
Minimum Ijarah payments	14,324,672	18,321,135	168,753	32,814,560
Less: Profits for future periods	(5,233,347)	(6,611,253)	(149,644)	(11,994,244)
Present value of minimum Ijarah payments	<u>9,091,325</u>	<u>11,709,882</u>	<u>19,109</u>	<u>20,820,316</u>

	2015			
	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000			
Ijarah rentals receivable	8,623,904	9,886,893	174,430	18,685,227
Residual value	920,506	4,307,346	30,626	5,258,478
Minimum Ijarah payments	9,544,410	14,194,239	205,056	23,943,705
Less: Profits for future periods	(3,559,268)	(6,387,926)	(148,413)	(10,095,607)
Present value of minimum Ijarah payments	<u>5,985,142</u>	<u>7,806,313</u>	<u>56,643</u>	<u>13,848,098</u>

12.3.1 Net book value of assets/investments in Ijarah under IFAS-2 is net of depreciation of Rs 10,951 million (2015: Rs 8,152 million).

	2016	2015
	Rupees in '000	
12.4 Bai Muajjal financing - gross	133,325	898,512
Less: Deferred income	(10,835)	(20,945)
Profit receivable shown in other assets	(20,994)	(13,936)
Bai Muajjal financing	<u>101,496</u>	<u>863,631</u>
12.5 Musawammah financing - gross	7,340,823	8,100,048
Less: Deferred income	(107,675)	(180,515)
Profit receivable shown in other assets	(73,374)	(92,054)
Musawammah financing	<u>7,159,774</u>	<u>7,827,479</u>
12.6 Financing under Islamic Export Refinance - Musawammah Financing - Gross	329,995	451,794
Less: Deferred income	(2,973)	(5,432)
Profit receivable shown in other assets	(1,510)	(11,969)
Financing under Islamic Export Refinance - Musawammah - Financing	<u>325,512</u>	<u>434,393</u>

12.7 This includes Rs 314 million (2015 : Rs 252 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

2016
2015
Rupees in '000

12.8 Particulars of Islamic financing and related assets - net

12.8.1 In

- local currency	288,487,503	196,817,472
- foreign currencies	23,042,767	10,751,351
	<u>311,530,270</u>	<u>207,568,823</u>

12.8.2 Short-term (for upto one year)

Long-term (for over one year)	173,362,097	125,599,472
	138,168,173	81,969,351
	<u>311,530,270</u>	<u>207,568,823</u>

12.9 Islamic financing and related assets include Rs 6,847 million (2015: Rs 7,064 million) which have been placed under non-performing status as detailed below:

Category of classification	2016				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	16,018	-	16,018	12	12
Substandard	221,688	-	221,688	52,569	52,569
Doubtful	48,473	-	48,473	21,037	21,037
Loss	6,561,113	-	6,561,113	6,518,585	6,518,585
	<u>6,847,292</u>	<u>-</u>	<u>6,847,292</u>	<u>6,592,203</u>	<u>6,592,203</u>

Category of classification	2015				
	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	1,544	-	1,544	-	-
Substandard	227,927	-	227,927	54,401	54,401
Doubtful	62,832	-	62,832	25,755	25,755
Loss	6,772,079	-	6,772,079	6,759,912	6,759,912
	<u>7,064,382</u>	<u>-</u>	<u>7,064,382</u>	<u>6,840,068</u>	<u>6,840,068</u>

12.10 Particulars of provision against non-performing Islamic financing and related assets:

	Note	2016		
		Specific	General	Total
		Rupees in '000		
Opening balance		6,840,068	1,366,772	8,206,840
Charge for the year		235,753	127,619	363,372
Less: Reversals		(483,618)	-	(483,618)
		(247,865)	127,619	(120,246)
Amount written off	12.11	-	-	-
Closing balance		<u>6,592,203</u>	<u>1,494,391</u>	<u>8,086,594</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	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 year*		207,661	-	207,661
Amount written off	12.11	(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.

12.10.1 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 also maintains a general provision of Rs 1,125 million (2015: Rs 1,125 million) against financing made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

12.10.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at December 31, 2016 amounts to Rs 10.2 million (2015: Rs 25.3 million). The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2016 amounts to Rs 6.6 million (2015: Rs 16.4 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

12.10.3 Particulars of provision against non-performing financing:

	2016			
	Specific	General	Total	
				Rupees in '000
In local currency	6,390,778	1,494,391	7,885,169	
In foreign currencies	201,425	-	201,425	
	6,592,203	1,494,391	8,086,594	
				2015
				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	

	Note	2016	2015
		Rupees in '000	
12.11 Particulars of write offs			
Against provisions	12.10	-	335
Directly charged to the profit and loss account		-	-
		-	335
Write offs Rs 500,000 and above		-	-
Write offs below Rs 500,000		-	335
		-	335

Notes to and forming part of the Unconsolidated Financial Statements

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12.11.1 Details of financing 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 financing 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.

12.12 Particulars of financing 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	2016	2015
Rupees in '000			
Balance at the beginning of the year		2,222,265	1,585,605
Disbursements during the year		998,780	961,387
Repayments during the year		(369,380)	(324,727)
Balance at the end of the year	12.12.2	<u>2,851,665</u>	<u>2,222,265</u>

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	2016	2015
Rupees in '000			
Balance at the beginning of the year		944,387	-
Disbursements during the year		7,562,436	8,029,117
Repayments during the year		(6,022,458)	(7,084,730)
Balance at the end of the year	12.12.3	<u>2,484,365</u>	<u>944,387</u>

Debts due by subsidiary companies, controlled firms, managed mudarabas and other related parties.

	2016	2015
Rupees in '000		
Balance at the beginning of the year	-	-
Disbursements during the year	-	-
Repayments during the year	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

12.12.1 Financing to Executives and Directors

	Executives		Directors	
	2016	2015	2016	2015
Rupees in '000				
Opening balance	1,501,231	985,807	-	-
Disbursements during the year	726,836	645,828	-	-
Repayments during the year	(396,260)	(130,404)	-	-
Closing balance	<u>1,831,807</u>	<u>1,501,231</u>	<u>-</u>	<u>-</u>

12.12.2 These include loans given by the Bank to its employees as per the terms of their employment. The maximum total amount of financing including temporary financing granted during the year was Rs 2,852 million (2015: Rs 2,222 million). The maximum amount has been calculated by reference to the month end balance.

12.12.3 This represents Istisna, Diminishing Musharikhah and Running Mushahrakah facility to associated companies (2015: Istisna and Running Mushahrakah facilities to associated companies).

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

13 OPERATING FIXED ASSETS	Note	2016	2015
		Rupees in '000	
Capital work-in-progress	13.1	314,408	425,560
Property and equipment	13.2	8,193,642	7,177,915
		8,508,050	7,603,475
Intangible assets	13.4	416,278	453,268
		8,924,328	8,056,743
13.1 Capital work-in-progress			
- Land and building (including advances to suppliers and contractors for building renovation)		85,697	190,656
- Advances for computer hardware		55,104	21,679
- Advances for purchase of vehicles		61,586	81,474
- Advances for computer software		38,636	7,291
- Advances for other office machines		66,463	111,796
- Advances for furniture and fixtures		6,922	12,664
		314,408	425,560

13.2 Property and equipment

	2016							Net book value as at December 31, 2016	Rate of depreciation %
	COST			ACCUMULATED DEPRECIATION					
	As at January 1, 2016	Additions / (deletions)	As at December 31, 2016	As at January 1, 2016	Charge / (on deletions)	As at December 31, 2016			
	Rupees in '000								
Leasehold land	939,417	780,183	1,719,600	-	-	-	1,719,600		
Buildings on leasehold land	1,308,951	21,806	1,330,757	304,838	65,451	370,289	960,468	5	
Leasehold improvements	4,167,986	847,465 (9,602)	5,005,849	1,384,932	451,931 (6,891)	1,829,972	3,175,877	10	
Furniture and fixtures	510,682	51,751 (6,510)	555,923	241,372	46,796 (5,414)	282,754	273,169	10	
Electrical, office and computer equipment	3,763,645	487,793 (76,303)	4,175,135	2,184,096	615,018 (71,033)	2,728,081	1,447,054	10, 20 and 33	
Vehicles	976,118	256,638 (145,232)	1,087,524	373,646	207,223 (110,819)	470,050	617,474	20	
	11,666,799	2,445,636 (237,647)	13,874,788	4,488,884	1,386,419 (194,157)	5,681,146	8,193,642		

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	2015							
	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2015	Rate of depreciation %
	As at January 1, 2015	Additions / Transfers* / (deletions)	As at December 31, 2015	As at January 1, 2015	Charge / Transfers* / (on deletions)	As at December 31, 2015		
	Rupees in '000							
Leasehold land	939,417	-	939,417	-	-	-	939,417	
Buildings on leasehold 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.

13.3 Property and equipment - Movement of net book value

	Leasehold land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
At January 1, 2015							
Cost	939,417	1,296,993	3,030,346	434,319	2,798,614	769,224	9,268,913
Accumulated depreciation	-	244,596	1,099,912	209,850	1,826,512	306,106	3,686,976
Net book value	939,417	1,052,397	1,930,434	224,469	972,102	463,118	5,581,937
Year ended December 31, 2015							
Additions	-	11,958	1,166,575	86,244	1,028,685	332,140	2,625,602
Net book value of transfers	-	-	49	342	2,802	-	3,193
Net book value of disposals	-	-	(3,932)	(1,038)	(2,862)	(26,667)	(34,499)
Depreciation charge	-	(60,242)	(310,072)	(40,707)	(421,178)	(166,119)	(998,318)
Net book value as at December 31, 2015	939,417	1,004,113	2,783,054	269,310	1,579,549	602,472	7,177,915
Year ended December 31, 2016							
Additions	780,183	21,806	847,465	51,751	487,793	256,638	2,445,636
Net book value of disposals	-	-	(2,711)	(1,096)	(5,270)	(34,413)	(43,490)
Depreciation charge	-	(65,451)	(451,931)	(46,796)	(615,018)	(207,223)	(1,386,419)
Net book value as at December 31, 2016	1,719,600	960,468	3,175,877	273,169	1,447,054	617,474	8,193,642

13.3.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 2,324 million (2015: Rs 1,928 million).

Notes to and forming part of the Unconsolidated Financial Statements

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13.3.2 Details of disposal of fixed assets to executives and to other persons having cost more than Rs 1 million or net book value of Rs 250,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
Items having book value in aggregate more than Rs 250,000 or cost more than Rs 1,000,000						
Vehicles						
Honda Civic	2,388	1,473	915	1,361	MBL Staff Policy	Mr. Saleem Wafai - Executive (Ex-Employee)
Honda Civic	2,370	1,106	1,264	1,600	MBL Staff Policy	Mr. Irfan Ali Hyder - Executive (Ex-Employee)
Honda Civic	2,363	315	2,048	2,164	MBL Staff Policy	Mr. Ather Hassan - (Ex-Employee)
Honda Civic	2,358	943	1,415	1,708	MBL Staff Policy	Mr. Omer Salimullah - Executive (Ex-Employee)
Honda Civic	2,046	1,500	546	1,018	MBL Staff Policy	Syed Tariq Hassan - Executive
Honda Civic	1,985	1,985	-	596	MBL Staff Policy	Mr. Mateen Mahmood - Executive
Honda Civic	1,943	1,943	-	583	MBL Staff Policy	Mr. Faisal Iqbal - Executive
Toyota Corolla	1,683	1,010	673	975	MBL Staff Policy	Mr. Tanveer Ahmed Mumtaz - Executive - (Ex-Employee)
Toyota Corolla	1,648	1,099	549	939	MBL Staff Policy	Mr. Shujauddin Shaikh - (Ex-Employee)
Toyota Corolla	1,608	1,394	214	635	MBL Staff Policy	Mr. Ali Imran - Executive
Toyota Corolla	1,372	1,372	-	412	MBL Staff Policy	Mr. Muhammad Arshad - Executive
Honda City	1,626	1,355	271	713	MBL Staff Policy	Syed Abdul Rauf - Executive
Honda City	1,401	1,401	-	420	MBL Staff Policy	Mr. Kashif Zaidi - Executive
Honda City	1,396	1,396	-	419	MBL Staff Policy	Mr. Ismail Aswani - Executive
Honda City	1,374	1,374	-	412	MBL Staff Policy	Mr. Yasir Arafat Khan - Executive
Honda City	1,347	1,347	-	404	MBL Staff Policy	Mr. Manzoor Ahmed Ghori - Executive
Honda City	1,347	1,347	-	404	MBL Staff Policy	Mr. Zahid Sharif - Executive
Honda City	1,346	1,346	-	404	MBL Staff Policy	Mr. Shahid Iqbal - Executive
Honda City	1,340	1,340	-	402	MBL Staff Policy	Mr. Ghulam Haider Awan - Executive
Honda City	1,329	1,329	-	398	MBL Staff Policy	Mr. Muhammad Nawaz - Executive
Honda City	1,327	1,327	-	398	MBL Staff Policy	Mr. Muhammad Yasar Abaidullah - Executive
Honda City	1,323	1,323	-	397	MBL Staff Policy	Mr. Mumtaz Ali - (Ex-Employee)
Honda City	1,292	1,292	-	388	MBL Staff Policy	Mr. Muhammad Yasin - Executive
Suzuki Cultus	1,019	662	357	584	MBL Staff Policy	Mr. Mukarram Hasan - Executive
Suzuki Cultus	959	767	192	423	MBL Staff Policy	Syed Yasir Ali - Executive
Suzuki Cultus	919	796	123	378	MBL Staff Policy	Mr. Kaleem Ahmed Riaz - Executive
Suzuki Cultus	879	879	-	264	MBL Staff Policy	Mr. Shoukat Hussain - Executive
Suzuki Cultus	879	879	-	264	MBL Staff Policy	Mr. Nasir Mehmood - Executive
Suzuki Cultus	879	879	-	264	MBL Staff Policy	Mr. Shabbir Tabassum - Executive
Suzuki Cultus	879	864	15	264	MBL Staff Policy	Mr. Zafar Ahmed Khan - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Mr. Zubair Ahmed - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Mr. Fayyaz Ur Rehman Khan - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Syed Zakaria Farooq Naqvi - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Mr. Nadir Ishaq - Executive
Suzuki Cultus	878	878	-	282	MBL Staff Policy	Mr. Imran Khalid Shami - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Mr. Muhammad Mohsin - Executive
Suzuki Cultus	873	858	15	262	MBL Staff Policy	Mr. Tariq Mehmood Ansari - Executive
Suzuki Cultus	870	870	-	261	MBL Staff Policy	Mr. Mir Zaman - Executive
Suzuki Cultus	870	870	-	261	MBL Staff Policy	Mr. Khawaja Abdul Qayyum - Executive
Suzuki Cultus	859	845	14	274	MBL Staff Policy	Mr. Muhammad Zahid - Executive
Suzuki Cultus	843	843	-	253	MBL Staff Policy	Mr. Muhammad Mudassar Bader - Executive
Suzuki Cultus	843	843	-	253	MBL Staff Policy	Mr. Abdus Samad - Executive
Suzuki Cultus	843	843	-	253	MBL Staff Policy	Mr. Muhammad Abrar - Executive
Suzuki Cultus	843	843	-	253	MBL Staff Policy	Mr. Aftab Abbasi - Executive
Suzuki Cultus	830	830	-	249	MBL Staff Policy	Mr. Tanveer Hussain Kalru - Executive
Suzuki Cultus	830	830	-	249	MBL Staff Policy	Mr. Farooq Hassan - Executive
Suzuki Cultus	827	827	-	248	MBL Staff Policy	Syed Atif Hussain - Executive
Suzuki Cultus	819	819	-	246	MBL Staff Policy	Mr. Shahid Hameed - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Shehzada Imran - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Tauqeer Asjad Qazi - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Ahmed Sajjad Kayani - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Asim Aslam - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Asghar Ali Baloch - Executive
Suzuki Cultus	798	798	-	239	MBL Staff Policy	Mr. Kamran Nifasat - Executive
Honda City	1,507	301	1,206	1,500	Insurance Claim	M/s Pak Qatar Takaful Company Limited
Honda City	1,503	751	752	1,210	Insurance Claim	M/s EFU General Insurance Limited
Honda Civic	1,890	1,890	-	1,223	Negotiation	Mr. Sajid Qadri
Honda City	1,552	698	854	1,293	Negotiation	Mr. Khurram Imtiaz

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Honda City	1,520	760	760	1,150	Negotiation	Mr. Muhammad Ali
Honda City	1,502	1,252	250	1,173	Negotiation	Mr. Ata Rabbani
Honda City	1,495	1,046	449	1,321	Negotiation	Mr. Kamran Khan
Honda City	1,495	797	698	1,193	Negotiation	Mr. Khan M.Shah
Honda City	1,403	1,239	164	934	Negotiation	Mr. Adnan Naseer
Honda City	1,371	1,371	-	1,011	Negotiation	Mr. Muhammad Shahbaz Munawar
Toyota Corolla	1,530	893	637	1,172	Negotiation	Mr. Rizwan Mazhar
Toyota Corolla	1,005	1,005	-	660	Negotiation	Mr. Adnan Naseer
Suzuki Cultus	1,075	412	663	780	Negotiation	Mr. Nadeem Ahmed
Suzuki Cultus	1,047	366	681	800	Negotiation	Mr. Aftab Ahmed
Suzuki Cultus	1,044	452	592	773	Negotiation	Mr. Nusrat Iqbal
Suzuki Cultus	1,034	500	534	792	Negotiation	Mr. Tabassum Elahi
Suzuki Cultus	1,032	430	602	828	Negotiation	Mr. Javed M. Khan
Suzuki Cultus	1,032	275	757	847	Negotiation	Mr. Abid Ansar
Suzuki Cultus	1,032	430	602	790	Negotiation	Mr. Feroz Nadeem
Suzuki Cultus	1,032	447	585	836	Negotiation	Mr. Muhammad Amin
Suzuki Cultus	1,032	344	688	817	Negotiation	Mr. Muhammad Ijaz
Suzuki Cultus	1,029	394	635	836	Negotiation	Mr. Khurram Intiaz
Suzuki Cultus	1,027	479	548	780	Negotiation	Mr. Aftab Ahmed
Suzuki Cultus	1,025	307	718	838	Negotiation	Mr. Javed M. Khan
Suzuki Cultus	1,020	663	357	760	Negotiation	Mr. Aftab Ahmed
Suzuki Cultus	1,018	441	577	780	Negotiation	Mr. Muhammad Tariq Khan
Suzuki Cultus	1,018	441	577	732	Negotiation	Mr. Usman Shahid
Suzuki Cultus	1,017	203	814	882	Negotiation	Mr. Javed M. Khan
Suzuki Cultus	1,017	186	831	881	Negotiation	Mr. Javed M. Khan
Suzuki Cultus	1,016	457	559	770	Negotiation	Mr. Hassan Akhtar Abbasi
Suzuki Cultus	1,015	592	423	675	Negotiation	Mr. Abdul Hafeez Mirza
Suzuki Cultus	1,013	675	338	723	Negotiation	Mr. Ghulam Murtaza
Suzuki Cultus	1,001	434	567	746	Negotiation	Mr. Iftikhar Ahmed
Suzuki Cultus	1,001	434	567	764	Negotiation	Mr. Iftikhar Ahmed
Suzuki Cultus	994	596	398	667	Negotiation	Mr. Abrar Hussain
Suzuki Cultus	990	660	330	750	Negotiation	Mr. Tabassum Elahi
Suzuki Cultus	990	594	396	742	Negotiation	Mr. Ali Akber
Suzuki Cultus	990	660	330	733	Negotiation	Mr. Ghulam Murtaza
Suzuki Cultus	990	594	396	787	Negotiation	Mr. Shah Fahad
Suzuki Cultus	980	686	294	721	Negotiation	Mr. Tabassum Elahi
Suzuki Cultus	975	634	341	718	Negotiation	Mr. Sheeraz Khan
Suzuki Cultus	959	671	288	638	Negotiation	Mr. Muhammad Yaqoob
Suzuki Cultus	959	655	304	663	Negotiation	Mr. Zulfiqar Ahmed
Suzuki Cultus	955	621	334	661	Negotiation	Mr. Abid Ansar
Suzuki Cultus	939	689	250	711	Negotiation	Mr. Sheeraz Khan
Suzuki Cultus	939	689	250	683	Negotiation	Mr. Usman Shahid
	116,926	85,419	31,507	65,458		
Furniture and fixtures						
Furniture and Fixtures	2,177	1,742	435	2	Negotiation	Mr. Muhammad Farid
	2,177	1,742	435	2		
Electrical, office and computer equipments						
Computer Equipment	800	360	440	400	Negotiation	M/s Roomi Enterprises (Pvt)Ltd
Computer Equipment	460	92	368	460	Negotiation	Mr. Wahab Gul
Computer Equipment	2,171	2,171	-	6	Negotiation	M/s Dilawar Brothers
	3,431	2,623	808	866		
Leasehold Improvements						
Civil Works	2,133	1,742	391	367	Insurance Claim Discarded	M/s Pak Kuwait Takaful Company Limited
Civil Works	812	68	744	-		Not applicable
	2,945	1,810	1,135	367		
	125,479	91,594	33,885	66,693		

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Items in aggregate having book value of less than Rs 250,000 or cost less than Rs 1,000,000						
Furniture and Fixtures	4,333	3,672	661	296		
Leasehold improvements	6,657	5,081	1,576	1,658		
Electrical, office and computer equipment	72,872	68,410	4,462	7,523		
Vehicles	28,306	25,400	2,906	17,920		
	<u>237,647</u>	<u>194,157</u>	<u>43,490</u>	<u>94,090</u>		

13.4 Intangible assets

	COST			ACCUMULATED AMORTISATION			Net book value as at December 31, 2016	Rate of amortisation
	As at January 1, 2016	Additions during the year	As at December 31, 2016	As at January 1, 2016	Amortisation charge for the year	As at December 31, 2016		
	Rupees in '000							%
Computer software	979,036	129,407	1,108,443	525,768	166,397	692,165	416,278	20
2015	874,033	105,003	979,036	378,546	147,222	525,768	453,268	20

13.5 Intangible assets - Movement of net book value

	Year ended December 31, 2015				Year ended December 31, 2016		
	Net book value as at January 1, 2015	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2015	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2016
	Rupees in '000						
Computer software	495,487	105,003	147,222	453,268	129,407	166,397	416,278

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
14 OTHER ASSETS			
Profit / return accrued in local currency		7,891,922	9,425,986
Profit / return accrued in foreign currencies		117,863	84,699
Advances, deposits, advance rent and other prepayments	14.1	1,137,423	1,041,880
Dividends receivable		9,736	7,061
Stamps		8,335	3,998
Security deposits		100,123	95,198
Unrealised gain on forward foreign exchange contracts - net	14.2	264,383	281,220
Non-Banking assets acquired in satisfaction of claims	14.3	284,255	291,557
Advance for Investments		-	33,000
Receivable from SBP on account of settlement of capital of HSBC Bank Oman S.A.O.G - Pakistan branch operations		-	2,661,433
Others		264,391	234,123
		<u>10,078,431</u>	<u>14,160,155</u>
Provision against other assets	14.4	<u>(95,594)</u>	<u>(180,856)</u>
		<u>9,982,837</u>	<u>13,979,299</u>

14.1 This includes prepaid rent and prepaid insurance aggregating Rs 453 million (2015: Rs 501 million) and Rs 455 million (2015: Rs 325 million) respectively which are being amortized over a period of one year.

14.2 This is net of loss on forward foreign exchange contracts of Rs 665 million (2015: Rs 396 million).

14.3 Market value of the non-banking assets acquired in satisfaction of claims is Rs 221.877 million (2015: Rs 267.958 million). Provision amounting to Rs 62.378 million in respect of non-banking assets is included in provision against other assets.

	2016	2015
Rupees in '000		
14.4 Provision against other assets		
Opening balance	180,856	260,995
Charge for the year	15,383	28,481
Reversals during the year	(99,426)	(6,174)
Amount written off	(1,219)	(3,893)
Amount adjusted upon conversion	-	(89,047)
Amount adjusted and transferred to charity	-	(9,506)
Closing balance	<u>95,594</u>	<u>180,856</u>

15 BILLS PAYABLE		
In Pakistan	9,130,998	6,560,324
Outside Pakistan	-	-
	<u>9,130,998</u>	<u>6,560,324</u>

16 DUE TO FINANCIAL INSTITUTIONS		
In Pakistan	32,005,501	13,609,551
Outside Pakistan	-	-
	<u>32,005,501</u>	<u>13,609,551</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
16.1	Particulars of due to financial institutions with respect to currencies		
	In local currency	32,005,501	13,609,551
	In foreign currencies	-	-
		<u>32,005,501</u>	<u>13,609,551</u>
16.2	Details of due to financial institutions secured / unsecured		
	Secured		
	Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	16.2.1 16,841,788	13,598,206
	Other Financial institution	16.2.2 168,506	4,548
	Unsecured		
	Overdrawn nostro accounts	295,207	6,797
	Other Musharakah / Mudarabas	16.2.3 14,700,000	-
		<u>32,005,501</u>	<u>13,609,551</u>

16.2.1 These Musharakah are on a profit and loss sharing basis maturing between January 03, 2017 to June 28, 2017 (2015: January 2, 2016 to June 28, 2016) and are secured against demand promissory notes executed in favor of SBP. A limit of Rs 19,200 million (2015: Rs 17,200 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme.

16.2.2 These Musharakahs are on profit and loss sharing basis maturing in December 2020. A limit of USD 10 million has been allocated to the Bank by Karandaz under the agreement.

16.2.3 These Musharakah / Mudarabas are on profit and loss sharing basis. The expected average return on these Musharakah / Mudarabas is around 5.71% (2015: Nil) per annum. These balances are maturing latest by January 19, 2017 (2015: Nil).

		2016	2015
Rupees in '000			
16.3	Particulars of due to financial institutions		
	Short - term	31,836,995	13,605,003
	Long - term	168,506	4,548
		<u>32,005,501</u>	<u>13,609,551</u>

17 DEPOSITS AND OTHER ACCOUNTS

Customers

- Fixed deposits	141,796,085	131,769,647
- Savings deposits	220,228,372	184,622,913
- Current accounts - non-remunerative	195,597,883	148,226,202
- Margin	2,118,269	1,055,262
	<u>559,740,609</u>	<u>465,674,024</u>

Financial institutions

- Remunerative deposits	3,331,027	5,672,624
- Non-remunerative deposits	952,217	474,311
	<u>4,283,244</u>	<u>6,146,935</u>
	<u>564,023,853</u>	<u>471,820,959</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

17.1 Particulars of deposits	2016	2015
	Rupees in '000	
In		
- local currency		
Mudaraba based deposits	347,393,435	304,257,489
Qard based deposits	187,682,783	140,990,481
	<u>535,076,218</u>	<u>445,247,970</u>
- foreign currencies		
Mudaraba based deposits	20,045,839	18,693,148
Qard based deposits	8,901,796	7,879,841
	<u>28,947,635</u>	<u>26,572,989</u>
	<u>564,023,853</u>	<u>471,820,959</u>

18 SUB-ORDINATED SUKUK

During the year, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 120 of the Companies Ordinance, 1984. The brief description of sukuk is as follows:

Credit Rating	AA- (Double A minus) by JCR-VIS Credit Rating Company Limited.
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears.
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Bank under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 6.76% per annum.
Call Option	The Bank may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Issuer's minimum capital or capital adequacy ratio requirement.

19 DEFERRED TAX LIABILITIES

	2016	2015
	Rupees in '000	
Deferred credits arising due to:		
Excess of accounting book values over tax written down values of owned assets	631,906	769,710
Surplus on revaluation of available for sale investments	1,251,679	425,561
Deferred debits arising due to:		
Provision against non-performing Islamic financing and related assets	-	(168,219)
Provision for diminution in value of investments	(97,319)	(107,708)
Income not accrued due to non-culmination of Islamic financings	(332,824)	(441,074)
Provision against non-banking assets acquired in satisfaction of claims and other assets	(90,533)	(85,149)
	<u>1,362,909</u>	<u>393,121</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
20	OTHER LIABILITIES		
Return on deposits and other dues			
- payable in local currency	20.1	2,023,164	2,215,427
- payable in foreign currencies		29,709	46,430
Unearned commission		23,605	14,038
Accrued expenses	20.2	2,512,594	2,151,902
Current taxation (provision less payments)		1,196,305	413,493
Unclaimed dividends		6,294	5,063
Payable to defined benefit plan	35.2 & 35.15	370,282	438,444
Provision against off-balance sheet obligations	20.3	55,169	55,169
Security deposits against Ijarah		6,078,190	3,871,830
Charity payable	20.4	1,509	4,903
Payable on account of credit murabaha		117,092	90,307
Advance against future diminishing musharaka		121,773	46,906
Payable to HSBC ME - HSBC group entities	20.5	23,450	23,445
Payable to HSBC BANK OMAN S.A.O.G. - Purchase consideration		-	2,661,433
Withholding taxes payable		130,997	87,510
Workers Welfare Fund payable	20.6	683,534	505,453
Others		396,551	487,116
		<u>13,770,218</u>	<u>13,118,869</u>

20.1 This includes Rs 56 million (2015: Rs 94 million) in respect of return accrued on borrowings from SBP under the Islamic Export Refinance Scheme.

20.2 This includes Rs 46.1 million (2015: Rs 6.3 million) in respect of payable to Al Meezan Investment Management Limited (Subsidiary).

20.3	Provision against off-balance sheet obligations	2016	2015
Rupees in '000			
	Opening balance	55,169	38,996
	Charge for the year	-	16,173
	Closing balance	<u>55,169</u>	<u>55,169</u>

20.4	Reconciliation of charity payable	2016	2015
	Opening balance	4,903	421
	Additions during the year	28,198	47,754
	Less: Transferred to charity savings account (included in deposits and other accounts)	(31,592)	(43,272)
	Closing balance	<u>1,509</u>	<u>4,903</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

20.4.1 Charity paid through saving account during the year is Rs 37.8 million (2015: Rs 49.6 million). Charity in excess of Rs 100,000 was paid to the following individuals / organizations:

	2016	2015
	Rupees in '000	
Afzal Memorial Thalassemia Foundation	200	-
The Aga Khan University - Financial Assistance Program	-	10,000
Akhuwat Foundation	100	150
Alamgir Welfare Trust International	-	300
Al Mustafa Trust Rawalpindi	150	-
Baqai Institute of Diabetology and Endocrinology	-	100
Care Foundation	100	-
Centre For Development of Social Services	200	-
Child Aid Association	100	150
Disabled Welfare Association	100	-
Eye Donor Organization	100	150
Fatimid Foundation Kidney Centre & General Hospital	150	150
Garage School	300	-
Hands	100	-
Institute of Business Administration - National Talent Hunt Program	12,770	13,459
Ihsan Trust - Related party	17,000	18,000
Infaq Memorial Trust	250	-
Idara - Al Khair	500	-
Jamal Noor Hospital	100	100
Jinnah Foundation	100	-
Kiran Foundation	500	-
Karachi Education Initiative	1,297	2,368
Karigar Training Institute	-	300
Lahore Businessmen Association For Rehabilitation of the Disabled	500	-
Marie Adelaide Leprosy Foundation	-	100
Medical Aid Foundation (Rahat Kada)	200	-
Muhammadi Blood Bank	100	-
Muslim Welfare Centre	-	200
Noor Eli Trust	-	200
Pakistan Kidney Institute / Shifa Foundation	-	100
Patients Aid Foundation - Jinnah Hospital	200	500
Pakistan Red Crescent Society (for Ultra Sound machine)	-	150
Pakistan Disabled Foundation	200	100
Pakistan Association of Deaf	200	200
Pakistan Eye Bank	100	-
Poor Patients Aid Society- Civil Hospital (Karachi)	-	100
Prevention of Blindness Trust	200	-
Rashid Memorial Welfare Organization	500	-
Rotary Humanitarian Trust- Hawksbay School	-	1,000
Saylani Welfare	100	-
Shafi Trust	100	-
SINA Trust	-	200
Society For Heart Care	1,000	1,000
The Indus Hospital	100	500
The Kidney Centre	100	-
Welfare Society For Patient Care	100	-
	37,817	49,577

20.4.2 The balance in Charity's saving account is Rs 0.128 million (2015: Rs 6 million).

20.4.3 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 Unconsolidated Financial Statements

For the year ended December 31, 2016

20.5 This represents amount payable to HSBC group entities which were transferred to the Bank consequent to acquisition of HSBC - Pakistan Operations.

20.6 The Bank has made full provision for Workers Welfare Fund based on profit for the respective years (2008-2016).

During the current year, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Bank continues to maintain the provision in respect of WWF.

21 SHARE CAPITAL

21.1 Authorised capital

2016 (Number of Shares)	2015		2016 Rupees in '000	2015 Rupees in '000
<u>2,000,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs 10 each	<u>20,000,000</u>	<u>15,000,000</u>

21.2 Issued, subscribed and paid-up capital

2016 (Number of Shares)	2015		2016 Rupees in '000	2015 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
<u>1,002,737,895</u>	<u>1,002,737,895</u>		<u>10,027,379</u>	<u>10,027,379</u>

Shareholders having more than 10% shareholding as at December 31, 2016 are as follows:

21.3 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%

22 RESERVES

	Note	2016 Rupees in '000	2015 Rupees in '000
Statutory reserve	22.1	6,515,372	5,403,050
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	3,117,547
General reserve		66,766	66,766
		<u>9,699,685</u>	<u>8,587,363</u>

22.1 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.

23 SURPLUS ON REVALUATION OF INVESTMENTS

	2016 Rupees in '000	2015 Rupees in '000
Quoted shares / units of mutual fund	2,016,102	869,774
Other securities	1,560,122	346,113
	3,576,224	1,215,887
Less: Deferred tax liability	(1,251,679)	(425,561)
	<u>2,324,545</u>	<u>790,326</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

24	CONTINGENCIES AND COMMITMENTS	2016	2015
		Rupees in '000	
24.1	Direct credit substitutes		
	Guarantees favoring		
	- Banks	209,015	-
24.2	Transaction related contingent liabilities		
	Guarantees favoring		
	- Government	10,925,552	9,936,461
	- Banks	244,589	227,332
	- Others	4,066,533	2,436,550
		15,236,674	12,600,343
24.3	Trade related contingent liabilities		
	Import letters of credit	51,612,802	29,373,250
	Acceptances	4,323,808	4,049,357
		55,936,610	33,422,607
24.4	Other contingencies		

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2015. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Bank has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Bank and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Bank, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Bank's favour and accordingly no provision has been made in these financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

	Note	2016	2015
		Rupees in '000	
24.5	Commitments in respect of forward exchange contracts		
	Purchases	72,008,025	68,362,309
	Sales	69,766,108	74,532,767
24.6	Commitments for the acquisition of operating fixed assets	129,320	294,082
24.7	Commitments in respect of Islamic financing and related assets	123,675,880	106,606,261

24.7.1 The Bank makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

	2016	2015
	Rupees in '000	
24.8	Other commitments	
	Bills for collection (inland)	144,063
	Bills for collection (foreign)	30,342,514
		30,486,577
		151,175
		30,956,046
		31,107,221

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

25	PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS	Note	2016	2015
			Rupees in '000	
	On financing to			
	- Customers		15,598,883	13,751,428
	On investments in			
	- Available for sale securities		8,260,849	7,100,653
	- Held for trading securities		5,547	493
	- Held to maturity securities		1,192,125	-
	On deposits with financial institutions		6,372,190	12,261,167
			<u>31,429,594</u>	<u>33,113,741</u>
26	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED			
	Deposits and other accounts		11,869,056	14,388,690
	Other short term Musharakahs / Mudarabas	26.1	1,003,788	508,459
			<u>12,872,844</u>	<u>14,897,149</u>
	26.1		This includes Rs 263 million (2015: Rs 454 million) paid / payable to SBP under Islamic Export Refinance scheme.	
27	CAPITAL GAIN ON SALE OF INVESTMENTS - NET	Note	2016	2015
			Rupees in '000	
	Shares / units of mutual funds - listed		870,445	291,449
	Sukuks		7,235	50,687
			<u>877,680</u>	<u>342,136</u>
28	OTHER INCOME			
	Gain on termination of Ijarah financing		108,327	69,635
	Gain on termination of diminishing musharakah financing		13,857	9,937
	Gain on sale of operating fixed assets		50,600	50,167
	Gain on disposal of non-banking assets		-	59
	Others	28.1	50,817	37,576
			<u>223,601</u>	<u>167,374</u>
	28.1		This includes recoveries against loans written off by HSBC ME prior to its acquisition by the Bank amounting to Rs 33.409 million (2015: Rs 27.706 million).	

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

29	ADMINISTRATIVE EXPENSES	Note	2016	2015
			Rupees in '000	
	Salaries, allowances and other employee benefits	29.1, 29.4 & 37	6,871,369	6,143,453
	Charge for defined benefit plan	35.5 & 35.15	268,150	397,923
	Contribution to defined contribution plan	36	207,975	181,427
	Non - executive directors' fees	37	39,081	35,379
	Rent, electricity, taxes, insurance, etc.		2,394,311	2,083,707
	Depreciation	13.2	1,386,419	998,318
	Amortisation	13.4	166,397	147,222
	Communication		421,308	371,392
	Stationery and printing		312,274	305,812
	Repairs and maintenance		494,236	481,469
	Security charges including cash transportation charges		652,632	494,580
	Local transportation and car running		243,998	223,428
	Fees, subscription and clearing charges	29.2	438,700	334,119
	Entertainment		48,651	44,934
	Office supplies		171,816	151,183
	Hardware and software maintenance		241,901	190,601
	Advertisement and publicity		199,182	232,420
	Travelling		83,468	90,033
	Brokerage, commission and bank charges		123,496	118,608
	Legal and professional charges	29.3	14,053	16,294
	Auditors' remuneration	29.5	11,923	12,574
	Takaful and tracker expenses on Ijarah		668,376	486,468
	Donation	29.6	200	-
	Others		28,495	19,304
			<u>15,488,411</u>	<u>13,560,648</u>

29.1 This includes remuneration to Shariah Advisor amounting to Rs 10.7 million (2015: Rs 10.2 million).

29.2 This includes portfolio management fee to Al-Meezan Investment Management Limited (related party) amounting to Rs 57 million (2015: Rs 16.7 million).

29.3 This includes remuneration to Shariah Board amounting to Rs 1 million (2015: Rs 1 million).

29.4 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 for the bonus relating to all Executives and for the President & CEO and Deputy CEO of the Bank amounted to Rs 570.67 million (2015: Rs 473.77 million), Rs 78.44 million (2015: Rs 73.99 million) and Rs 52.27 million (2015: Rs 49.31 million) respectively.

29.5	Auditors' remuneration	2016	2015
		Rupees in '000	
	Audit fee	3,600	3,300
	Fee for interim review	1,000	950
	Special certifications and sundry advisory services	2,940	5,471
	Tax services	2,420	1,365
		9,960	11,086
	Sindh sales tax on services	788	665
	Out of pocket expenses	1,175	823
		<u>11,923</u>	<u>12,574</u>
29.6	Donation		
	National Medical Centre (Private) Limited	200	-

None of the directors / CEO or their spouses had any interest in the donee.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
30 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	3,600	4,067
31 TAXATION		
Current		
- for the year	2,996,908	2,394,558
- for prior years	240,647	(3,780)
	3,237,555	2,390,778
Deferred		
- for the year	143,670	575,043
- for prior years	-	462,923
	3,381,225	3,428,744

During the current year, the Finance Act 2016 extended the application of super tax brought into effect through the Finance Act 2015 for rehabilitation of temporary displaced persons. Accordingly, the Bank has recognised prior year tax charge of Rs 275.647 million in the current year which is determined at the applicable tax rate of 4 percent on taxable income for the tax year 2016 (i.e year ended December 31, 2015).

	Note	2016	2015
		Rupees in '000	
31.1 Relationship between tax expense and accounting profit			
Profit before taxation		8,942,836	8,451,253
Effects of:			
- Tax calculated at the applicable rate of 35%		3,129,993	2,957,939
- Prior year charge		240,647	459,143
- Permanent differences		(11,739)	10,584
- Others		22,324	1,078
Tax charge for the year		3,381,225	3,428,744
32 BASIC AND DILUTED EARNINGS PER SHARE			
Profit after taxation for the year		5,561,611	5,022,509
		Number	
Weighted average number of ordinary shares	21.2	1,002,737,895	1,002,737,895
		Rupees	
Basic earnings per share	32.1	5.55	5.01

32.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2016 and 2015.

	Note	2016	2015
		Rupees in '000	
33 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	8	56,036,849	43,685,636
Balances with other banks	9	12,021,351	11,175,060
		68,058,200	54,860,696

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

34	STAFF STRENGTH	2016	2015
		Number of Staff	
	Permanent	6,416	6,005
	Contractual basis	1,408	1,315
	Bank's own staff strength at the end of the year	7,824	7,320
	Outsourced	1,344	1,261
	Total staff strength	9,168	8,581

35 DEFINED BENEFIT PLAN

35.1 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.

35.2 The amount recognised in the Statement of Financial Position (in respect of the gratuity scheme) is determined as follows:

	2016	2015
	Rupees in '000	
Present value of defined benefit obligations	968,320	817,468
Fair value of plan assets	(844,964)	(590,988)
	123,356	226,480

35.3 Plan assets consist (in respect of the gratuity scheme) of the following:

	2016		2015	
	Rupees in '000	%	Rupees in '000	%
Meezan Aamdan Certificates	533,224	63%	430,718	73%
Meezan Capital Preservation Fund	-	-	151,552	26%
Meezan Asset Allocation Plan	250,178	30%	-	-
Fatima Fertilizer Company Limited - Sukuk	60,000	7%	-	-
Savings account with Meezan Bank Limited	1,562	0%	8,718	1%
	844,964	100%	590,988	100%

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

35.4 The movement in the defined benefit obligation (in respect of the gratuity scheme) over the year is as follows:

	2016		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	817,468	(590,988)	226,480
Current service cost	224,443	-	224,443
Return expense / (income)	77,139	(68,315)	8,824
	1,119,050	(659,303)	459,747
Remeasurements:			
-Return on plan assets, excluding amounts included in interest expense / (income)	-	(1,340)	(1,340)
-(Gain) / loss from change in demographic assumptions	-	-	-
-(Gain) / loss from change in financial assumptions	-	-	-
-Experience (gains) / losses	(58,571)	-	(58,571)
	(58,571)	(1,340)	(59,911)
	1,060,479	(660,643)	399,836
Contribution	-	(276,480)	(276,480)
Benefit payments	(92,159)	92,159	-
At December 31	968,320	(844,964)	123,356
	2015		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	574,550	(451,069)	123,481
Current service cost	178,396	-	178,396
Return expense / (income)	67,751	(60,188)	7,563
	820,697	(511,257)	309,440
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense / (income)	-	789	789
-(Gain) / loss from change in demographic assumptions	-	-	-
-(Gain) / loss from change in financial assumptions	-	-	-
- Experience (gains) / losses	39,732	-	39,732
	39,732	789	40,521
	860,429	(510,468)	349,961
Contribution	-	(123,481)	(123,481)
Benefit payments	(42,961)	42,961	-
At December 31	817,468	(590,988)	226,480

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

35.5	Charge for defined benefit plan (in respect of the gratuity scheme)	2016	2015
		Rupees in '000	
	Current service cost	224,443	178,396
	Net return cost	8,824	7,563
		233,267	185,959

35.6 The plan assets and defined benefit obligations (in respect of the gratuity scheme) are based in Pakistan.

35.7	Principal actuarial assumptions (in respect of the gratuity scheme)	2016	2015
	Discount rate	9.00% p.a	10.00% p.a
	Expected rate of salary increase	9.00% p.a	10.00% p.a
	Expected rate of return on investments	9.00% p.a	10.00% p.a
	Normal retirement age	60 years	60 years

35.8 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.

35.9 The sensitivity of the defined benefit obligation (in respect of the gratuity scheme) to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation - Increase / (Decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
	Rupees in '000		
Discount rate	1.0%	(102,633)	122,859
Salary growth rate	1.0%	126,466	(107,318)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy / Withdrawal rate		(96,834)	96,840

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 in respect of gratuity scheme within the Statement of Financial Position.

35.10 The weighted average duration of the defined benefit obligation is 12.48 years.

35.11 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2016	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
Gratuity	77,051	86,673	145,742	3,504,431	3,813,897

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35.12 Historical information (in respect of Gratuity Scheme)	2016	2015	2014	2013	2012
	Rupees in '000				
Defined benefit obligation	968,320	817,468	574,550	410,819	300,392
Fair value of plan assets	(844,964)	(590,988)	(451,069)	(332,294)	(246,677)
Deficit	123,356	226,480	123,481	78,525	53,715
Remeasurements of plan liabilities	58,571	(39,732)	(35,521)	(32,941)	18,496
Remeasurements of plan assets	1,340	(789)	2,475	(25,763)	7,173

35.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 208.585 million as per the actuarial valuation report of the Bank as of December 31, 2016.

35.14 The Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, the current investment strategy manages this risk adequately.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

35.15 End of Service Defined Benefit

The Bank also operates an End of Service unfunded defined benefit for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The charge for the year of this benefit amounted to Rs 34.962 million out of which Rs 34.883 million has been recognized in the Profit and Loss Account and the remaining Rs 0.079 million in Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this benefit amounts to Rs 246.926 million.

The principal actuarial assumptions comprise of discount rate of 9 percent and salary increase rate of 9 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 6.779 million (in case the discount rate is increased) and Rs 6.990 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 0.247 million (in case of ten percent increase in assumption) and higher by Rs 0.249 million (in case of ten percent decrease in assumption). These sensitivities are calculated using the same methodology as explained in note 35.9.

35.16 The disclosure made in notes 35.1 to 35.15 are based on the information included in the actuarial valuation report of the Bank as of December 31, 2016.

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36 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.

	2016	2015
	Rupees in '000	
Contribution from the Bank	207,975	181,427
Contribution from the employees	207,975	181,427
	<u>415,950</u>	<u>362,854</u>

37 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President and Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	Rupees in '000					
Fees*	-	-	39,081	35,379	-	-
Managerial remuneration	40,298	38,018	26,852	25,332	1,368,230	1,165,591
Charge for gratuity scheme	-	2,715	1,918	1,809	79,386	64,674
Contribution to defined contribution plan	-	3,259	2,302	2,171	96,071	80,665
House rent	15,544	14,664	10,357	9,771	481,040	389,778
Utilities	3,454	3,259	2,302	2,171	106,904	86,622
Medical	3,854	3,525	2,459	2,444	106,904	86,622
Conveyance	1,412	1,393	880	1,271	-	-
Others	1,349	1,156	1,210	1,251	-	-
	<u>65,911</u>	<u>67,989</u>	<u>87,361</u>	<u>81,599</u>	<u>2,238,535</u>	<u>1,873,952</u>
Number of persons	<u>1</u>	<u>1</u>	<u>12</u>	<u>11</u>	<u>1,054</u>	<u>857</u>

* This includes amounts charged in these financial statements as fees to eleven (2015: ten) non-executive directors.

37.1 Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

37.2 The Chief Executive, the Deputy Chief Executive Officer (the Executive Director) and certain executives have been provided with free use of the Bank's cars.

37.3 In addition to the above, all Executives, including the President & Chief Executive Officer and Deputy Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 29.4 to these financial statements. Further, End of Service Benefit for the founding President and Chief Executive Officer was approved during last year and the related expense is disclosed in note 35.15 to these financial statements.

38 FAIR VALUE OF FINANCIAL INSTRUMENTS

38.1 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.

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38.2 Off-balance sheet financial instruments	2016		2015	
	Book value	Fair value	Book value	Fair value
	Rupees in '000			
Forward purchase of foreign exchange - net	73,222,495	72,555,307	69,014,794	68,957,448
Forward sale of foreign exchange - net	71,184,529	70,252,958	75,470,316	75,131,750

38.3 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	2016			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	5,368,665	-	-	5,368,665
Units of open end fund	51,150	-	-	51,150
GOP Sukuks	-	70,510,182	-	70,510,182
WAPDA Sukuks	-	289,775	-	289,775
PIA Sukuks	-	1,515,000	-	1,515,000
Global Sukuk Bonds	7,514,305	-	-	7,514,305
Forward purchase of foreign exchange contracts	-	72,555,307	-	72,555,307
Forward sale of foreign exchange contracts	-	70,252,958	-	70,252,958

Recurring Fair Value Measurements	2015			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,112,074	-	-	4,112,074
Units of open end fund	75,528	-	-	75,528
GOP Sukuks	-	48,653,776	-	48,653,776
WAPDA Sukuks	-	579,550	-	579,550
Global Sukuk Bonds	7,365,343	-	-	7,365,343
Forward purchase of foreign exchange contracts	-	68,957,448	-	68,957,448
Forward sale of foreign exchange contracts	-	75,131,750	-	75,131,750

Investment in associates (listed - mutual funds) have market value of Rs 3,419 million as disclosed in note 11.6 to the financial statements which is being valued under level 1. 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.

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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 funds and global sukuk bonds classified as available for sale.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of GoP ijarah sukuks, PIA and WAPDA sukuks classified as available for sale.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GOP Sukuks WAPDA Sukuks and PIA Sukuks	The fair value of GoP Ijarah Sukuks, WAPDA Sukuks and PIA Sukuks quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined/ approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

39 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	2016					Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	
	Rupees in '000					
Total income	1,234,543	17,987,936	7,476,513	10,510,331	17,492	37,226,815
Total expenses	(1,013,800)	(15,593,999)	(6,098,157)	(8,953,126)	(6,122)	(31,665,204)
Net income	220,743	2,393,937	1,378,356	1,557,205	11,370	5,561,611
Segment assets	16,080,705	319,481,447	84,269,176	237,935,769	-	657,767,097
Segment non performing assets	181,682	768,307	1,795,188	5,353,463	-	8,098,640
Segment provision held*	181,682	199,030	1,937,795	6,242,627	-	8,561,134
Segment liabilities	787,348	5,616,271	584,164,963	36,724,897	-	627,293,479
Segment return on assets (ROA) (%)	1.45%	0.78%	2.13%	0.75%	-	-
Segment cost of funds (%)	2.53%	2.53%	2.53%	2.53%	-	-

	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%	-	-

*Includes general provision

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40 RELATED PARTY TRANSACTIONS

40.1 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.

40.2 Banking transactions with related parties are entered in the normal course of business.

40.3 Subsidiary company

- Al Meezan Investment Management Limited

40.4 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

40.5 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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	Rupees in '000									
Islamic financing and related assets										
At January 1	944,387	-	-	-	944,387	-	-	-	-	-
Addition during the year	7,562,436	8,029,117	-	-	7,562,436	8,029,117	-	-	-	-
Repayment during the year	(6,022,458)	(7,084,730)	-	-	(6,022,458)	(7,084,730)	-	-	-	-
At December 31	2,484,365	944,387	-	-	2,484,365	944,387	-	-	-	-
Investment	3,022,967	2,636,264	63,050	63,050	2,959,917	2,573,214	-	-	-	-
Deposit										
At December 31	3,678,711	3,439,189	24,001	21,486	1,300,974	1,561,102	402,039	160,650	1,951,697	1,695,951

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 Unconsolidated Financial Statements

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	Total		Subsidiary		Associates		Key Management Personnel / Directors		Other Related Parties	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Rupees in '000										
Balances										
Profit receivable on financing	26,418	38,684	-	-	26,418	38,684	-	-	-	-
Dividend receivable	4,286	3,079	-	-	4,286	3,079	-	-	-	-
Fee receivable	27,984	7,767	19,989	7,767	7,995	-	-	-	-	-
Payable to defined benefit plan	370,282	438,444	-	-	-	-	246,926	211,964	123,356	226,480
Accrued expenses	46,129	6,273	46,129	6,273	-	-	-	-	-	-
Advance against future Diminishing Musharakah	52,994	-	-	-	52,994	-	-	-	-	-
Letters of credit (unfunded)	938,923	735,909	-	-	938,923	735,909	-	-	-	-
Letters of guarantee (unfunded)	1,201,101	337,300	100	100	1,201,001	337,200	-	-	-	-
Transactions, income and expenses										
Profit earned on financing	73,290	406,570	-	-	73,290	406,570	-	-	-	-
Return on deposits / borrowing expensed	153,847	149,219	1,055	1,371	29,875	29,311	5,863	3,191	117,054	115,346
Dividend income earned	440,940	452,618	267,800	195,000	173,140	257,618	-	-	-	-
Investments made	576,879	1,810,912	-	-	576,879	1,810,912	-	-	-	-
Capital gain (net)	183,688	201,694	-	-	183,688	201,694	-	-	-	-
Charge for diminution in value of investments	9,814	11,328	-	-	9,814	11,328	-	-	-	-
Charge for defined benefit plan	173,356	226,480	-	-	-	-	-	-	173,356	226,480
Contribution to defined contribution plan	207,975	181,427	-	-	-	-	-	-	207,975	181,427
Contribution to staff benevolent fund	19,347	10,000	-	-	-	-	-	-	19,347	10,000
Fees expensed	57,032	16,769	57,032	16,769	-	-	-	-	-	-
Fees and other income earned	222,351	114,535	85,983	113,619	136,368	916	-	-	-	-
Charity paid	17,000	18,000	-	-	-	-	-	-	17,000	18,000
Premiums paid	7,543	22,519	-	-	7,543	22,519	-	-	-	-
Claims received	20,939	53,565	-	-	20,939	53,565	-	-	-	-
Remuneration to key management personnel:										
- Salaries and benefits (excluding end of service benefit) (notes 37 & 29.4)	244,901	237,514	-	-	-	-	244,901	237,514	-	-
- End of service benefit charge for the founder president (note 35.15)	34,962	211,964	-	-	-	-	34,962	211,964	-	-
Fees to non-executive directors (note 37)	39,081	35,379	-	-	-	-	39,081	35,379	-	-
Proceeds from sale of fixed assets having net book value of Rs. Nil (2015: 2.997 million)	-	2,872	-	-	-	-	-	2,872	-	-

40.6 Associates - Key information

Assets
Liabilities
Operating revenue
Profit after tax

	2016 (Unaudited)		
	Mutual funds *	Others	Total
	Rupees in '000		
	77,872,108	-	77,872,108
	1,738,990	-	1,738,990
	18,217,977	-	18,217,977
	17,568,689	-	17,568,689

* Information is based on the reviewed financial information as at December 31, 2016.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

Associates - Key information	2015 (Unaudited)		
	Mutual funds *	Others	Total
	Rupees in '000		
Assets	52,026,945	857,872	52,884,817
Liabilities	1,116,248	800,100	1,916,348
Operating revenue	5,369,886	98,688	5,468,574
Profit after tax	4,794,349	21,599	4,815,948

* Information is based on the reviewed financial information as at December 31, 2015.

41 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per requirements which were applicable last year.

41.1 Capital structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, 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 78%).

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.

41.2 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

The Bank prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 10.65% as of December 31, 2016 whereas CAR stood at 12.91% at the year ended December 31, 2016.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Sensitivity and stress testing of the Bank under different risk factors namely yield rate, forced sale value of collateral, non-performing 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.

41.3 Capital Adequacy Ratio (CAR) disclosure

Particulars	2016	2015**
	Rupees in '000	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	10,027,379	10,027,379
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
Discount on issue of shares	-	-
General / Statutory Reserves	9,699,685	8,587,363
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	8,422,009	6,942,042
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	28,149,073	25,556,784
Total regulatory adjustments applied to CET1 (Note 41.3.1)	(612,993)	(797,382)
Common Equity Tier 1	27,536,080	24,759,402
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which:	-	-
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total of Regulatory Adjustment applied to AT1 capital (Note 41.3.2)	(12,610)	(18,915)
Additional Tier 1 capital after regulatory adjustments	-	-
Tier 1 Capital (CET1 + admissible AT1)	27,536,080	24,759,402
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	7,000,000	-
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	1,494,391	1,366,772
Revaluation Reserves (net of taxes)	-	-
of which:		
- Revaluation reserves on fixed assets	-	-
- Unrealized gains/losses on AFS	1,813,146	529,518
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
T2 before regulatory adjustments	10,307,537	1,896,290
Total regulatory adjustment applied to T2 capital (Note 41.3.3)	(62,610)	(18,915)
Tier 2 capital (T2) after regulatory adjustments	10,244,927	1,877,375
Tier 2 capital recognized for capital adequacy	10,244,927	1,877,375
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	10,244,927	1,877,375
TOTAL CAPITAL (T1 + admissible T2)	37,781,007	26,636,777
Total Risk Weighted Assets (RWA) {for details refer Note 41.6}	292,717,139	242,653,197

** As reported in last year annual financial statements.

Notes to and forming part of the Unconsolidated Financial Statements

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Particulars	2016	2015**
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	9.41%	10.20%
Tier-1 capital to total RWA	9.41%	10.20%
Total capital to total RWA	12.91%	10.98%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
of which:	6.65%	6.25%
- capital conservation buffer requirement	0.65%	0.25%
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	3.41%	4.20%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
CCB (Consisting of CET 1 only)	0.65%	0.25%
Total Capital plus CCB	10.65%	10.25%

Particulars	2016		2015**	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
Rupees in '000				
41.3.1 Common Equity Tier 1 capital: Regulatory adjustments				
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	454,914	-	460,559	-
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	145,469	-	317,908	-
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	12,610	31,525	18,915	31,525
Total regulatory adjustments applied to CET1	612,993	31,525	797,382	31,525
41.3.2 Additional Tier 1 Capital: regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

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Particulars	2016		2015**	
	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	12,610	-	18,915	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	12,610	-	18,915	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

41.3.3 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	12,610	31,525	18,915	31,525
Reciprocal cross holdings in Tier 2 instruments	50,000	-	-	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Amount of Regulatory Adjustment applied to T2 capital	62,610	31,525	18,915	31,525

41.3.4 Risk Weighted Assets subject to pre-BaseI III treatment

	2016	2015**
	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	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	-	-
Significant investments in the common stock of financial entities	37,830	25,220
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-

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	2016	2015**
	Rupees in '000	
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,494,391	1,366,772
Cap on inclusion of provisions in Tier 2 under standardized approach	3,007,957	2,374,684
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	-	-

41.3.5 Leverage ratio

According to Basel III instructions issued by the State Bank of Pakistan (BPRD circular no. 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.

	2016	2015
	Rupees in '000	
Particulars		
On balance sheet exposures		
1 On-balance sheet items (excluding unrealised gain on forward contracts)	657,767,097	532,138,104
2 Forward exchange commitments with positive fair values	1,439,734	1,035,006
Total On balance sheet exposures	659,206,831	533,173,110
Off balance sheet exposures		
3 Off-balance sheet items	87,601,838	57,600,804
4 Commitment in respect of forward exchange contracts	1,376,300	1,199,394
Total Off balance sheet exposures	88,978,138	58,800,198
Capital and total exposures		
5 Tier 1 capital (Note 41.3)	27,536,080	24,759,402
6 Total exposures	748,184,969	591,973,308
Basel III leverage ratio	3.68%	4.18%

The current year's leverage ratio is 3.68% (2015: 4.18%) whereas total tier 1 capital and total exposures are Rs 27,536.080 million (2015: Rs 24,759.402 million) and Rs 748,184.969 million (2015: Rs 591,973 million) respectively.

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41.4 Capital Structure Reconciliation

41.4.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000		
Assets		
Cash and balances with treasury banks	56,036,849	56,036,849
Balances with other banks	12,021,351	12,021,351
Due from financial institutions	129,115,165	129,115,165
Investments	130,156,297	130,156,297
Islamic financing and related assets	311,530,270	311,530,270
Operating fixed assets	8,924,328	8,924,328
Deferred tax assets	-	-
Other assets	9,982,837	9,982,837
Total assets	657,767,097	657,767,097
Liabilities and Equity		
Bills payable	9,130,998	9,130,998
Due to financial institutions	32,005,501	32,005,501
Deposits and other accounts	564,023,853	564,023,853
Sub-ordinated Sukuk	7,000,000	7,000,000
Deferred tax liabilities	1,362,909	1,362,909
Other liabilities	13,770,218	13,770,218
Total liabilities	627,293,479	627,293,479
Share capital	10,027,379	10,027,379
Reserves	9,699,685	9,699,685
Unappropriated profit	8,422,009	8,422,009
Minority Interest	-	-
Surplus on revaluation of investments - net of tax	2,324,545	2,324,545
Total liabilities and equity	657,767,097	657,767,097

41.4.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000			
Assets			
Cash and balances with treasury banks		56,036,849	56,036,849
Balances with other banks		12,021,351	12,021,351
Due from financial institutions		129,115,165	129,115,165
Investments		130,156,297	130,156,297
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-

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Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
		Rupees in '000	
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual Funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	145,469	145,469
- others	e	-	-
Islamic financing and related assets			
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	311,530,270	311,530,270
- general provisions reflected in Tier 2 capital	g	1,494,391	1,494,391
Operating fixed assets		8,924,328	8,924,328
- of which: Intangibles	k	454,914	454,914
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		9,982,837	9,982,837
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		657,767,097	657,767,097
Liabilities and Equity			
Bills payable		9,130,998	9,130,998
Due to financial institutions		32,005,501	32,005,501
Deposits and other accounts		564,023,853	564,023,853
Sub-ordinated loans of which:		7,000,000	7,000,000
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Deferred tax liabilities of which:		1,362,909	1,362,909
- 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		13,770,218	13,770,218
Total liabilities		627,293,479	627,293,479
Share capital		10,027,379	10,027,379
- of which: amount eligible for CET1	s	10,027,379	10,027,379
- of which: amount eligible for AT1	t	-	-
Reserves of which:		9,699,685	9,699,685
- portion eligible for inclusion in CET1 - Statutory reserve	u	6,515,372	6,515,372
- 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	8,422,009	8,422,009
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:		2,324,545	2,324,545
- Revaluation reserves on Property		-	-
- Unrealized Gains/Losses on AFS	aa	2,324,545	2,324,545
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and Equity		657,767,097	657,767,097

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41.4.3 Basel III Disclosure (with added column) - Step 3

Particulars	Source based on reference number from step 2	Component of regulatory capital reported by the bank Rupees in '000
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital		10,027,379
2 Balance in share premium account	(s)	-
3 Reserve for issue of bonus shares		-
4 General / Statutory Reserves	(u)	9,699,685
5 Gain / (Losses) on derivatives held as Cash Flow Hedge		-
6 Unappropriated / unremitted profits	(w)	8,422,009
7 Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
8 CET 1 before Regulatory Adjustments		28,149,073
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	(j) - (s)	-
10 All other intangibles (net of any associated deferred tax liability)	(k) - (p)	454,914
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)	145,469
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		12,610
28 Total regulatory adjustments applied to CET1		612,993
Common Equity Tier 1		27,536,080
Additional Tier 1 (AT 1) Capital		
29 Qualifying Additional Tier-1 instruments plus any related share premium of which:		-
30 - Classified as equity	(t)	-
31 - Classified as liabilities	(m)	-
32 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
33 of which: instrument issued by subsidiaries subject to phase out		-
34 AT1 before regulatory adjustments		-

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Particulars	Source based on reference number from step 2	Component of regulatory capital reported by the bank Rupees in '000
Additional Tier 1 Capital: regulatory adjustments		
35 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
36 Investment in own AT1 capital instruments		-
37 Reciprocal cross holdings in Additional Tier 1 capital instruments		-
38 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
39 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
40 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
41 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
42 Total of Regulatory Adjustment applied to AT1 capital		-
43 Additional Tier 1 capital		-
44 Additional Tier 1 capital recognised for capital adequacy		-
 Tier 1 Capital (CET1 + admissible AT1)		 27,536,080
Tier 2 Capital		
45 Qualifying Tier 2 capital instruments under Basel III		7,000,000
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)	1,494,391
49 Revaluation Reserves eligible for Tier 2 of which:		-
50 - portion pertaining to Property		-
51 - portion pertaining to AFS securities	67% of (aa)	1,813,146
52 Foreign Exchange Translation Reserves	(v)	-
53 Undisclosed / Other Reserves (if any)		-
54 T2 before regulatory adjustments		10,307,537
Tier 2 Capital: regulatory adjustments		
55 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		12,610
56 Reciprocal cross holdings in Tier 2 instruments		50,000
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		62,610
61 Tier 2 capital (T2)		10,244,927
62 Tier 2 capital recognised for capital adequacy		10,244,927
63 Excess Additional Tier 1 capital recognised in Tier 2 capital		-
64 Total Tier 2 capital admissible for capital adequacy		10,244,927
 TOTAL CAPITAL (T1 + admissible T2)		 37,781,007

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41.5 Main features of regulatory capital instruments

	Main Features	Common Shares	Tier II Sukuks
1	Issuer	Meezan Bank Limited	Meezan Bank Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	MEBL	Meezan Bank Limited - Tier II
3	Governing law(s) of the instrument	Listing regulations of Karachi Stock Exchange Limited*	Mudaraba Sukuk Laws applicable in Pakistan
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
6	Eligible at solo/ group/ group& solo	Solo & Group	Solo & Group
7	Instrument type	Ordinary shares	Subordinated debt
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs 10,027,379	Rs 7,000,000
9	Par value of instrument	10	Rs 1,000,000
10	Accounting classification	Shareholders' equity	Liability - Subordinated Sukuk
11	Original date of issuance	August 16, 1997	September 22, 2016
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	N/A	September 21, 2026
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	Callable with prior approval of SBP on or after five years from the date of issue
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/ coupon	N/A	Floating coupon
18	coupon rate and any related index/ benchmark	N/A	It is expected that profit may be similar to 6 month KIBOR plus 50 bps
19	Existence of a dividend stopper	No	N/A
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative
23	Convertible or non-convertible	Nonconvertible	Convertible
24	If convertible, conversion trigger (s)	N/A	Occurrence of a non-viability trigger event (the "PONV")
25	If convertible, fully or partially	N/A	Fully
26	If convertible, conversion rate	N/A	The conversion pricing formula is linked to the market value of the Common Shares on the date of PONV trigger event and the fair value of the Sukuk determined by adding / deducting attributable profit / loss of the General Pool and any amount of profit held during the Loss Absorbency period
27	If convertible, mandatory or optional conversion	N/A	Option of SBP
28	If convertible, specify instrument type convertible into	N/A	Common Shares
29	If convertible, specify issuer of instrument it converts into	N/A	Meezan Bank Limited
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual interest	Residual interest
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

* (Now Pakistan Stock Exchange Limited)

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41.6 Risk-weighted exposures	Minimum capital requirements		Risk weighted assets	
	2016	2015 **	2016	2015 **
	Rupees in '000			
Credit Risk				
Portfolios subject to on-balance sheet exposure (Simple Approach)				
Cash and cash equivalents	-	-	-	-
Sovereign	156,723	107,673	1,567,232	1,076,729
Public sector entities	434,818	305,669	4,348,180	3,056,690
Banks	1,078,324	987,505	10,783,235	9,875,052
Corporate	16,957,024	13,979,805	169,570,236	139,798,052
Retail	1,663,258	724,894	16,632,575	7,248,944
Residential mortgage	404,127	299,357	4,041,268	2,993,569
Past due loans	24,485	25,170	244,852	251,703
Operating fixed assets	846,941	759,618	8,469,414	7,596,184
All other assets	491,145	415,285	4,911,454	4,152,851
Portfolios subject to off-balance sheet exposure - non market related (Simple approach)				
Banks	80,772	91,892	807,717	918,915
Corporate	1,559,958	1,030,128	15,599,580	10,301,279
Retail	58,377	18,486	583,766	184,864
Others	57,868	50,061	578,681	500,605
Portfolios subject to off-balance sheet exposures - market related (Current exposure method)				
Banks	68,570	78,479	685,696	784,792
Customers	48,633	39,528	486,330	395,277
Equity Exposure Risk in the Banking Book				
Unlisted equity investments held in banking book	123,175	77,615	1,231,754	776,154
Recognised portion of significant investment	9,458	6,305	94,575	63,050
Market Risk				
Capital Requirement for portfolios subject to Standardised Approach				
Interest rate risk	67,883	63,950	848,539	799,370
Equity position risk	931,190	713,966	11,639,875	8,924,575
Foreign Exchange risk	21,541	818,537	269,267	10,231,717
Operational Risk				
Capital requirement for operational risk	3,145,833	2,617,826	39,322,913	32,722,825
Total	28,230,103	23,211,749	292,717,139	242,653,197
Capital Adequacy Ratio	Required	Actual	Required	Actual **
	December 2016		December 2015	
CCET1 to total RWA	6.65%***	9.41%	6.25%	10.20%
Tier-1 capital to total RWA	7.50%	9.41%	7.50%	10.20%
Total capital to total RWA	10.65%***	12.91%	10.25%	10.98%

** As reported in last year annual financial statements.

*** Capital adequacy requirement inclusive of Capital Conservation Buffer requirement (CCB).

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42 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 (ICORMC)	President & CEO

CRMC is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements & internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Bank is maximized without compromising on risk appetite. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

The 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.

42.1 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 240,636.545 million (2015: Rs 189,974.709 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 12.91%.

42.1.1 Segmental information

42.1.1.1 Segment by class of business

	2016					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, food, forestry and fishing	38,214,308	11.96	3,668,320	0.65	15,555,943	4.23
Automobile and transportation equipment	3,399,534	1.06	3,405,337	0.60	2,698,799	0.73
Cement	4,367,795	1.37	582,853	0.10	3,859,895	1.05
Chemical and pharmaceuticals	21,655,927	6.78	6,533,737	1.16	15,159,607	4.13
Construction	3,760,827	1.18	11,337,793	2.01	2,017,653	0.55
Electronics and electrical appliances	3,823,221	1.20	1,348,652	0.24	4,041,332	1.10
Exports / imports	4,770,044	1.49	4,131,094	0.73	8,157,751	2.22
Financial institutions	946,640	0.30	2,727,359	0.48	142,226,631	38.71
Footwear and leather garments	1,461,597	0.46	804,068	0.14	1,644,692	0.45
Individuals	25,886,649	8.10	414,918,111	73.56	15,260,443	4.15
Insurance	52,731	0.00	1,457,518	0.28	12,368	0.02
Others	22,917,997	7.17	59,581,061	10.56	41,960,352	11.42
Paper, board and packaging	8,227,027	2.57	451,323	0.08	3,535,658	0.96
Power (electricity), oil, gas and water	71,780,654	22.46	962,740	0.17	29,078,247	7.91
Services	4,609,756	1.44	12,421,301	2.20	5,776,871	1.57
Sugar	7,416,929	2.32	3,653,716	0.65	3,646,547	0.99
Textile	62,367,983	19.51	14,609,079	2.59	54,361,246	14.79
Transport, storage and communication	11,916,863	3.73	7,376,874	1.31	6,091,954	1.66
Wholesale and retail trade	22,040,382	6.90	14,052,917	2.49	12,362,220	3.36
	319,616,864	100	564,023,853	100	367,448,209	100

	2015					
	Islamic financing 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	0.10	2,867,217	0.88
Power (electricity), oil, gas and water	22,822,499	10.58	485,332	0.10	11,480,936	3.51
Services	5,498,620	2.55	9,885,338	2.10	4,148,684	1.27
Sugar	8,397,530	3.89	1,684,479	0.36	4,219,950	1.29
Textile	49,281,856	22.84	8,784,104	1.86	50,438,339	15.43
Transport, storage and communication	9,544,463	4.42	5,539,204	1.17	6,066,032	1.86
Wholesale and retail trade	5,181,647	2.40	8,603,921	1.82	5,175,367	1.58
	215,775,663	100	471,820,959	100	326,925,590	100

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42.1.1.2 Segmental by sector

	2016					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	77,879,272	24.37	6,984,549	1.24	-	-
Private	241,737,592	75.63	557,039,304	98.76	367,448,209	100
	<u>319,616,864</u>	<u>100</u>	<u>564,023,853</u>	<u>100</u>	<u>367,448,209</u>	<u>100</u>

	2015					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	29,700,958	13.76	1,697,285	0.36	-	-
Private	186,074,705	86.24	470,123,674	99.64	326,925,590	100
	<u>215,775,663</u>	<u>100</u>	<u>471,820,959</u>	<u>100</u>	<u>326,925,590</u>	<u>100</u>

42.1.1.3 Details of non-performing Islamic financings and related assets and specific provisions by class of business segment:

	2016		2015	
	Classified Islamic financing and related assets	Specific provisions held	Classified Islamic financing and related assets	Specific provisions held
	Rupees in '000			
Agriculture, forestry, hunting and fishing	62,592	62,592	232,560	232,560
Textile	4,198,364	4,069,289	4,180,864	4,177,799
Chemical and pharmaceuticals	43,334	43,334	-	-
Sugar	108,718	108,718	108,718	113,529
Footwear and leather garments	188,113	188,121	108,570	108,578
Automobile and transportation equipment	659,566	659,057	674,191	671,271
Electronics and electrical appliances	19,616	19,616	-	-
Construction	21,597	21,597	26,597	26,597
Power (electricity), gas, water	2,796	2,796	2,796	2,796
Transport, storage and communication	12,648	9,966	-	-
Wholesale and retail trade	490,543	479,614	647,085	470,032
Paper, board and packaging	29,597	29,597	29,597	29,597
Exports / imports	260,263	249,713	257,452	250,202
Individuals	398,433	315,152	412,035	370,770
Others	351,112	333,041	383,917	386,337
	<u>6,847,292</u>	<u>6,592,203</u>	<u>7,064,382</u>	<u>6,840,068</u>

42.1.1.4 Details of non-performing Islamic financings and related assets and specific provisions by sector:

	2016		2015	
	Classified Islamic financing and related assets	Specific provisions held	Classified Islamic financing and related assets	Specific provisions held
	Rupees in '000			
Public / Government	-	-	-	-
Private	6,847,292	6,592,203	7,064,382	6,840,068
	<u>6,847,292</u>	<u>6,592,203</u>	<u>7,064,382</u>	<u>6,840,068</u>

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42.1.1.5 Geographical segment analysis

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees in '000			
Pakistan	8,942,836	657,767,097	30,473,618	367,448,209
	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

42.2 Credit Risk - General Disclosures

The Bank has adopted Standardised Approach of Basel Accord for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on 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 of Basel II. Meanwhile, none of the Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

42.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies such as PACRA (Pakistan Credit Rating Agency) and JCR-VIS (Japan Credit Rating Company - Vital Information System) which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

Exposures	2016				
	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 III requirements.

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42.2.2 Credit exposures subject to standardised approach

Exposures	2016			2015		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	111,679,500	64,244,659	47,434,841	28,758,709	-	28,758,709
50%	2,484,952	-	2,484,952	8,012,662	-	8,012,662
100%	-	-	-	-	-	-
150%	-	-	-	-	-	-
Unrated	268,957	-	268,957	584,900	-	584,900
Corporate						
20%	43,160,828	3,575,000	39,585,828	32,343,104	-	32,343,104
50%	23,652,800	3,047	23,649,753	17,776,489	-	17,776,489
100%	2,915,500	-	2,915,500	254,924	-	254,924
150%	-	-	-	-	-	-
Unrated 1	79,361,441	2,103,389	77,258,052	58,610,027	2,867,472	55,742,555
Unrated 2	69,607,453	14,016,685	55,590,768	54,754,966	-	54,754,966
Retails						
75%	27,348,238	5,171,471	22,176,767	12,848,637	3,183,379	9,665,258
Total	360,479,669	89,114,251	271,365,418	213,944,418	6,050,851	207,893,567

42.2.3 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 banks, corporate and retail portfolio. Under the standardized approach for on-balance sheet exposures, Rs 114,433.409 million of exposure on banks is subject to the CRM of Rs 64,244.659 million. The corporate portfolio of Rs 218,698.022 million is subject to the CRM of Rs 19,698.121 million whereas a claim on retail portfolio of Rs 27,348.238 million is subject to CRM of Rs 5,171.471 million. The total benefit of Rs 130,843.584 million was availed through CRM against total on-balance sheet exposure of Rs 651,459.420 million.

Under off-balance sheet, non-market related exposures; the corporate portfolio of Rs 190,726.160 million is subject to the CRM of Rs 1,660.912 million whereas claims on retail portfolio of Rs 3,778.138 million is subject to CRM of Rs 588.362 million. Total benefit of Rs 2,249.274 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 210,151.911 million

In the year 2016, total amount of cash collateral used for CRM purposes was Rs 27,118.866 million as against amount of Rs 7,868.471 million in year 2015. Whereas, Government guarantees used for CRM stood at Rs 41,729.333 million as against Rs 13,079.550 million in year 2015.

42.2.4 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.

42.3 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 Unconsolidated 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 and Held to maturity investments.

42.4 Market risk

Market risk is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks. Banks could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

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.

42.4.1 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. The Bank's assets and liabilities in foreign currencies give rise to foreign exchange risk which has to be managed by the Bank; this risk is mitigated by using different hedging techniques. Hedging is a way used by a bank to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2016			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	620,742,039	587,790,208	(2,241,916)	30,709,915
United States Dollars	34,542,444	33,920,823	(888,393)	(266,772)
Great Britain Pounds	1,184,329	3,105,654	1,925,345	4,020
Japanese Yen	59,279	34	(54,613)	4,632
Euro	1,117,797	2,447,543	1,328,648	(1,098)
Singapore Dollars	9,964	3	(7,242)	2,719
Australian Dollars	35,959	28,227	(9,074)	(1,342)
Canadian Dollars	18,415	921	(17,072)	422
United Arab Emirates Dirham	36,207	29	(28,477)	7,701
Swiss Francs	7,151	-	(7,206)	(55)
Saudi Riyal	1,738	-	-	1,738
Swedish Korona	3,285	-	-	3,285
Malaysian Ringgit	1,856	-	-	1,856
Hongkong Dollar	1,086	37	-	1,049
Thailand Bhat	275	-	-	275
Norwegian Krone	881	-	-	881
Chinese Offshore Spot	1,499	-	-	1,499
Chinese Yuan	2,893	-	-	2,893
Total foreign currency exposure	37,025,058	39,503,271	2,241,916	(236,297)
Total currency exposure	657,767,097	627,293,479	-	30,473,618

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For the year ended December 31, 2016

	2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	503,596,202	473,292,914	6,171,105	36,474,393
United States Dollars	26,347,200	27,436,819	(9,142,098)	(10,231,717)
Great Britain Pounds	818,339	2,774,469	1,967,074	10,944
Japanese Yen	44,658	33	(43,515)	1,110
Euro	888,409	1,996,315	1,116,186	8,280
Singapore Dollars	12,747	3	(11,123)	1,621
Australian Dollars	20,074	1,253	(17,628)	1,193
Canadian Dollars	22,358	952	(18,850)	2,556
United Arab Emirates Dirham	39,408	29	-	39,379
Swiss Francs	22,376	-	(21,151)	1,225
Saudi Riyal	4,504	-	-	4,504
Swedish Korona	5,447	-	-	5,447
Malaysian Ringgit	8,017	-	-	8,017
Hongkong Dollar	809	37	-	772
Chinese Yuan	19,386	-	-	19,386
Total foreign currency exposure	28,253,732	32,209,910	(6,171,105)	(10,127,283)
Total currency exposure	531,849,934	505,502,824	-	26,347,110

42.4.2 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.

42.4.3 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 the Bank's income, and resultant impact is on the Bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these, complemented by the monitoring of sensitivity of the Bank's financial assets and liabilities to various scenarios.

The Bank estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Bank by various shocks.

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42.4.4 Mismatch of yield rate sensitive assets and liabilities

Effective yield rate %	Total	2016									Non-yield bearing financial instruments	
		Exposed to yield risk										
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	56,036,849	-	-	-	-	-	-	-	-	-	56,036,849
Balances with other banks	0.25	12,021,351	206,975	9,000,000	-	-	-	-	-	-	-	2,814,376
Due from financial institutions	6.11	129,115,165	12,674,955	41,977,548	964,595	73,498,067	-	-	-	-	-	-
Investments	5.43	128,191,127	8,048,802	3,490,476	45,527,484	1,046,419	1,045,110	57,569,439	677,069	3,176,899	-	7,619,429
Islamic financing and related assets	7.13	311,530,270	41,647,280	86,018,385	68,426,222	11,310,779	2,452,143	10,033,692	8,276,450	5,566,774	9,620,933	68,177,612
Other assets	-	8,648,418	-	-	-	-	-	-	-	-	-	8,648,418
		645,543,180	62,578,012	140,486,409	114,918,301	85,855,265	3,497,253	67,593,131	8,953,519	8,743,673	9,620,933	143,296,684
Liabilities												
Bills payable	-	9,130,998	-	-	-	-	-	-	-	-	-	9,130,998
Due to financial institutions	4.09	32,005,501	15,990,356	5,230,649	10,784,496	-	-	-	-	-	-	-
Deposits and other accounts	2.44	564,023,853	367,439,274	-	-	-	-	-	-	-	-	196,584,579
Sub-ordinated Sukuk	6.76	7,000,000	-	7,000,000	-	-	-	-	-	-	-	-
Other liabilities	-	7,491,481	-	-	-	-	-	-	-	-	-	7,491,481
		619,651,833	383,429,630	12,230,649	10,784,496	-	-	-	-	-	-	213,207,058
On-balance sheet gap		25,891,347	(320,851,618)	128,255,760	104,133,805	85,855,265	3,497,253	67,593,131	8,953,519	8,743,673	9,620,933	(69,910,374)
Non financial assets												
- Investment in subsidiary and associates		1,965,170	-	-	-	-	-	-	-	-	-	-
- Operating fixed assets		8,924,328	-	-	-	-	-	-	-	-	-	-
- Other assets		1,334,419	-	-	-	-	-	-	-	-	-	-
		12,223,917	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
- Other liabilities		6,278,737	-	-	-	-	-	-	-	-	-	-
- Deferred tax liabilities		1,362,909	-	-	-	-	-	-	-	-	-	-
		7,641,646	-	-	-	-	-	-	-	-	-	-
Total net assets		30,473,618	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Forward Lending	-	-	-	-	-	-	-	-	-	-	-	-
Forward borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield rate sensitivity gap			(320,851,618)	128,255,760	104,133,805	85,855,265	3,497,253	67,593,131	8,953,519	8,743,673	9,620,933	(69,910,374)
Cumulative yield rate sensitivity gap			(320,851,618)	(192,595,858)	(88,462,053)	(2,606,788)	890,465	68,483,596	77,437,115	86,180,788	95,801,721	25,891,347

Effective yield rate %	Total	2015									Non-yield bearing financial instruments	
		Exposed to yield risk										
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	43,685,636	-	-	-	-	-	-	-	-	-	43,685,636
Balances with other banks	0.09	11,175,060	3,107,433	-	-	4,000,000	-	-	-	-	-	4,067,627
Due from financial institutions	8.21	101,079,476	1,900,144	78,334,591	20,844,741	-	-	-	-	-	-	-
Investments	7.24	144,402,890	3,180,611	16,525,090	41,338,711	69,394,946	2,109,928	1,045,838	1,072,299	3,188,186	-	6,547,281
Islamic financing and related assets	8.72	207,568,823	21,296,992	33,336,411	45,994,330	55,986,446	-	-	-	-	-	50,954,644
Other assets	-	12,555,597	-	-	-	-	-	-	-	-	-	12,555,597
		520,467,482	29,485,180	128,196,092	108,177,782	129,381,392	2,109,928	1,045,838	1,072,299	3,188,186	-	117,810,785
Liabilities												
Bills payable	-	6,560,324	-	-	-	-	-	-	-	-	-	6,560,324
Due to financial institutions	5.53	13,609,551	8,816,491	962,140	3,824,123	-	-	-	-	-	-	6,797
Deposits and other accounts	3.46	471,820,959	323,120,446	-	-	-	-	-	-	-	-	148,700,513
Other liabilities	-	5,273,488	-	-	-	-	-	-	-	-	-	5,273,488
		497,264,322	331,936,937	962,140	3,824,123	-	-	-	-	-	-	160,541,122
On-balance sheet gap		23,203,160	(302,451,757)	127,233,952	104,353,659	129,381,392	2,109,928	1,045,838	1,072,299	3,188,186	-	(42,730,337)
Non financial assets												
- Investment in subsidiary and associates		1,902,007	-	-	-	-	-	-	-	-	-	-
- Operating fixed assets		8,056,743	-	-	-	-	-	-	-	-	-	-
- Other assets		1,423,702	-	-	-	-	-	-	-	-	-	-
		11,382,452	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
- Other liabilities		7,845,381	-	-	-	-	-	-	-	-	-	-
- Deferred tax liabilities		393,121	-	-	-	-	-	-	-	-	-	-
		8,238,502	-	-	-	-	-	-	-	-	-	-
Total net assets		26,347,110	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Forward Lending	-	-	-	-	-	-	-	-	-	-	-	-
Forward borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield rate sensitivity gap			(302,451,757)	127,233,952	104,353,659	129,381,392	2,109,928	1,045,838	1,072,299	3,188,186	-	(42,730,337)
Cumulative yield rate sensitivity gap			(302,451,757)	(175,217,805)	(70,864,146)	58,517,246	60,627,174	61,673,012	62,745,311	65,933,497	65,933,497	23,203,160

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.

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Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

42.5 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 the Bank's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & 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.

42.5.1 Maturities of assets and liabilities

42.5.1.1 Maturities of assets and liabilities based on expected maturities

	2016									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	56,036,849	56,036,849	-	-	-	-	-	-	-	-
Balances with other banks	12,021,351	3,021,351	9,000,000	-	-	-	-	-	-	-
Due from financial institutions	129,115,165	12,674,955	41,977,548	964,595	73,498,067	-	-	-	-	-
Investments	130,156,297	7,784,589	411,948	1,094,827	2,321,897	45,230,644	63,511,215	4,551,978	5,182,807	66,392
Islamic financing and related assets	311,530,270	27,031,972	93,058,189	41,589,182	11,682,754	35,089,353	25,498,221	34,400,971	18,462,299	24,717,329
Operating fixed assets	8,924,328	-	-	-	1,304,791	990,383	990,382	1,474,297	1,964,641	2,199,834
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	9,982,837	1,450,355	3,055,756	4,583,634	893,092	-	-	-	-	-
	657,767,097	108,000,071	147,503,441	48,232,238	89,700,601	81,310,380	89,999,818	40,427,246	25,609,747	26,983,555
Liabilities										
Bills payable	9,130,998	9,130,998	-	-	-	-	-	-	-	-
Due to financial institutions	32,005,501	15,990,356	5,230,648	10,615,991	-	-	-	168,506	-	-
Deposits and other accounts										
- Current accounts	196,584,579	16,495,383	13,242,090	12,317,664	17,419,807	24,635,328	18,903,352	29,976,392	55,082,999	8,511,564
- Savings deposits	224,596,970	17,924,457	14,389,317	13,384,804	18,928,971	26,769,607	20,541,042	32,573,394	59,858,661	20,226,717
- Fixed deposits	142,842,304	33,728,127	24,270,606	18,389,037	28,102,014	6,843,151	7,707,497	11,385,346	12,416,526	-
Sub-ordinated Sukuk	564,023,853	68,147,967	51,902,013	44,091,505	64,450,792	58,248,086	47,151,891	73,935,132	127,358,186	28,738,281
Deferred tax liabilities	7,000,000	-	-	-	-	-	-	-	7,000,000	-
Other liabilities	1,362,909	-	-	-	340,727	340,727	340,727	340,728	-	-
	13,770,218	1,639,220	2,380,639	3,570,959	686,600	1,373,200	1,373,200	2,746,400	-	-
	627,293,479	94,908,541	59,513,300	58,278,455	65,478,119	59,962,013	48,865,818	77,190,766	134,358,186	28,738,281
Net assets	30,473,618	13,091,530	87,990,141	(10,046,217)	24,222,482	21,348,367	41,134,000	(36,763,520)	(108,748,439)	(1,754,726)
Share capital	10,027,379									
Reserves	9,699,685									
Unappropriated profit	8,422,009									
Surplus on revaluation of investments	2,324,545									
	30,473,618									

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	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	43,685,636	43,685,636	-	-	-	-	-	-	-	-
Balances with other banks	11,175,060	7,175,060	-	-	4,000,000	-	-	-	-	-
Due from financial institutions	101,079,476	1,900,145	78,334,591	-	20,844,740	-	-	-	-	-
Investments	146,304,897	8,049,536	9,899,272	222,339	69,945,844	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	-	-	-	-	-
	<u>531,849,934</u>	<u>126,844,638</u>	<u>112,608,373</u>	<u>38,135,432</u>	<u>107,466,119</u>	<u>16,260,480</u>	<u>59,411,501</u>	<u>45,371,688</u>	<u>17,003,586</u>	<u>8,748,117</u>
Liabilities										
Bills payable	6,560,324	6,560,324	-	-	-	-	-	-	-	-
Due to financial institutions	13,609,551	8,823,288	962,140	3,819,575	-	-	-	4,548	-	-
Deposits and other accounts										
- Current accounts	148,870,349	13,844,941	11,165,275	10,272,053	14,589,293	20,692,976	15,780,255	25,159,086	37,366,470	-
- Savings deposits	191,180,963	13,956,212	11,088,471	10,400,246	14,759,172	20,857,846	15,868,022	25,235,891	46,514,335	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	-	-
	<u>505,502,824</u>	<u>72,182,472</u>	<u>44,849,443</u>	<u>49,237,356</u>	<u>58,534,648</u>	<u>48,470,416</u>	<u>39,433,925</u>	<u>64,268,915</u>	<u>96,024,881</u>	<u>32,500,768</u>
Net assets	<u>26,347,110</u>	<u>54,662,166</u>	<u>67,758,930</u>	<u>(11,101,924)</u>	<u>48,931,471</u>	<u>(32,209,936)</u>	<u>19,977,576</u>	<u>(18,897,227)</u>	<u>(79,021,295)</u>	<u>(23,752,651)</u>
Share capital	10,027,379	-	-	-	-	-	-	-	-	-
Reserves	8,587,363	-	-	-	-	-	-	-	-	-
Unappropriated profit	6,942,042	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	790,326	-	-	-	-	-	-	-	-	-
	<u>26,347,110</u>	-	-	-	-	-	-	-	-	-

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, 30.2% of current accounts and 28.8% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 69.8% of current accounts and 71.2% of savings accounts are bucketed into maturities of above 1-Year.

42.5.1.2 Maturities of assets and liabilities based on contractual maturities

	2016									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	56,036,849	56,036,849	-	-	-	-	-	-	-	-
Balances with other banks	12,021,351	3,021,351	9,000,000	-	-	-	-	-	-	-
Due from financial institutions	129,115,165	12,674,955	41,977,548	964,595	73,498,067	-	-	-	-	-
Investments	130,156,297	7,784,589	411,948	1,094,827	2,321,897	45,230,644	63,511,215	4,551,978	5,182,807	66,392
Islamic financing and related assets	311,530,270	27,031,972	93,058,189	41,589,182	11,682,754	35,089,353	25,498,221	34,400,971	18,462,299	24,717,329
Operating fixed assets	8,924,328	-	-	-	1,304,791	990,383	990,382	1,474,297	1,964,641	2,199,834
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	9,982,837	1,450,355	3,055,756	4,583,634	893,092	-	-	-	-	-
	<u>657,767,097</u>	<u>108,000,071</u>	<u>147,503,441</u>	<u>48,232,238</u>	<u>89,700,601</u>	<u>81,310,380</u>	<u>89,999,818</u>	<u>40,427,246</u>	<u>25,609,747</u>	<u>26,983,555</u>
Liabilities										
Bills payable	9,130,998	9,130,998	-	-	-	-	-	-	-	-
Due to financial institutions	32,005,501	15,990,356	5,230,648	10,615,991	-	-	-	168,506	-	-
Deposits and other accounts										
- Current accounts	196,584,579	196,584,579	-	-	-	-	-	-	-	-
- Savings deposits	224,596,970	224,596,970	-	-	-	-	-	-	-	-
- Fixed deposits	142,842,304	33,728,127	24,270,606	18,389,037	28,102,014	6,843,151	7,707,497	11,385,346	12,416,526	-
	564,023,853	454,909,676	24,270,606	18,389,037	28,102,014	6,843,151	7,707,497	11,385,346	12,416,526	-
Sub-ordinated Sukuk	7,000,000	-	-	-	-	-	-	-	7,000,000	-
Deferred tax liabilities	1,362,909	-	-	-	340,727	340,727	340,727	340,728	-	-
Other liabilities	13,770,218	1,639,220	2,380,639	3,570,959	686,600	1,373,200	1,373,200	2,746,400	-	-
	<u>627,293,479</u>	<u>481,670,250</u>	<u>31,881,893</u>	<u>32,575,987</u>	<u>29,129,341</u>	<u>8,557,078</u>	<u>9,421,424</u>	<u>14,640,980</u>	<u>19,416,526</u>	<u>-</u>
Net assets	<u>30,473,618</u>	<u>(373,670,179)</u>	<u>115,621,548</u>	<u>15,656,251</u>	<u>60,571,260</u>	<u>72,753,302</u>	<u>80,578,394</u>	<u>25,786,266</u>	<u>6,193,221</u>	<u>26,983,555</u>
Share capital	10,027,379	-	-	-	-	-	-	-	-	-
Reserves	9,699,685	-	-	-	-	-	-	-	-	-
Unappropriated profit	8,422,009	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investments	2,324,545	-	-	-	-	-	-	-	-	-
	<u>30,473,618</u>	-	-	-	-	-	-	-	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	43,685,636	43,685,636	-	-	-	-	-	-	-	-
Balances with other banks	11,175,060	7,175,060	-	-	4,000,000	-	-	-	-	-
Due from financial institutions	101,079,476	1,900,145	78,334,591	-	20,844,740	-	-	-	-	-
Investments	146,304,897	7,537,475	9,898,607	221,277	69,943,686	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
Liabilities										
Bills payable	6,560,324	6,560,324	-	-	-	-	-	-	-	-
Due to financial institutions	13,609,551	8,823,288	962,140	3,819,575	-	-	-	4,548	-	-
Deposits and other accounts										
- Current accounts	148,870,349	148,870,349	-	-	-	-	-	-	-	-
- Savings deposits	191,180,963	191,180,963	-	-	-	-	-	-	-	-
- Fixed deposits	131,769,647	24,926,933	19,425,064	21,432,742	28,696,029	6,037,567	6,903,621	12,203,615	12,144,076	-
	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	-
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	384,432,631	22,595,697	28,565,057	29,186,183	6,919,594	7,785,648	13,873,938	12,144,076	-
Net assets	26,347,110	(258,100,054)	90,012,011	9,569,313	78,277,778	9,655,218	51,815,335	31,498,554	4,859,510	8,759,445
Share capital	10,027,379									
Reserves	8,587,363									
Unappropriated profit	6,942,042									
Surplus on revaluation of investments	790,326									
	26,347,110									

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.

43 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	
		2016	2015	2016	2015
Insurance Companies	Government Ijarah Sukuks	5	4	2,063,000	318,000
Asset Management Companies	Government Ijarah Sukuks	11	11	-	-
Employee Funds / NGO's	Government Ijarah Sukuks	13	11	63,000	-
Individuals	Government Ijarah Sukuks	19	16	7,700	2,300
Others	Government Ijarah Sukuks	4	3	40,500	40,000
Related parties					
Associates	Government Ijarah Sukuks	-	-	-	-
Other related parties	Government Ijarah Sukuks	1	1	75,000	30,000
		53	46	2,249,200	390,300

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

44. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

44.1 The Bank managed following general and specific pools during the year:

2016							
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	6.78%	45% to 50%	9,912,320	3.87%	10%	976,328
USD Pool	Monthly	2.19%	60% to 75%	266,573	0.59%	-	-
GBP Pool	Monthly	1.44%	60% to 90%	18,232	0.19%	-	-
EUR Pool	Monthly	0.43%	60% to 90%	3,222	0.05%	-	-

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%	-	-

2016							
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) Musharaka Pool	Monthly	5.31%	*	*	2.63%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	9.01% - 5.55%	*	*	6.75% - 3.85%	N/A	N/A
Special Sharikah Certificate Pool Mudaraba borrowing Pool	As required	6.15% - 5.45%	*	*	6.50% - 4.00%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2016

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) Musharaka Pool	Monthly	6.91%	*	*	4.26%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	9.70% - 6.15%	*	*	10.25% - 5.25%	N/A	N/A
Special Sharikah Certificate Pool Mudaraba borrowing Pool	As required	9.73% - 6.15%	*	*	9.5% - 5%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

44.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2016	2015	2016	2016	2015	2015
PKR Pool						
Saving Accounts	23.47%	21.83%	0.67	0.62	0.73	0.60
Meezan Bachat Account	18.88%	17.71%	0.89	0.62	1.11	0.60
Karobari Munafa Account	11.86%	9.98%	1.34	0.66	1.49	0.70
Certificate of Islamic Investment Plus	14.74%	19.31%	1.50	1.12	1.53	1.12
Meezan Aamdan Certificate	10.41%	11.02%	1.89	1.58	1.86	1.42
USD Pool						
Saving Accounts	3.39%	3.28%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.58%	1.86%	1.35	0.77	1.35	0.77
GBP Pool						
Saving Accounts	0.43%	0.41%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.29%	0.26%	0.27	0.27	0.27	0.27

44.3 Allocation of Income and Expenses to Depositors' Pools

The following are material items of revenues, expenses, gains and losses

	2016	2015
	Rupees in '000	
Profit / return earned on islamic financing and related assets, investments and placements	30,716,493	32,408,168
Other Income (including other charges)	1,262,613	1,635,969
Directly related costs attributable to pool	(650,841)	(471,227)

45 NON-ADJUSTING EVENT

45.1 The Board of Directors in its meeting held on February 15, 2017 has announced final cash dividend of Rs 1.25 per share (12.5%). The financial statements for the year ended December 31, 2016, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2017.

46 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 reclassification during the current year except for the reclassification as mentioned below:

The SBP vide its BPRD circular No. 5 of 2016 dated February 29, 2016 has advised banks to show Bai Muajjal transactions with the Government of Pakistan under "Investments" category as "Other Federal Government securities". Accordingly, the Bank has reclassified its exposure of Rs 69.395 billion as at December 31, 2015 in Bai Muajjal with Government of Pakistan from "Due from Financial Institutions" to "Investments".

47 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 15, 2017 by the Board of Directors of the Bank.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A.
Al-Nassar
Director



Mansur Khan
Director

Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2016

Annexure 1

Statement showing written-off loans or any other financial relief of rupees 500,000 and above during the year ended December 31, 2016.

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, 2016				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	Muhammad Tariq 42101-1650123-1 Flat # B-221, 2nd floor, Serena Tower & Shopping Mall, Sector 15-A/1, North Karachi Township, Karachi		Abdul Rehman	485	498	105	1,088	-	398	105	503
2	Abdul Rehman Usmani 42101-9810148-1 Flat # G-1, Pepal Heaven, Plot No. 42-H, Block 2 PECHS, Karachi		Mohammad Abdul Muqeet Usmani	5,600	5,460	323	11,383	-	5,460	323	5,783
3	Sohail Ahmed 42301-1189541-9 Flat # 104, 1st Floor, Bath Island Pride, Street # 2, Bath Island, Clifton, Karachi		Haji Ismail	8,776	3,746	566	13,088	-	3,666	566	4,232
4	Shaukat Ali Tabani 42201-2729698-3 Plot # 88-B/2, Survey Sheet No. 35/P/1, Block# 2, PECHS, Karachi		Barkat Ali Tabani	16,599	18,207	865	35,671	-	18,171	865	19,036
5	Syed Niaz Haider 42101-0914504-9 Flat No. C-224, 2nd Floor, Ajmer Pride, Plot No-Com-2 Sub-Plot No. Com-2/C-24, Block-12, Sindh Baloch Co-Operative Housing Society, KDA Scheme-36, Gulistan-e- Johar, Karachi		Syed Riaz Haider	401	531	45	977	-	486	45	531

Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2016

Annexure 1

Statement showing written-off loans or any other financial relief of rupees 500,000 and above during the year ended December 31, 2016.

S. No.	Name and address of the borrower	Name of partners / directors (with CNIC No.)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2016				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											
6	Nasir Khan 42201-4763197-9 Flat # B-402, 4th Floor, Bisma Garden, Plot # FL-3, Block 13, Gulistan-e- Johar, Karachi		Sahibzada Khan	527	482	60	1,069	-	448	60	508
7	Rafi Sheikh 42101-1045080-7 G# 02, Ground Floor, Garden Residency, Garden East, Karachi		Sheikh Azmat Ali	4,708	6,833	177	11,718	-	6,799	177	6,976
8	Jamshaid Qaisar Sharif 35200-1451525-5 House # 223, Block D-2, Johar Town, Lahore		Khawaja Muhammad Sharif	7,924	8,098	407	16,429	-	7,129	407	7,536
9	Muhammad Riaz Sial 38403-4322310-7 House #380, Block G-III, M-A Johar Town, Lahore		Haji Allah Yar Sial	7,149	7,563	706	15,418	-	7,494	706	8,200
10	Muhammad Ahmad Noor ul Amin Khan Khakwani 36302-6373878-1 House No. 3222/8, Mohallah Fareedabad, Shah Nawaz Street, Outside Boher Gate, Multan		Ghulam Mustafa Khan Khakwani	1,942	2,800	58	4,800	-	2,621	-	2,621
11	Zenith Associates 3.5-Km, Manga Road Raiwind, Lahore	Tahir Ghias 35202-0180543-9	Haji Ghais-ud-Din	136,748	9,621	-	146,369	-	9,621	-	9,621
				190,859	63,839	3,312	258,010	-	62,293	3,254	65,547

میزان آسان

کرنٹ اکاؤنٹ

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

اکاؤنٹ صرف 100 روپے سے کھولا جاسکتا ہے

زیادہ سے زیادہ بیلنس کی حد 500,000 روپے

مفت آن لائن بینکنگ





Consolidated Financial Statements

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising the consolidated statement of financial position of **Meezan Bank Limited** (the Bank) and its subsidiary company, Al Meezan Investment Management Limited, as at December 31, 2016 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Bank and its subsidiary company. These consolidated financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Bank and its subsidiary company as at December 31, 2016 and the results of their operations for the year then ended.


Chartered Accountants
Engagement Partner: **Salman Hussain**
Dated: February 22, 2017
Karachi

Consolidated Statement of Financial Position

As at December 31, 2016

	Note	2016	2015
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	8	56,037,043	43,685,791
Balances with other banks	9	12,067,855	11,205,707
Due from financial institutions	10	129,115,165	101,079,476
Investments - net	11	134,796,574	150,137,212
Islamic financing and related assets - net	12	311,530,270	207,568,823
Operating fixed assets	13	9,031,686	8,161,435
Deferred tax assets		-	-
Other assets - net	14	10,689,082	14,111,489
		663,267,675	535,949,933
LIABILITIES			
Bills payable	15	9,130,998	6,560,324
Due to financial institutions	16	32,005,501	13,609,551
Deposits and other accounts	17	563,999,852	471,799,473
Sub-ordinated Sukuk	18	7,000,000	-
Deferred tax liabilities	19	1,955,203	730,923
Other liabilities	20	14,403,557	13,569,243
		628,495,111	506,269,514
NET ASSETS		34,772,564	29,680,419
REPRESENTED BY			
Share capital	21	10,027,379	10,027,379
Reserves	22	9,724,001	8,611,679
Unappropriated profit		11,340,678	9,238,479
		31,092,058	27,877,537
NON CONTROLLING INTEREST	23	1,221,989	944,623
		32,314,047	28,822,160
Surplus on revaluation of investments (including amount relating to share of profit from associates) - net of tax	24	2,458,517	858,259
		34,772,564	29,680,419
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 49 and Annexure 1 form an integral part of these consolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mansur Khan
Director

Consolidated Profit and Loss Account

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	26	31,429,642	33,113,547
Profit on deposits and other dues expensed	27	12,871,789	14,895,778
Net spread earned		18,557,853	18,217,769
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	12.10	(120,246)	425,908
(Reversal of provision) / provision against diminution in the value of investments	11.6	(64,673)	121,093
Provision against off balance sheet obligations	20.2	-	16,173
Bad debts written off directly		-	-
		(184,919)	563,174
Net spread after provisions		18,742,772	17,654,595
OTHER INCOME			
Fee, commission and brokerage income		3,942,236	2,891,445
Dividend income		345,288	184,320
Income from dealing in foreign currencies		1,207,563	1,471,337
Capital gain on sale of investments - net	28	1,012,424	488,697
Other income	29	357,060	301,034
Total other income		6,864,571	5,336,833
		25,607,343	22,991,428
OTHER EXPENSES			
Administrative expenses	30	16,115,217	14,049,760
Other (reversal of provisions) / provisions		(74,038)	59,152
Other charges	31	3,600	4,067
Workers Welfare Fund		211,940	191,116
Total other expenses		16,256,719	14,304,095
		9,350,624	8,687,333
Share of results of associates before taxation	11.7	1,166,467	238,580
Extraordinary / unusual items		-	-
Profit before taxation		10,517,091	8,925,913
Taxation - Current	32	3,283,846	2,559,908
- Prior years		268,219	709,046
- Deferred		362,603	589,017
		3,914,668	3,857,971
Profit after taxation		6,602,423	5,067,942
Attributable to:			
Equity shareholders of the Bank		6,181,901	4,857,804
Non-controlling interest	23	420,522	210,138
		6,602,423	5,067,942
Rupees			
Basic and diluted earnings per share	33	6.17	4.84

The annexed notes 1 to 49 and Annexure 1 form an integral part of these consolidated financial statements.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mansur Khan
Director

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
Profit after tax for the year attributable to:			
Equity shareholders of the Bank		6,181,901	4,857,804
Non-controlling interest	23	420,522	210,138
		<u>6,602,423</u>	<u>5,067,942</u>
Other comprehensive income			
Item that may not be reclassified to profit and loss account			
Remeasurements of defined benefit plan		62,820	(41,552)
Non-controlling interest		1,044	(316)
Tax on remeasurements of defined benefit plan		(21,987)	14,626
		<u>41,877</u>	<u>(27,242)</u>
Comprehensive income transferred to statement of changes in equity		6,644,300	5,040,700
Components of comprehensive income not reflected in equity			
Share in profits of associates relating to investment classified as 'available for sale'		101,599	2,593
Deferred tax on share of profit of associates		(35,560)	(908)
Surplus on revaluation of investments		2,360,337	345,335
Deferred tax on revaluation of investments		(826,118)	(170,619)
Total comprehensive income		<u><u>8,244,558</u></u>	<u><u>5,217,101</u></u>

The annexed notes 1 to 49 and Annexure 1 form an integral part of these consolidated financial statements.



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Al-Nassar
Director



Mansur Khan
Director

Consolidated Cash Flow Statement

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		10,517,091	8,925,913
Less: Dividend income		(345,288)	(184,320)
		10,171,803	8,741,593
Adjustments for non-cash charges and other items:			
Depreciation		1,424,562	1,028,822
Amortisation		178,529	151,701
(Reversal of provision) / provision against non-performing Islamic financing and related assets		(120,246)	425,908
(Reversal of provision) / provision against diminution in the value of investments		(64,673)	121,093
Provision against off balance sheet obligations		-	16,173
Charge for defined benefit plan		274,330	404,439
Gain on sale of operating fixed assets		(53,681)	(50,607)
Share of results of associates		(1,166,467)	(238,580)
		472,354	1,858,949
		10,644,157	10,600,542
(Increase) / decrease in operating assets			
Due from financial institutions		(28,035,689)	(10,313,179)
Islamic financing and related assets		(103,841,201)	(32,282,789)
Other assets		3,210,925	840,849
		(128,665,965)	(41,755,119)
Increase / (decrease) in operating liabilities			
Bills payable		2,570,674	926,569
Due to financial institutions		18,395,950	(3,065,979)
Deposits and other accounts		92,200,379	91,375,186
Other liabilities		93,109	(2,449,914)
		113,260,112	86,785,862
		(4,761,696)	55,631,285
Contribution to defined benefit plan		(283,163)	(129,281)
Income tax paid		(2,761,382)	(2,206,122)
Net cash (used in) / generated from operating activities		(7,806,241)	53,295,882
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in securities		19,033,714	(32,017,639)
Dividends received		556,770	179,856
Investments in operating fixed assets		(2,518,774)	(3,014,505)
Net cash inflow on acquisition		-	4,194,641
Proceeds from sale of fixed assets		99,113	85,969
Net cash generated from / (used in) investing activities		17,170,823	(30,571,678)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Sub-ordinated Sukuk		7,000,000	-
Dividend paid to Equity shareholders of the Bank		(3,006,982)	(3,008,213)
Dividend paid to non-controlling interest		(144,200)	(105,000)
Net cash generated from / (used in) financing activities		3,848,818	(3,113,213)
Increase in cash and cash equivalents		13,213,400	19,610,991
Cash and cash equivalents at the beginning of the year	34	54,891,498	35,280,507
Cash and cash equivalents at the end of the year	34	68,104,898	54,891,498

The annexed notes 1 to 49 and Annexure 1 form an integral part of these consolidated financial statements.



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Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. Al-Nassar
Director



Mansur Khan
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2016

	Share capital	Capital reserves		Revenue reserves	Unappropriated profit	Non controlling interest	Total
		Statutory reserve*	Non - Distributable Capital Reserve - Gain on Bargain Purchase	General reserve			
Rupees in '000							
Balance as at January 1, 2015	10,027,379	4,398,548	2,823,440	91,082	8,420,316	839,801	26,600,566
Total Comprehensive income for the year							
Profit after taxation for the year	-	-	-	-	4,857,804	210,138	5,067,942
Remeasurements of defined benefit plan - net of tax	-	-	-	-	(26,926)	(316)	(27,242)
Transactions with owners recognised directly in equity							
Dividend payout by AMIML	-	-	-	-	-	(105,000)	(105,000)
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	-	-	294,107	-	-	-	294,107
Transfer to statutory reserve	-	1,004,502	-	-	(1,004,502)	-	-
Balance as at December 31, 2015	10,027,379	5,403,050	3,117,547	91,082	9,238,479	944,623	28,822,160
Total Comprehensive income for the year							
Profit after taxation for the year	-	-	-	-	6,181,901	420,522	6,602,423
Remeasurements of defined benefit plan - net of tax	-	-	-	-	40,833	1,044	41,877
Transactions with owners recognised directly in equity							
Dividend payout by AMIML	-	-	-	-	-	(144,200)	(144,200)
Final cash dividend for the year 2015	-	-	-	-	(1,253,422)	-	(1,253,422)
Interim cash dividend for the year 2016	-	-	-	-	(1,754,791)	-	(1,754,791)
	-	-	-	-	(3,008,213)	-	(3,008,213)
Transfer to statutory reserve	-	1,112,322	-	-	(1,112,322)	-	-
Balance as at December 31, 2016	10,027,379	6,515,372	3,117,547	91,082	11,340,678	1,221,989	32,314,047

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

The annexed notes 1 to 49 and Annexure 1 form an integral part of these consolidated financial statements.



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Director

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

1 THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of:

Holding Company

- Meezan Bank Limited

Subsidiary Company

- Al Meezan Investment Management Limited

1.2 Meezan Bank Limited (MBL / the Bank) ('Holding company') 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 Pakistan Stock Exchange (previously "Karachi Stock Exchange"). The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.

1.3 MBL 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, MBL is engaged in corporate, commercial, consumer, investment and retail banking activities.

1.4 The Bank was operating through five hundred and seventy one branches as at December 31, 2016 (2015: five hundred and fifty one branches). Its registered office is situated at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan.

1.5 Al Meezan Investment Management Limited (AMIML) ('the Subsidiary company') is involved in asset management, investment advisory, portfolio management, equity research, underwriting and corporate finance. MBL holds 65% of the share capital of AMIML.

1.6 The Group's associates are as follows:

The Group considers the following open end funds managed by AMIML as its associates:

- Meezan Islamic Fund
- Meezan Balanced Fund
- Meezan Islamic Income Fund
- Al-Meezan Mutual Fund
- KSE Meezan Index Fund
- Meezan Sovereign Fund
- Meezan Tahaffuz Pension Fund
- Meezan Capital Preservation Fund - II
- Meezan Capital Preservation Fund - III
- Meezan Energy Fund
- Meezan Gold Fund
- Meezan Cash Fund
- Meezan Strategic Allocation Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Funds

The country of incorporation in respect of all of the above funds is Pakistan. Further, all the above funds are individual open-end schemes and have been established by execution of trust deeds between AMIML and the Central Depository Company of Pakistan Limited (CDC) as the trustee.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

2 BASIS OF PRESENTATION AND CONSOLIDATION

2.1 Basis of presentation

These consolidated financial statements have been prepared from the information available in the audited financial statements of Meezan Bank Limited (Holding company) for the year ended December 31, 2016 and the audited financial statements of Al Meezan Investment Management Limited (AMIML) for the six months period ended December 31, 2016. AMIML prepares its annual financial statements up to June 30 each year. In preparing the consolidated profit and loss account for the year ended December 31, 2016 the results for the period from January 1, 2016 to June 30, 2016 have been calculated from the audited financial statements of AMIML for the year ended June 30, 2016 after eliminating the results for the six months period ended December 31, 2015.

The accounting policies used by AMIML and associates in preparation of their respective financial statements are consistent with that of the Holding company except where specified.

These consolidated financial statements comprise of the consolidated statement of financial position as at December 31, 2016 and the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity together with the notes forming part thereof for the year ended December 31, 2016.

The associates have been accounted for in these consolidated financial statements under the equity method of accounting on the respective basis as follows:

Entity	Source of information
Meezan Balanced Fund	Financial statements for the half years ended December 31, 2016 and 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2016.
Al Meezan Mutual Fund	Financial statements for the half years ended December 31, 2016 and 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2016.
Meezan Islamic Fund	Financial statements for the half years ended December 31, 2016 and 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2016.
Meezan Islamic Income Fund	Financial statements for the half years ended December 31, 2016 and 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2016.
Meezan Sovereign Fund	Financial statements for the half years ended December 31, 2016 and 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2016.
KSE Meezan Index Fund	Financial statements for the half years ended December 31, 2016 and 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2016.
Meezan Tahaffuz Pension Fund-Equity Sub Fund	Financial statements for the half years ended December 31, 2016 and 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2016.
Meezan Financial Planning Fund of Funds - Conservative	Financial statements for the half years ended December 31, 2016 and 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2016.
Meezan Financial Planning Fund of Funds - MCPP II	Financial statements for the half years ended December 31, 2016 and 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2016.
Meezan Gold Fund	Financial statements for the half years ended December 31, 2016 and for the period from August 13, 2015 to December 31, 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the period from August 13, 2015 to June 30, 2016.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

Entity	Source of information
Meezan Financial Planning Fund of Funds - MAAP II	Financial statements for the half year ended December 31, 2016 and for the period from November 24, 2015 to December 31, 2015 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the period from November 24, 2015 to June 30, 2016.
Meezan Tahaffuz Pension Fund-Gold Sub Fund	Financial statements for the period from August 4, 2016 to December 31, 2016 (unaudited but subject to a limited review by its statutory auditors).
Meezan Energy Fund	Financial statements for the period from November 29, 2016 to December 31, 2016 (unaudited but subject to a limited review by its statutory auditors).
Meezan Strategic Allocation Fund - MSAP II	Financial statements for the period from December 21, 2016 to December 31, 2016 (unaudited but subject to a limited review by its statutory auditors).
Meezan Financial Planning Fund of Funds - MAAP III	Financial statements for the half year ended December 31, 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the period from January 26, 2016 to June 30, 2016.

2.2 Basis of consolidation

Subsidiaries are those enterprises in which the Holding company directly or indirectly exercises control over the financial and operating policies, and / or beneficially owns or holds more than 50 percent of the voting securities or otherwise, has power to elect and appoint more than 50 percent of its directors. The financial statements of the subsidiary are included in these consolidated financial statements from the date when the control commenced. The financial statements of AMIML have been consolidated on a line-by-line basis. The Group applies uniform accounting policies for similar transactions and events in similar circumstances except where specified otherwise.

Associates are entities over which the Group has a significant influence but not control over the financial and operating policies. The Group's share in an associate is the aggregate of the holding in that associate by the Holding company and by the Subsidiary. Investments in associates are accounted for under the equity method of accounting and are initially recognised at cost, thereafter for the post acquisition change in the Group's share of net assets of the associates. These consolidated financial statements include the Group's share of income and expenses of associates from the date that significant influence commences until the date that such influence ceases.

Non-controlling interest is that part of the net results of operations and of net assets of the subsidiary attributable to interests which are not owned by MBL.

All material inter-group balances, transactions and resulting profits / losses have been eliminated.

3 STATEMENT OF COMPLIANCE

3.1 Basis of preparation

These consolidated financial statements (here-in-after referred to as "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 the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFASs notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRSs, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFASs notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.

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 and non-banking assets have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

- 3.3 IFRS 8 "Operating Segments" is effective for the Group's accounting period beginning on or after January 1, 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 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 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 disclosure requirements under IFAS-3 have not been considered in these financial statements.
- 3.6 The SECP vide its notification SRO 56 (1) /2016 dated January 28, 2016 has notified that the requirements of IFRS 10 (Consolidated Financial Statements) and section 237 of the Companies Ordinance, 1984, will not be applicable with respect to the investment in mutual funds established under Trust structure.

3.7 Change in accounting policy and disclosure

Effective from January 1, 2016, the Group has changed its accounting policy for recording of non-banking assets acquired in satisfaction of claims to comply with the requirements of the 'Regulations for Debt Property Swap' (the regulations) issued by SBP vide its BPRD Circular No. 1 of 2016, dated January 1, 2016. In line with the guidance provided in the Regulations, the non banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property is required to be credited to the 'surplus on revaluation of assets' account which is required to be shown in the Statement of Financial Position below equity and any deficit arising on revaluation is taken to the profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the profit and loss account. Previously, non-banking assets acquired in satisfaction of claims were carried at cost less impairment, if any.

The above change in accounting policy does not have any impact on these financial statements.

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

There are certain new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after January 1, 2016 but are considered not to be relevant or do not have any significant effect on the Group's operations and are therefore not detailed in these financial statements.

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

- 3.9.1 The following standards, amendments and interpretations with respect to the approved accounting standards would be effective from the dates mentioned thereagainst:

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

Standards, Interpretations and Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 - Financial Instruments	January 01, 2018
- IFRS 15 - Revenue from contracts	January 01, 2018
- IFRS 16 - Leases	January 01, 2019

The management is in the process of assessing the impact of these standards on the financial statements of the Group.

- 3.9.2 There are certain new and amended standards and interpretations that are mandatory for the Group's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Group's operations and are, therefore, not detailed in these financial statements.

4 BUSINESS COMBINATION

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

Last year, the Group completed the acquisition of HSBC Bank Oman S.A.O.G. - Pakistan Branch (HBON). This was effective from the close of business on November 6, 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 Holding company in their meetings held on October 21, 2014 and September 29, 2015 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)/625-114/2015/23895 dated October 28, 2015 has given exemption to the Holding company 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, 2015, the Group had recorded assets and liabilities of HBON at the carrying values as appearing in the audited financial statements of HBON at the acquisition date. During the current year, the fair valuation exercise of the recorded assets and liabilities was completed and no adjustments were identified that are required to be made to the carrying value of recorded assets and liabilities.

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

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

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

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 above-mentioned SBP's letter may become available for distribution as stock dividend only with prior approval of the SBP. Further, the Group may, before distribution of the gain as stock dividend, adjust any subsequent provisions / deficit assessed by the Group or recommended by the Banking Inspection Department of the SBP in subsequent inspections in the acquired portfolio of the HBON (which will be adjusted against this reserve).

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these 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 judgments in the process of applying the Group's accounting policies. The significant accounting areas where various assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in the application of the accounting policies are as follows:

- Classification of investments in accordance with the Group's policy (notes 7.4 and 11);
- Provision against non-performing Islamic financing and related assets (notes 7.3.2 and 12);
- Impairment of investments in equity instruments of non associate entities (notes 7.4.5 and 11);
- Accounting for defined benefit plan (notes 7.11 and 36);
- Depreciation / amortisation of operating fixed assets (notes 7.5 and 13); and
- Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 7.7, 19, 20 and 32).

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, end of service benefits and employees compensated leave absences are carried at present value.

6.2 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Group operates. These financial statements are presented in Pakistan Rupee, which is the Group's functional and presentation currency.

6.3 Rounding off

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

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 except for the change in accounting policy as disclosed in note 3.7 to these financial statements.

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.

7.2 Due to / from financial institutions

Bai Muajjal

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

Musharaka / Mudaraba

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

Musharaka from State Bank of Pakistan under IERS

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

7.3 Islamic financing and related assets

Murabaha

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

Ijarah

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

Istisna

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

Tijarah

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

Diminishing Musharakah

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

Running Musharakah

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

Bai Muajjal

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

Service Ijarah

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

Musawwamah

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

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 consolidated profit and loss account.

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

7.3.2 Provision against non-performing Islamic financing and related assets

Specific provision

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

General provision

Consumer Financing

The SBP vide circular 10 of 2016 has revised the Prudential Regulations for consumer financing.

In the revised Regulations, SBP has specified that general provision against consumer financing should be maintained at varying percentages based on the non-performing loan ratio present in the portfolio. These percentages range from 1% to 2.5% for secured and 4% to 7% for unsecured portfolio.

Previously, the Regulations required provision to be maintained at 1.5% for secured portfolio and 5% for unsecured portfolio.

As a consequence of the above change, the Group's general provisioning requirement against consumer portfolio has reduced by Rs 77 million. However, this amount has not been reversed by the Group on account of prudence and keeping in view the growing portfolio of consumer assets.

Small Enterprise Financing

The Group maintains general provision in respect of small enterprise financing at the rate of 1 percent for secured portfolio and 2 percent for unsecured portfolio.

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

The net provisions made / reversed during the year is charged to the 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 Group values its inventories at the lower of cost and net realisable value.

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

7.4 Investments

7.4.1 Classification

Investments of the Group, other than investments in associates are classified as follows:

- Held for trading

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

- Held to maturity

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

- Available for sale

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

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 Group 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 consolidated 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'), 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 Consolidated Statement of Comprehensive Income but is kept in a separate account which is shown in the Consolidated Statement of Financial Position below equity.

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.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

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 consolidated statement of financial position below equity is removed therefrom and recognised in the consolidated profit and loss account. For investments classified as 'held to maturity', the impairment loss is recognised in the consolidated 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 consolidated 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance expenditure are charged to the consolidated profit and loss account as and when incurred.

7.5.4 Depreciation / amortisation

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

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 Consolidated Statement of Financial Position date and adjusted if impact on depreciation / amortisation is significant.

7.5.7 Impairment

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

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

- Ijarah Rentals

Ijarah rentals outstanding are disclosed in 'other assets' on the Consolidated Statement of Financial Position at amortized cost.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

- 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 of current and deferred tax. Income tax expense is recognised in the Consolidated Profit and Loss account except to the extent that it relates to items recognised directly in equity 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 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 Group. 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, premature withdrawals can be made as per approved terms only.

Profits realised in investment pools are distributed in pre-agreed profit sharing ratio. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 50% of their profit as Incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of Investments.

Asset pools are created at the Group's discretion and the Group can add, amend, transfer an asset to any other pool in the interests of the deposit holders.

7.9 Sub-ordinated Sukuk

The Group records Sub-ordinated Sukuk initially at the amount of proceeds received. Profit accrued on Sub-ordinated Sukuk is charged to the Consolidated Profit and Loss account.

7.10 Pool Management

The Group operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

Under the general deposit pool, the Group accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Group acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising investing funds, the Group prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Group's customers and liquidity management respectively under the Musharakah / Mudaraba modes.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No expense of general or administrative nature is charged to the pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the members of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. During the year, the Group has given General Hiba to the depositors of PKR General Pool, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of the Holding Company's Shariah Advisor. However, Hiba is given at the sole discretion of the Group without any contractual commitment and can be withdrawn or reduced by the Group at its sole discretion.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool. As per the Group's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool of PKR, USD, GBP and Euro. The Group 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 Pool

For General Pools (PKR, USD, EUR, GBP), the Group allocates PKR financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 43.1.1.1. 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 Compliant Nostro accounts and the remaining funds are taken out and invested in PKR general pool as part of equity. In such cases return from PKR General pool is given back to FCY pools, so that returns can be passed on to FCY pool customers accordingly.

IERS Pool

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 Pool

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 Group.

Equity Pool

All other assets including fixed assets, exposure in shares, PKR bai-salam financings and subsidized financings to the Group's employees are tagged to equity pool. To safeguard the interest of customers, all high risk investments are done through equity pool. The Group 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

Both the Holding company and the Subsidiary company operate approved funded gratuity schemes for its permanent employees. The liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the Consolidated Statement of Financial Position date less the fair value of plan assets. Contributions to the funds 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 valuations were conducted as on December 31, 2016 for both the funds of the Holding company and the Subsidiary company.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

The holding company also operates End of Service unfunded defined benefit scheme as approved by the Board of Directors for the benefit of the founding President and Chief Executive Officer of the Holding company. The defined benefit obligation for this benefit has been calculated by an independent actuary using the projected unit credit method. The valuation has been carried out on December 31, 2016.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Consolidated Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur.

Defined contribution plan

The Group also operates recognised contributory provident funds for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the funds at a rate of 10% of basic salary.

7.12 Compensated absences

The Group recognises liability in respect of employees compensated absences in the period in which these are earned upto the date of the Consolidated Statement of Financial Position. The provision has been recognised on the basis of actuarial valuation conducted as at December 31, 2016 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 the Consolidated Statement of Financial Position are considered as non adjusting events and are recorded in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

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 Consolidated Statement of Financial Position date.

Forward contracts other than contracts with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contracts. Forward contracts with the SBP relating to foreign currency deposits are valued at spot rate prevailing at the Consolidated Statement of Financial Position date. Exchange gains and losses are included in the consolidated profit and loss account currently.

Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, 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 consolidated profit and loss account.

7.15 Provisions and contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each Consolidated Statement of Financial Position date 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 Group to pay bills of exchange drawn on customers. The Group expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

7.17 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards as applicable in Pakistan.

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 Group 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 is recognised on an accrual basis.
- v) Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- vi) Profit on Running Musharakah financing is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vii) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Group.
- viii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- 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 Consolidated 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 Group's right to receive dividend is established.
- xii) Gain or loss on sale of investments is included in the Consolidated Profit and Loss account.
- xiii) Gain or loss on disposal of operating fixed assets, Ijarah assets and musharaka assets, if any, is taken to the Consolidated 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.
- xv) Remuneration from funds (management fee) is recognised based on the net asset value of the funds calculated on a daily basis.
- xvi) Advisory fee and commission income are recognised as and when services are provided. Performance fee related to advisory services are recorded on confirmation.

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 Group'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 Consolidated Profit and Loss account.

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For the year ended December 31, 2016

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 Consolidated 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 Group. 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.

7.20 Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Group's primary format of reporting is based on business segments.

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 financing, 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 Group operates only in Pakistan.

7.21 Impairment

The carrying amount of the assets are reviewed at each Consolidated Statement of Financial Position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Profit and Loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
8 CASH AND BALANCES WITH TREASURY BANKS			
		Rupees in '000	
In hand			
- local currency		14,725,216	10,797,093
- foreign currencies		2,159,517	1,706,594
With the State Bank of Pakistan in			
- local currency current accounts	8.1	20,323,435	15,508,004
- foreign currency current accounts	8.1	3,138,134	3,038,669
With the National Bank of Pakistan in			
- local currency current accounts		15,690,741	12,635,431
		<u>56,037,043</u>	<u>43,685,791</u>

8.1 These include local and foreign currency amounts required to be maintained by the Holding company with the SBP as stipulated by the SBP. These accounts are non-remunerative in nature.

	Note	2016	2015
9 BALANCES WITH OTHER BANKS			
		Rupees in '000	
In Pakistan			
- in current accounts		2,046,545	2,007,508
- on deposit accounts / term deposit receipts	9.1	9,000,000	4,001,143
Outside Pakistan			
- in current accounts		814,335	2,089,623
- in deposit accounts	9.2	206,975	3,107,433
		<u>12,067,855</u>	<u>11,205,707</u>

9.1 This carries average profit rate of 5.75% per annum (2015: 6.5% per annum) and is due to mature by December 2017 (2015: December 2016).

9.2 The return on these balances is around 0.28% (2015: 0.16%) per annum.

	Note	2016	2015
10 DUE FROM FINANCIAL INSTITUTIONS			
		Rupees in '000	
Bai Muajjal:			
With Scheduled banks - Secured	10.1	77,829,747	-
With State Bank of Pakistan	10.2	31,413,175	78,334,591
With Scheduled banks	10.3	19,887,743	21,885,385
	10.4	129,130,665	100,219,976
Musharakah		-	875,000
Commodity Murabaha		26,066	26,066
		<u>129,156,731</u>	<u>101,121,042</u>
Provision against non-performing amounts due from financial institutions	10.6	(41,566)	(41,566)
		<u>129,115,165</u>	<u>101,079,476</u>

10.1 The average return on this product is 5.75% (2015: Nil) per annum. The balances have maturities ranging between January 2017 to December 2017 (2015: Nil). These Bai Muajjal are secured against Federal Government securities received as collateral and have market value of Rs 80,305 million as at December 31, 2016 (2015: Rs Nil).

10.2 The average return on this financing is 5.82% (2015: 8.05%) per annum. The balances have maturities ranging between February 2017 to March 2017 (2015: February 2016 to March 2016).

10.3 The average return on this product is 5.83% (2015: 7.39%) per annum. The balances have maturities ranging between January 2017 to March 2017 (2015: January 2016 to April 2016).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
10.4 Bai Muajjal Placements	136,298,219	108,119,392
Less: Deferred income	(3,631,432)	(1,526,722)
Profit receivable shown in other assets	(3,536,122)	(6,372,694)
Bai Muajjal Placements	<u>129,130,665</u>	<u>100,219,976</u>
10.5 Particulars of due from financial institutions		
In local currency	129,115,165	101,079,476
In foreign currencies	-	-
	<u>129,115,165</u>	<u>101,079,476</u>
10.6 Provision against amounts due from financial institutions		
Opening balance	41,566	41,566
Less: charge / (reversals)	-	-
Closing balance	<u>41,566</u>	<u>41,566</u>

11 INVESTMENTS

11.1 Investments by types

Note	2016			2015		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
Rupees in '000						
Available for sale securities						
- Sukuks	92,574,003	-	92,574,003	70,193,732	-	70,193,732
- Shares / units	4,423,912	-	4,423,912	4,021,496	-	4,021,496
- Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	-	-	-	69,394,946	-	69,394,946
11.3	96,997,915	-	96,997,915	143,610,174	-	143,610,174
Held to maturity securities						
- Sukuks	28,000,000	-	28,000,000	-	-	-
11.4	28,000,000	-	28,000,000	-	-	-
In related parties						
Associates (listed)						
Units of funds	6,605,447	-	6,605,447	5,730,340	-	5,730,340
11.5	6,605,447	-	6,605,447	5,730,340	-	5,730,340
Associate (unlisted)						
- Shares	-	-	-	28,125	-	28,125
	-	-	-	28,125	-	28,125
	131,603,362	-	131,603,362	149,368,639	-	149,368,639
Investment at cost / carrying value	131,603,362	-	131,603,362	149,368,639	-	149,368,639
Less: Provision for diminution in value of investments	(383,012)	-	(383,012)	(447,685)	-	(447,685)
11.6	(383,012)	-	(383,012)	(447,685)	-	(447,685)
Investments (net of provision)	131,220,350	-	131,220,350	148,920,954	-	148,920,954
Surplus on revaluation of investment classified as 'available for sale'	3,576,224	-	3,576,224	1,215,887	-	1,215,887
Commodity contracts	-	-	-	371	-	371
Total investments at market value	<u>134,796,574</u>	<u>-</u>	<u>134,796,574</u>	<u>150,137,212</u>	<u>-</u>	<u>150,137,212</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015	
		Rupees in '000		
11.2	Investments by segments			
	Federal Government Securities			
	GoP Ijarah Sukuk	11.3 & 11.4	96,937,287	48,183,702
	Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)	11.3	-	69,394,946
	Sukuk certificates / bonds			
	Sukuk Certificates	11.3	16,093,197	14,517,843
	Global Sukuk Bonds	11.3	7,543,519	7,492,187
	Fully paid up ordinary shares			
	Listed companies	11.3	3,519,788	3,432,671
	Unlisted companies			
	- associate*		-	28,125
	- others	11.3	854,124	513,825
	Units of open end funds			
	- associates	11.5	6,605,447	5,730,340
	- others	11.3	50,000	75,000
	Total investments at cost / carrying value		131,603,362	149,368,639
	Less: Provision for diminution in value of investments	11.6	(383,012)	(447,685)
	Investments net of provision		131,220,350	148,920,954
	Surplus on revaluation of investments classified as 'available for sale'		3,576,224	1,215,887
	Commodity contracts		-	371
	Total investments at market value		134,796,574	150,137,212

*The Company has no longer remained an associated entity during the current year.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

11.3 Quality of available for sale securities

The Group 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	2016	2015	2016	2015	2016	2015		
		Number of shares / units / certificates		Cost		Market value	Entity rating long term / short term	Market value	Entity rating long term / short term
		Rupees in '000				Rupees in '000			
Ordinary shares									
Automobile and parts									
Agriauto Industries Limited		-	84,042	-	5,279	-	Not Applicable	17,397	Unrated
Honda Atlas Cars		408,000	562,000	75,930	104,590	272,805	Unrated	134,284	Unrated
Indus Motor Company Limited		47,400	47,400	42,684	41,991	76,529	Unrated	47,954	Unrated
Pak Suzuki Motor Company Limited		-	164,860	-	37,885	-	Not Applicable	81,655	Unrated
Construction and materials (cement)									
Attock Cement Pakistan Limited		-	282,200	-	48,017	-	Not Applicable	47,339	Unrated
Cherat Cement Company Limited		263,000	238,000	23,917	21,615	45,773	A / A1	21,463	A / A1
D.G. Khan Cement Company Limited		1,343,546	1,423,546	219,443	144,074	297,904	Unrated	210,101	Unrated
Fauji Cement Company Limited		2,195,000	3,844,500	74,365	69,115	98,951	Unrated	141,554	Unrated
Kohat Cement Limited		263,800	351,400	40,306	51,253	76,935	Unrated	84,645	Unrated
Lucky Cement Company Limited		531,265	575,615	339,620	240,947	460,214	Unrated	284,953	Unrated
Maple Leaf Cement Factory Limited		-	550,000	-	32,133	-	Not Applicable	41,019	A / A1
Pioneer Cement Limited		160,200	325,000	22,709	18,269	22,763	A / A1	29,530	Unrated
Electricity									
K-Electric Limited	11.3.1	10,800,000	9,500,000	80,981	72,627	101,196	AA / A1+	70,680	AA / A1
Lal Pir Power Limited		-	1,559,500	-	50,954	-	Not Applicable	46,380	AA+ / A1+
Pakgen Power Limited		-	787,500	-	22,559	-	Not Applicable	23,176	AA / A1+
The Hub Power Company Limited		3,096,690	3,237,390	172,167	140,195	382,379	AA+ / A1+	332,156	AA+ / A1+
Oil and gas									
Attock Refinery Limited		290,900	54,900	94,050	11,566	123,720	AA / A1+	11,632	AA / A1+
Hascal Petroleum Limited		-	26,760	-	2,461	-	Not Applicable	3,860	A+ / A1
Mari Petroleum Company Limited		308,600	312,600	205,065	123,367	424,297	Unrated	217,926	Unrated
Oil and Gas Development Company Limited		537,000	-	74,252	-	88,793	AAA / A1+	-	Not Applicable
Pakistan Oilfields Limited		743,626	880,626	311,072	370,554	397,557	Unrated	236,025	Unrated
Pakistan Petroleum Limited		620,147	846,647	112,707	153,871	116,699	Unrated	103,130	Unrated
Pakistan State Oil Company Limited		732,590	723,790	176,205	173,228	318,098	AA / A1+	235,789	AA / A1
Sui Northern Gas Pipeline Limited		1,522,000	-	85,878	-	124,150	AA - / A1	-	Not Applicable
Chemicals									
Engro Corporation Limited		535,800	615,800	143,653	165,102	169,361	AA / A1+	172,048	AA / A1+
Engro Fertilizers Limited		5,900,000	-	386,752	-	401,082	AA- / A1+	-	Not Applicable
Fatima Fertilizer Company Limited		-	1,634,000	-	61,334	-	Not Applicable	73,089	AA- / A1
Fauji Fertilizer Company Limited		-	903,248	-	96,143	-	Not Applicable	106,565	Unrated
Ghani Gases Limited		-	100,000	-	2,657	-	Not Applicable	2,644	Unrated
ICI Pakistan Limited		104,965	104,965	34,026	34,026	104,307	Unrated	50,805	Unrated
General industries									
Abbot Laboratories		95,000	25,000	72,634	16,509	90,924	Unrated	15,875	Unrated
Cherat Packaging Limited		175,000	92,900	54,046	28,965	59,147	Unrated	28,159	Unrated
Ferozsons Laboratories		60,000	70,550	51,022	52,227	44,925	Unrated	78,035	Unrated
Packages Limited		566,879	666,879	242,513	280,633	481,875	AA / A1+	388,197	AA / A1+
The Searle Company Limited		324,976	266,080	83,181	85,712	212,466	Unrated	105,296	Unrated
Personal goods (textile)									
Nishat Mills Limited		740,100	1,879,100	72,039	182,905	112,695	AA / A1+	178,270	AA / A1+
Fixed line telecommunication									
Pakistan Telecommunication Company Limited (A)		-	5,439,899	-	88,049	-	Not Applicable	89,704	Unrated
Food Producers									
Al Shaheer Corporation		483,575	324,000	27,980	23,626	27,757	Unrated	20,146	Unrated
Engro Foods Limited		50,000	290,250	7,464	35,917	9,597	Unrated	42,548	Unrated
Jute									
Thal Limited		-	69,100	-	15,152	-	Not applicable	17,505	Unrated
Electrical Goods									
Pak Elektron Limited		1,788,125	1,770,500	112,819	122,055	127,458	A+ / A1	110,727	A / A1
Engineering									
Crescent Steel & Allied Products Limited		239,375	661,875	27,257	73,403	36,907	Unrated	82,317	Unrated
Amreli Steels Limited		244,000	-	12,732	-	16,248	A / A1	-	Not Applicable
K.S.B Pumps Company Limited		41,500	31,000	10,614	7,929	16,942	Unrated	7,920	Unrated
Real Estate Investment Trust									
Dolmen City REIT		-	8,712,120	-	95,833	-	Not Applicable	93,481	RR1
Miscellaneous									
Shifa International Hospitals		91,771	85,000	29,705	27,944	28,211	Unrated	26,095	Unrated
		35,304,830	50,120,542	3,519,788	3,432,671	5,368,665		4,112,074	

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Name of the investee	Note	2016	2015	2016	2015	2016	2015		
		Number of shares / units / certificates		Cost	Cost	Market value / Cost	Entity rating long term / short term	Market value / Cost	Entity rating long term / short term
						Rupees in '000		Rupees in '000	
Ordinary shares - unlisted (others)									
Fatima Energy Limited - at cost*****		25,055,300	19,161,883	250,553	191,619	250,553	Unrated	191,619	Unrated
Sapphire Electric Company Limited - at cost *		21,201,068	21,201,068	318,864	318,864	318,864	A+ / A1	318,864	A+ / A1
Daewoo Pakistan Express Bus Service Limited - at cost****		4,000,000	-	253,240	-	253,240	A / A1	-	Not Applicable
Pak Kuwait Takaful Company Limited - at cost****		2,812,500	-	28,125	-	28,125	BBB	-	Not Applicable
S.W.I.F.T. SCRL - at cost		5	5	3,342	3,342	3,342	Unrated	3,342	Unrated
		53,068,873	40,362,956	854,124	513,825	854,124		513,825	
Units of open end fund									
Atlas Islamic Income Fund		98,894	98,894	50,000	50,000	51,150	AA-(f)	50,878	AA-(f)
NIT Islamic Equity Fund		-	2,500,000	-	25,000	-	Not Applicable	24,650	Not Applicable
		98,894	2,598,894	50,000	75,000	51,150		75,528	
GoP Sukuk									
GoP Ijarah Sukuk XIV		-	81,691	-	8,175,437	-	Not Applicable	8,201,776	Govt. Guaranteed
GoP Ijarah Sukuk XVI	11.3.17	399,833	400,000	39,928,380	40,008,265	40,962,774	Govt. Guaranteed	40,452,000	Govt. Guaranteed
GoP Ijarah GISF-1	11.3.18	20,000	-	2,068,211	-	2,065,200	Govt. Guaranteed	-	Not Applicable
GoP Ijarah GISF-2	11.3.19	269,407	-	26,940,696	-	27,482,208	Govt. Guaranteed	-	Not Applicable
		689,240	481,691	68,937,287	48,183,702	70,510,182		48,653,776	
Sukuk Certificates									
Albaraka Bank (Pakistan) Limited - at cost	11.3.14	200	200	142,857	171,428	142,857	A	171,428	A
Amreli Steels Limited - at cost		-	50,000	-	95,000	-	Not Applicable	95,000	A-
Arzoo Textile Mills Limited - at cost	11.3.10	11,000	11,000	52,300	52,300	52,300	Unrated	52,300	Unrated
Engro Fertilizers Limited II - at cost	11.3.8	100,000	100,000	450,000	475,000	450,000	AA- / A1+	475,000	AA- / A1+
K-Electric Limited - at cost	11.3.16	520,000	520,000	2,600,000	2,600,000	2,600,000	AA / A1+	2,600,000	AA-
Lalpir Power Limited - at cost		-	290,000	-	1,450,000	-	Not Applicable	1,450,000	AA / A1+
Liberty Power Tech Limited - at cost	11.3.12	18,140,480	18,140,480	1,078,025	1,254,510	1,078,025	A+ / A1	1,254,510	A+
Maple Leaf Cement Factory Limited - at cost		-	40,000	-	67,075	-	Not Applicable	67,075	A / A1
Neelum Jehlum (Private) Limited - at cost	11.3.15	35,750	-	3,575,000	-	3,575,000	AAA	-	Not applicable
Pakistan International Airlines - at cost	11.3.3	300,000	300,000	1,500,000	1,500,000	1,515,000	Govt. Guaranteed	1,500,000	Govt. Guaranteed
Pakistan Mobile Communications Limited - at cost	11.3.13	560,000	560,000	2,800,000	2,800,000	2,800,000	AA- / A1	2,800,000	AA-
Quetta Textile Mills Limited - at cost	11.3.9	30,000	30,000	72,619	74,483	72,619	Unrated	74,483	Unrated
Sitara Peroxide Limited - at cost	11.3.11	30,000	30,000	59,063	78,944	59,063	Unrated	78,944	Unrated
Sui Southern Gas Company Limited I - at cost	11.3.4	180,000	180,000	225,000	675,000	225,000	AA- / A1+	675,000	AA-/A1+
Sui Southern Gas Company Limited II - at cost	11.3.5	100,000	100,000	250,000	416,667	250,000	AA- / A1+	416,667	AA-/A1+
Sui Southern Gas Company Limited III - at cost	11.3.6	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**	11.3.7	200,000	46,154	1,000,000	230,769	1,000,000	AA- / A1+	230,769	AA- / A1+
WAPDA Second Sukuk Certificates - at cost	11.3.2	346,000	346,000	288,333	576,667	289,775	Govt. Guaranteed	579,550	Govt. Guaranteed
		20,953,430	21,143,834	16,093,197	14,517,843	16,109,639		14,520,726	
Global Sukuk Bonds									
First Gulf Bank Sukuk	11.3.20	5,000	5,000	523,381	532,327	524,169	A2	534,904	A2
Hazine MV Sukuk I	11.3.31	5,000	5,000	522,016	521,937	518,359	BA1	519,411	BAA3
Hazine MV Sukuk II	11.3.32	1,500	-	156,898	-	152,293	BA1	-	Not applicable
Hong Kong Sukuk	11.3.34	5,000	5,000	522,879	523,549	523,819	AAA	521,505	AAA
Luxembourg Sukuk	11.3.33	250	250	27,649	28,607	28,083	AAA	28,795	AAA
Qatar Islamic Bank I	11.3.24	10,000	10,000	1,046,419	1,048,405	1,050,012	A+	1,055,915	A+
Qatar Islamic Bank II	11.3.25	5,000	5,000	520,173	520,143	521,821	A+	515,713	A+
Republic of Indonesia Sukuk I	11.3.26	5,000	5,000	522,993	523,705	516,073	BAA3	487,881	BAA3
Republic of Indonesia Sukuk II	11.3.27	5,000	5,000	525,205	526,208	526,413	BAA3	499,038	BAA3
Republic of Indonesia Sukuk III	11.3.28	5,000	5,000	523,345	524,099	521,811	BAA3	496,865	BAA3
Saudi Electric Company Sukuk - 5 years	11.3.21	5,000	5,000	524,109	529,196	524,807	A2	527,633	A1
Saudi Electric Company Sukuk - 10 years	11.3.22	5,000	5,000	547,367	552,758	554,288	A2	540,364	A1
Sime Darby Berhad Global Sukuk - 5 years	11.3.29	5,000	5,000	523,095	523,901	519,007	BAA1	520,825	A3
Sime Darby Berhad Global Sukuk - 10 years	11.3.30	5,000	5,000	526,568	527,875	498,522	BAA1	496,986	A3
State of Qatar Sukuk - 10 years	11.3.23	5,000	5,000	531,422	533,541	534,828	AA2	543,017	AA2
Wakala Global Sukuk		-	725	-	75,936	-	Not Applicable	76,491	A3
		71,750	70,975	7,543,519	7,492,187	7,514,305		7,365,343	
Bai Muajjal with Government of Pakistan (through State Bank of Pakistan)									
		-	Not applicable	-	69,394,946	-	Not Applicable	69,394,946	Govt. Guaranteed
				96,997,915	143,610,174	100,408,065		144,636,218	

*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 Daewoo Pakistan Express Bus Service Limited is Mr. Shaheryar Arshad Chishty.

****The Chief Executive of Pak Kuwait Takaful Company Limited is Mr. Aziz Kapadia. The company has no longer remained an associated entity during the current year.

*****The Chief Executive of Fatima Energy Limited is Mr. Fazal Ahmed Sheikh.

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11.3.1 The nominal value of these shares is Rs 3.5 each.					
	Name of the security	Profit rate	Profit payment	Face value per certificate	Maturity date
11.3.2	WAPDA Second Sukuk	6 months KIBOR minus 0.25%	Semi-annually	Rs 833	July 13, 2017
11.3.3	Pakistan International Airlines*	6 months KIBOR plus 1.75%	Semi-annually	Rs 5,000	October 20, 2019
11.3.4	Sui Southern Gas Company Limited I	3 months KIBOR plus 0.75%	Quarterly	Rs 1,250	May 17, 2017
11.3.5	Sui Southern Gas Company Limited II	3 months KIBOR plus 0.70%	Quarterly	Rs 2,500	May 28, 2018
11.3.6	Sui Southern Gas Company Limited III	3 months KIBOR plus 0.40%	Quarterly	Rs 5,000	October 30, 2019
11.3.7	Sui Southern Gas Company Limited IV	6 months KIBOR plus 0.5%	Semi-annually	Rs 5,000	December 15, 2022
11.3.8	Engro Fertilizers Limited II	6 months KIBOR plus 1.75%	Semi-annually	Rs 4,500	July 09, 2019
11.3.9	Quetta Textile Mills Limited	3 months KIBOR plus 3.00%	Quarterly	Rs 2,421	March 26, 2020
11.3.10	Arzoo Textile Mills Limited	Not applicable	Semi-annually	Rs 5,000	April 14, 2014
11.3.11	Sitara Peroxide Limited	1 month KIBOR plus 1.00%	Monthly	Rs 1,969	August 19, 2016
11.3.12	Liberty Power Tech Limited	3 months KIBOR plus 3.00%	Quarterly	Rs 59	January 1, 2021
11.3.13	Pakistan Mobile Communications Limited	3 months KIBOR plus 0.88%	Quarterly	Rs 5,000	December 22, 2019
11.3.14	Albaraka Bank (Pakistan) Limited	6 months KIBOR plus 1.25%	Semi-annually	Rs 714,285	September 26, 2021
11.3.15	Neelum Jehlum Private Limited	6 months KIBOR plus 1.75%	Semi-annually	Rs 100,000	June 26, 2026
11.3.16	K-Electric Limited	3 months KIBOR plus 1%	Quarterly	Rs 5,000	June 17, 2022
11.3.17	GoP Ijarah Sukuk - XVI	Weighted average yield of 6 months treasury bills minus 50 basis points	Semi-annually	Rs 100,000	December 18, 2018
11.3.18	GoP Ijarah Sukuk - GISF-1	6.1 % p.a.	Semi-annually	Rs 100,000	February 15, 2019
11.3.19	GoP Ijarah Sukuk - GISF-2	5.59% p.a.	Semi-annually	Rs 100,000	March 29, 2019
11.3.20	First Gulf Bank Sukuk	4.046 % p.a.	Semi-annually	USD 1,000	January 18, 2017
11.3.21	Saudi Electric Company Sukuk - 5 years	2.665 % p.a.	Semi-annually	USD 1,000	April 3, 2017
11.3.22	Saudi Electric Company Sukuk - 10 years	4.211 % p.a.	Semi-annually	USD 1,000	April 3, 2022
11.3.23	State of Qatar Sukuk - 10 years	3.241 % p.a.	Semi-annually	USD 1,000	January 18, 2023
11.3.24	Qatar Islamic Bank -I	2.5 % p.a.	Semi-annually	USD 1,000	October 10, 2017
11.3.25	Qatar Islamic Bank -II	2.754 % p.a.	Semi-annually	USD 1,000	October 27, 2020
11.3.26	Republic of Indonesia Sukuk I	3.3 % p.a.	Semi-annually	USD 1,000	November 21, 2022
11.3.27	Republic of Indonesia Sukuk II	4.35 % p.a.	Semi-annually	USD 1,000	September 10, 2024
11.3.28	Republic of Indonesia Sukuk III	4.325 % p.a.	Semi-annually	USD 1,000	May 28, 2025
11.3.29	Sime Darby Berhad Global Sukuk - 5 years	2.053 % p.a.	Semi-annually	USD 1,000	January 29, 2018
11.3.30	Sime Darby Berhad Global Sukuk - 10 years	3.29 % p.a.	Semi-annually	USD 1,000	January 29, 2023
11.3.31	Hazine MV Sukuk I	2.803 % p.a.	Semi-annually	USD 1,000	March 26, 2018
11.3.32	Hazine MV Sukuk II	4.251% p.a.	Semi-annually	USD 1,000	June 8, 2021
11.3.33	Luxembourg Sukuk	0.44 % p.a.	Annually	EUR 1,000	October 7, 2019
11.3.34	Hong Kong Sukuk	2.005 % p.a.	Semi-annually	USD 1,000	September 18, 2019

*Investment in sukuku of Pakistan International Airline (PIA) amounting to Rs 1.5 billion in respect of which no provision has been recognised as the SBP has allowed exemption from Regulation (R-8) of the Prudential Regulations for Corporate / Commercial Banking upto December 31, 2016. The said PIA sukuku have been restructured during the current year. The Sukuk is backed by guarantee from the Government of Pakistan.

11.4 Held to Maturity Securities

Name of the security	2016	2015	2016	2015
	Number of Certificates		Rupees in '000	
11.4.1 GoP Ijarah Sukuk - GISF-2 *	280,000	-	28,000,000	-

*These Sukuku carry a fixed profit rate of 5.59% and will mature in 2019. These sukuk certificates are backed by the Government of Pakistan's sovereign guarantee.

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11.5 Associates (listed)

The Group holds investments in units of Rs 50 each, unless stated otherwise, in the following listed investee entities:

Name of the investee entity	2016		2015	
	Number of units		Carrying amount Rupees in '000	
Units of open end funds				
Meezan Balanced Fund *	19,740,417	19,716,836	360,263	293,789
Al Meezan Mutual Fund	57,406,055	39,425,400	1,293,932	643,637
Meezan Islamic Fund	17,899,779	25,428,821	1,490,515	1,524,475
Meezan Islamic Income Fund	14,640,389	13,632,817	770,231	717,615
Meezan Sovereign Fund	21,593,102	27,069,985	1,136,229	1,407,127
KSE Meezan Index Fund	5,579,218	4,148,778	538,506	285,492
Meezan Tahaffuz Pension - Equity sub-fund **	260,077	260,077	159,162	114,098
Meezan Financial Planning Fund - Conservative	105,614	98,437	6,962	6,236
Meezan Capital Preservative Fund - III	-	2,101,381	-	124,636
Meezan Capital Preservative Fund - II	-	3,259,889	-	182,809
Meezan Financial Planning Fund of Funds - MCPP I	-	2,651,947	-	146,022
Meezan Financial Planning Fund of Funds - MCPP II	3,964,321	3,964,321	222,993	201,949
Meezan Cash Fund	-	20,641	-	1,058
Meezan Gold Fund	1,702,462	1,211,313	83,455	57,397
Meezan Financial Planning Fund of Funds - MAAP II	494,071	476,758	32,609	24,000
Meezan Tahaffuz Pension Fund - Gold sub-fund **	300,000	-	26,430	-
Meezan Energy Fund	4,000,000	-	216,080	-
Meezan Strategic Allocation Fund - MSAP II	1,999,600	-	100,620	-
Meezan Financial Planning Fund of Funds - MAAP III	2,568,004	-	167,460	-
			<u>6,605,447</u>	<u>5,730,340</u>

*The nominal value is Rs 10 each

**The nominal value is Rs 100 each

11.6 Provision for diminution in value of investments

	2016			2015		
	Associates	Others	Total	Associates	Others	Total
	Rupees in '000					
Opening balance	24,514	423,171	447,685	13,186	313,406	326,592
Charge / (reversal) for the year						
- on associates (unlisted)	3,611	-	3,611	11,328	-	11,328
- on available for sale investments	-	(68,284)	(68,284)	-	109,765	109,765
	3,611	(68,284)	(64,673)	11,328	109,765	121,093
Transfers*	(28,125)	28,125	-	-	-	-
Closing balance	-	383,012	383,012	24,514	423,171	447,685

*The Company has no longer remained an associated entity during the current year.

11.6.1 Particulars of provision in respect of type and segment

	2016	2015
	Rupees in '000	
Associates - unlisted		
Fully paid up-ordinary shares	-	24,514
Other - Available for sale securities		
Fully paid up-ordinary shares	199,030	189,841
Sukuks	183,982	233,330
	<u>383,012</u>	<u>447,685</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

11.7 Associates accounted for under the equity method of accounting

	Al Meezan Mutual Fund	Meezan Islamic Fund	Meezan Balanced Fund	Meezan Tahafuz Pension Fund - Gold Sub Fund	Meezan Tahafuz Pension Fund - Equity Sub Fund	KSE Meezan Index Fund	Meezan Islamic Income Fund	Meezan Sovereign Fund	Meezan Capital Preservative Fund - II	Meezan Capital Preservative Fund - III	Meezan Cash Fund	Meezan Gold Fund	Meezan Energy Fund	Meezan Strategic Allocation Fund - MSAP II	Meezan Financial Planning Fund of Funds - Conservative	Meezan Financial Planning Fund of Funds - MCPP I	Meezan Financial Planning Fund of Funds - MCPP II	Meezan Financial Planning Fund of Funds - MAAP II	Meezan Financial Planning Fund of Funds - MAAP III	Total
Opening balance - January 1, 2015	678,516	1,153,089	348,239	-	97,337	476,914	572,281	3,159,478	173,133	117,194	-	-	-	-	121,563	136,526	-	-	-	7,006,670
Investment / (redemption) during the year	(29,779)	278,256	(60,715)	-	2	(193,209)	148,183	(1,542,045)	-	-	1,040	60,424	-	-	(111,360)	41	200,000	24,000	-	(1,225,162)
Share of profit / loss in associates - P&L	12,203	144,718	21,104	-	16,159	9,376	30,205	(14,962)	9,676	7,442	18	(3,027)	-	-	(3,934)	7,455	2,147	-	-	238,580
Share of profit / loss in associates - OCI	(8,481)	9,871	908	-	-	-	-	235	-	-	-	-	-	-	-	-	-	-	-	2,593
Dividend received	(8,822)	(61,439)	(15,747)	-	-	(7,588)	(33,054)	(195,639)	-	-	-	-	-	-	(53)	-	(198)	-	-	(322,541)
Closing balance - December 31, 2015	643,637	1,524,475	293,789	-	114,098	285,692	717,615	1,407,127	182,809	124,636	1,058	57,387	-	-	6,236	146,022	201,949	24,000	-	5,730,340
Investment / (redemption) during the year	299,499	(336,610)	374	30,000	(2)	100,736	24,590	(281,895)	(200,092)	(123,099)	(1,039)	27,771	200,000	100,000	633	(147,555)	-	947	126,940	(178,801)
Share of profit / loss in associates - P&L	318,586	344,863	77,493	(3,570)	45,066	163,940	28,026	59,581	17,283	(1,538)	(19)	(270)	16,080	620	674	11,876	31,748	8,925	47,203	1,166,467
Share of profit / loss in associates - OCI	74,385	26,777	437	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	101,599
Dividend received	(42,175)	(68,990)	(11,830)	-	-	(11,562)	-	(46,584)	-	-	-	(1,443)	-	-	(651)	(10,343)	(10,704)	(1,283)	(6,683)	(214,136)
Closing balance - December 31, 2016	1,293,932	1,490,515	360,263	26,430	159,162	538,506	770,231	1,136,229	-	-	-	83,455	216,080	100,620	6,962	-	222,993	32,609	167,460	6,605,447

Notes to and forming part of the Consolidated Financial Statements

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	Note	2016	2015
Rupees in '000			
12 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabaha financing	12.1	7,786,937	12,197,556
- Advances against Murabaha		3,993,151	1,848,265
- Murabaha inventory		4,967,432	5,762,536
- Financing under Islamic Export Refinance - Murabaha	12.2	723,956	595,214
- Advances against future Islamic Export Refinance - Murabaha		122,221	232,432
- Net investment in Ijarah		149,054	238,011
- Net book value of assets / investment in Ijarah under IFAS-2		20,671,262	13,610,087
	12.3	20,820,316	13,848,098
- Advance against future Ijarah		3,906,242	1,773,507
- Diminishing Musharakah financing - Housing		9,374,585	6,918,394
- Diminishing Musharakah financing - Others		79,478,870	51,538,252
- Advances against Diminishing Musharakah		12,971,982	6,632,827
- Running Musharakah financing		70,517,803	42,315,235
- Financing under Islamic Export Refinance - Running Musharakah		7,784,000	6,030,000
- Musharakah financing		746,640	-
- Wakalah Tul Istithmar		12,750,000	-
- Istisna financing		3,155,616	777,841
- Istisna advance		28,112,137	19,316,205
- Istisna inventory		1,876,007	1,358,024
- Financing under Islamic Export Refinance - Istisna		128,743	387,235
- Advances against Islamic Export Refinance - Istisna		7,261,153	6,348,823
- Financing under Islamic Export Refinance - Istisna - Inventory		828,634	818,114
- Tijarah financing		337,506	278,911
- Tijarah inventory		5,182,105	4,237,102
- Financing under Islamic Export Refinance - Tijarah		244,051	129,600
- Financing under Islamic Export Refinance - Tijarah - Inventory		227,584	685,800
- Musawammah financing	12.5	7,159,774	7,827,479
- Musawammah Inventory		2,590,940	1,666,407
- Advances against Musawammah		4,908,188	2,396,596
- Financing under Islamic Export Refinance - Musawammah	12.6	325,512	434,393
- Advances against Islamic Export Refinance - Musawammah		100,000	60,000
- Islamic Export Refinance - Musawammah - Inventory		110,000	-
- Bai Muajjal financing	12.4	101,496	863,631
- Advances against future Service Ijarah		718,750	770,456
- Labbaik (Qard for Hajj and Umrah)		5,871	4,725
- Financing against bills - Salam		13,183,818	7,343,900
- Financing against bills - Murabaha - Advance		1,738	1,738
- Salam Financing - Advances		2,000,000	5,000,000
- Staff financing	12.7	2,739,104	2,183,244
- Other financing		2,374,002	3,193,123
Gross Islamic financing and related assets		319,616,864	215,775,663
Less: Provision against non-performing Islamic financing	12.10	(8,086,594)	(8,206,840)
Islamic financing and related assets - net of provision	12.8	311,530,270	207,568,823
12.1 Murabaha receivable - gross	12.1.1	8,134,131	12,709,277
Less: Deferred murabaha income		(119,342)	(141,759)
Profit receivable shown in other assets		(227,852)	(369,962)
Murabaha financing		7,786,937	12,197,556
12.1.1 Murabaha sale price		8,134,131	12,709,277
Murabaha purchase price		(7,786,937)	(12,197,556)
		347,194	511,721

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	2016	2015
	Rupees in '000	
12.2 Financing under Islamic Export Refinance - Murabaha - gross	741,100	613,268
Less: Deferred income	(4,616)	(5,693)
Profit receivable shown in other assets	(12,528)	(12,361)
Financing under Islamic Export Refinance - Murabaha	<u>723,956</u>	<u>595,214</u>

12.3 Net investment in Ijarah including net book value of assets / investments under Ijarah in IFAS-2

	2016			
	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000			
Ijarah rentals receivable	13,344,491	13,255,284	114,461	26,714,236
Residual value	980,181	5,065,851	54,292	6,100,324
Minimum Ijarah payments	14,324,672	18,321,135	168,753	32,814,560
Less: Profits for future periods	(5,233,347)	(6,611,253)	(149,644)	(11,994,244)
Present value of minimum Ijarah payments	<u>9,091,325</u>	<u>11,709,882</u>	<u>19,109</u>	<u>20,820,316</u>

	2015			
	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000			
Ijarah rentals receivable	8,623,904	9,886,893	174,430	18,685,227
Residual value	920,506	4,307,346	30,626	5,258,478
Minimum Ijarah payments	9,544,410	14,194,239	205,056	23,943,705
Less: Profits for future periods	(3,559,268)	(6,387,926)	(148,413)	(10,095,607)
Present value of minimum Ijarah payments	<u>5,985,142</u>	<u>7,806,313</u>	<u>56,643</u>	<u>13,848,098</u>

12.3.1 Net book value of assets / investments in Ijarah under IFAS-2 is net of depreciation of Rs 10,951 million (2015: Rs 8,152 million).

	2016	2015
	Rupees in '000	
12.4 Bai Muajjal financing - gross	133,325	898,512
Less: Deferred income	(10,835)	(20,945)
Profit receivable shown in other assets	(20,994)	(13,936)
Bai Muajjal financing	<u>101,496</u>	<u>863,631</u>
12.5 Musawwamah financing - gross	7,340,823	8,100,048
Less: Deferred income	(107,675)	(180,515)
Profit receivable shown in other assets	(73,374)	(92,054)
Musawwamah financing	<u>7,159,774</u>	<u>7,827,479</u>
12.6 Financing under Islamic Export Refinance - Musawwamah Financing - Gross	329,995	451,794
Less: Deferred income	(2,973)	(5,432)
Profit receivable shown in other assets	(1,510)	(11,969)
Financing under Islamic Export Refinance - Musawwamah - Financing	<u>325,512</u>	<u>434,393</u>

12.7 This includes Rs 314 million (2015 : Rs 252 million) representing profit free financings to staff advanced under the holding company's Human Resource Policies.

Notes to and forming part of the Consolidated Financial Statements

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	2016	2015
	Rupees in '000	
12.8 Particulars of Islamic financing and related assets - net		
12.8.1 In		
- local currency	288,487,503	196,817,472
- foreign currencies	23,042,767	10,751,351
	<u>311,530,270</u>	<u>207,568,823</u>
12.8.2 Short-term (for upto one year)	173,362,097	125,599,472
Long-term (for over one year)	138,168,173	81,969,351
	<u>311,530,270</u>	<u>207,568,823</u>

12.9 Islamic financing and related assets include Rs 6,847 million (2015: Rs 7,064 million) which have been placed under non-performing status as detailed below:

Category of classification	2016			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	16,018	-	16,018	12	12
Substandard	221,688	-	221,688	52,569	52,569
Doubtful	48,473	-	48,473	21,037	21,037
Loss	6,561,113	-	6,561,113	6,518,585	6,518,585
	<u>6,847,292</u>	<u>-</u>	<u>6,847,292</u>	<u>6,592,203</u>	<u>6,592,203</u>

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
	<u>7,064,382</u>	<u>-</u>	<u>7,064,382</u>	<u>6,840,068</u>	<u>6,840,068</u>

12.10 Particulars of provision against non-performing Islamic financing and related assets:

	2016		
	Specific	General	Total
	Rupees in '000		
Opening balance	6,840,068	1,366,772	8,206,840
Charge for the year	235,753	127,619	363,372
Less: Reversals	(483,618)	-	(483,618)
	(247,865)	127,619	(120,246)
Amount written off	-	-	-
Closing balance	<u>6,592,203</u>	<u>1,494,391</u>	<u>8,086,594</u>

Notes to and forming part of the Consolidated Financial Statements

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	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 year*		207,661	-	207,661
Amount written off	12.11	(335)	-	(335)
Closing balance		6,840,068	1,366,772	8,206,840

* This represents balance transferred from HSBC Bank Oman S.A.O.G - Pakistan branch on acquisition of HSBC Bank Oman S.A.O.G - Pakistan branch operations.

12.10.1 The Group 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 Group has also maintained a general provision of Rs 1,125 million (2015: Rs 1,125 million) against financing made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

12.10.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Group has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at December 31, 2016 amounts to Rs 10.2 million (2015: Rs 25.3 million). The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2016 amounts to Rs 6.6 million (2015: Rs 16.4 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

12.10.3 Particulars of provision against non-performing financing:

	2016			
	Specific	General	Total	
		Rupees in '000		
In local currency	6,390,778	1,494,391	7,885,169	
In foreign currencies	201,425	-	201,425	
	6,592,203	1,494,391	8,086,594	

	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	

12.11 Particulars of write offs	Note	2016	2015
		Rupees in '000	
Against provisions	12.10	-	335
Directly charged to the consolidated profit and loss account		-	-
		-	335
Write offs Rs 500,000 and above		-	-
Write offs below Rs 500,000		-	335
		-	335

Notes to and forming part of the Consolidated Financial Statements

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12.11.1 Details of financing 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.

12.12 Particulars of financing to directors, associated companies etc.

Debts due by directors, executives or officers of the holding company or any of them either severally or jointly with any other persons.

	Note	2016	2015
Rupees in '000			
Balance at the beginning of the year		2,222,265	1,585,605
Disbursements during the year		998,780	961,387
Repayments during the year		(369,380)	(324,727)
Balance at the end of the year	12.12.2	<u>2,851,665</u>	<u>2,222,265</u>

Debts due by companies or firms in which the directors of the holding company are interested as directors, partners or in the case of private companies as members.

	Note	2016	2015
Rupees in '000			
Balance at the beginning of the year		944,387	-
Disbursements during the year		7,562,436	8,029,117
Repayments during the year		(6,022,458)	(7,084,730)
Balance at the end of the year	12.12.3	<u>2,484,365</u>	<u>944,387</u>

Debts due by subsidiary companies, controlled firms, managed mudarabas and other related parties of the holding company.

	2016	2015
Rupees in '000		
Balance at the beginning of the year	-	-
Disbursements during the year	-	-
Repayments during the year	-	-
Balance at the end of the year	<u>-</u>	<u>-</u>

12.12.1 Financing to Executives and Directors

	Executives		Directors	
	2016	2015	2016	2015
Rupees in '000				
Opening balance	1,501,231	985,807	-	-
Disbursements during the year	726,836	645,828	-	-
Repayments during the year	(396,260)	(130,404)	-	-
Closing balance	<u>1,831,807</u>	<u>1,501,231</u>	<u>-</u>	<u>-</u>

12.12.2 These include loans given by the Holding company to its employees as per the terms of their employment. The maximum total amount of financing including temporary financing granted during the year was Rs 2,852 million (2015: Rs 2,222 million). The maximum amount has been calculated by reference to the month end balance.

12.12.3 This represents Istisna, Diminishing Musharikhah and Running Mushaharakah facility to associated companies (2015: Istisna and Running Mushaharakah facilities to associated companies).

Notes to and forming part of the Consolidated Financial Statements

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13	OPERATING FIXED ASSETS	Note	2016	2015
			Rupees in '000	
	Capital work-in-progress	13.1	314,408	425,560
	Property and equipment	13.2	8,288,994	7,269,596
			8,603,402	7,695,156
	Intangible assets	13.4	428,284	466,279
			9,031,686	8,161,435
13.1	Capital work-in-progress			
	- Land and building (including advances to suppliers and contractors for building renovation)		85,697	190,656
	- Advances for computer hardware		55,104	21,679
	- Advances for purchase of vehicles		61,586	81,474
	- Advances for computer software		38,636	7,291
	- Advances for other office machines		66,463	111,796
	- Advances for furniture and fixtures		6,922	12,664
			314,408	425,560

13.2 Property and equipment

	2016							Net book value as at December 31, 2016	Rate of depreciation %
	COST			ACCUMULATED DEPRECIATION					
	As at January 1, 2016	Additions / (deletions)	As at December 31, 2016	As at January 1, 2016	Charge / (on deletions)	As at December 31, 2016			
	Rupees in '000								
Leasehold land	939,417	780,183	1,719,600	-	-	-	1,719,600		
Buildings on leasehold land	1,308,951	21,806	1,330,757	304,838	65,451	370,289	960,468	5	
Leasehold improvements	4,167,986	847,465 (9,602)	5,005,849	1,384,932	451,931 (6,891)	1,829,972	3,175,877	10	
Furniture and fixtures	559,156	55,087 (6,525)	607,718	268,404	54,472 (5,429)	317,447	290,271	10	
Electrical, office and computer equipment	3,844,570	519,766 (78,066)	4,286,270	2,227,441	634,666 (72,796)	2,789,311	1,496,959	10, 20 and 33	
Vehicles	1,031,314	265,085 (154,371)	1,142,028	396,183	218,042 (118,016)	496,209	645,819	20	
	11,851,394	2,489,392 (248,564)	14,092,222	4,581,798	1,424,562 (203,132)	5,803,228	8,288,994		

Notes to and forming part of the Consolidated Financial Statements

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	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 leasehold 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	476,125	92,912 2,285 (12,166)	559,156	230,131	47,458 1,943 (11,128)	268,404	290,752	10	
Electrical, office and computer equipment	2,853,554	1,054,670 18,067 (81,721)	3,844,570	1,857,067	433,968 15,265 (78,859)	2,227,441	1,617,129	10, 20 and 33	
Vehicles	817,993	340,940 555 (128,174)	1,031,314	319,300	177,082 555 (100,754)	396,183	635,131	20	
	9,414,428	2,667,055 27,734 (257,823)	11,851,394	3,751,006	1,028,822 24,541 (222,571)	4,581,798	7,269,596		

*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.

13.3 Property and equipment - Movement of net book value

	Leasehold land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
At January 1, 2015							
Cost	939,417	1,296,993	3,030,346	476,125	2,853,554	817,993	9,414,428
Accumulated depreciation	-	(244,596)	(1,099,912)	(230,131)	(1,857,067)	(319,300)	(3,751,006)
Net book value	939,417	1,052,397	1,930,434	245,994	996,487	498,693	5,663,422
Year ended December 31, 2015							
Additions	-	11,958	1,166,575	92,912	1,054,670	340,940	2,667,055
Net book value of transfers	-	-	49	342	2,802	-	3,193
Net book value of disposals	-	-	(3,932)	(1,038)	(2,862)	(27,420)	(35,252)
Depreciation charge	-	(60,242)	(310,072)	(47,458)	(433,968)	(177,082)	(1,028,822)
Net book value as at December 31, 2015	939,417	1,004,113	2,783,054	290,752	1,617,129	635,131	7,269,596
Year ended December 31, 2016							
Additions	780,183	21,806	847,465	55,087	519,766	265,085	2,489,392
Net book value of disposals	-	-	(2,711)	(1,096)	(5,270)	(36,355)	(45,432)
Depreciation charge	-	(65,451)	(451,931)	(54,472)	(634,666)	(218,042)	(1,424,562)
Net book value as at December 31, 2016	1,719,600	960,468	3,175,877	290,271	1,496,959	645,819	8,288,994

13.3.1 Included in cost of property and equipment are fully depreciated items still in use aggregating Rs 2,324 million (2015: Rs 1,928 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

13.3.2 Details of disposal of fixed assets to executives or other persons having cost more than Rs 1 million or net book value of Rs 250,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Items having book value in aggregate more than Rs 250,000 or cost more than Rs 1,000,000						
Vehicles						
Honda Civic	2,388	1,473	915	1,361	MBL Staff Policy	Mr. Saleem Wafai - Executive (Ex-Employee)
Honda Civic	2,370	1,106	1,264	1,600	MBL Staff Policy	Mr. Irfan Ali Hyder - Executive (Ex-Employee)
Honda Civic	2,363	315	2,048	2,164	MBL Staff Policy	Mr. Ather Hassan - (Ex-Employee)
Honda Civic	2,358	943	1,415	1,708	MBL Staff Policy	Mr. Omer Salimullah - Executive (Ex-Employee)
Honda Civic	2,046	1,500	546	1,018	MBL Staff Policy	Syed Tariq Hassan - Executive
Honda Civic	1,985	1,985	-	596	MBL Staff Policy	Mr. Mateen Mahmood - Executive
Honda Civic	1,943	1,943	-	583	MBL Staff Policy	Mr. Faisal Iqbal - Executive
Toyota Corolla	1,683	1,010	673	975	MBL Staff Policy	Mr. Tanveer Ahmed Mumtaz - Executive - (Ex-Employee)
Toyota Corolla	1,648	1,099	549	939	MBL Staff Policy	Mr. Shujauddin Shaikh - (Ex-Employee)
Toyota Corolla	1,608	1,394	214	635	MBL Staff Policy	Mr. Ali Imran - Executive
Toyota Corolla	1,372	1,372	-	412	MBL Staff Policy	Mr. Muhammad Arshad - Executive
Honda City	1,626	1,355	271	713	MBL Staff Policy	Syed Abdul Rauf - Executive
Honda City	1,401	1,401	-	420	MBL Staff Policy	Mr. Kashif Zaidi - Executive
Honda City	1,396	1,396	-	419	MBL Staff Policy	Mr. Ismail Aswani - Executive
Honda City	1,374	1,374	-	412	MBL Staff Policy	Mr. Yasir Arafat Khan - Executive
Honda City	1,347	1,347	-	404	MBL Staff Policy	Mr. Manzoor Ahmed Ghori - Executive
Honda City	1,347	1,347	-	404	MBL Staff Policy	Mr. Zahid Sharif - Executive
Honda City	1,346	1,346	-	404	MBL Staff Policy	Mr. Shahid Iqbal - Executive
Honda City	1,340	1,340	-	402	MBL Staff Policy	Mr. Ghulam Haider Awan - Executive
Honda City	1,329	1,329	-	398	MBL Staff Policy	Mr. Muhammad Nawaz - Executive
Honda City	1,327	1,327	-	398	MBL Staff Policy	Mr. Muhammad Yasar Abaidullah - Executive
Honda City	1,323	1,323	-	397	MBL Staff Policy	Mr. Mumtaz Ali - (Ex-Employee)
Honda City	1,292	1,292	-	388	MBL Staff Policy	Mr. Muhammad Yasin - Executive
Suzuki Cultus	1,019	662	357	584	MBL Staff Policy	Mr. Mukarram Hasan - Executive
Suzuki Cultus	959	767	192	423	MBL Staff Policy	Syed Yasir Ali - Executive
Suzuki Cultus	919	796	123	378	MBL Staff Policy	Mr. Kaleem Ahmed Riaz - Executive
Suzuki Cultus	879	879	-	264	MBL Staff Policy	Mr. Shoukat Hussain - Executive
Suzuki Cultus	879	879	-	264	MBL Staff Policy	Mr. Nasir Mehmood - Executive
Suzuki Cultus	879	879	-	264	MBL Staff Policy	Mr. Shabbir Tabassum - Executive
Suzuki Cultus	879	864	15	264	MBL Staff Policy	Mr. Zafar Ahmed Khan - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Mr. Zubair Ahmed - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Mr. Fayyaz Ur Rehman Khan - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Syed Zakaria Farooq Naqvi - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Mr. Nadir Ishaq - Executive
Suzuki Cultus	878	878	-	282	MBL Staff Policy	Mr. Imran Khalid Shami - Executive
Suzuki Cultus	878	878	-	263	MBL Staff Policy	Mr. Muhammad Mohsin - Executive
Suzuki Cultus	873	858	15	262	MBL Staff Policy	Mr. Tariq Mehmood Ansari - Executive
Suzuki Cultus	870	870	-	261	MBL Staff Policy	Mr. Mir Zaman - Executive
Suzuki Cultus	870	870	-	261	MBL Staff Policy	Mr. Khawaja Abdul Qayyum - Executive
Suzuki Cultus	859	845	14	274	MBL Staff Policy	Mr. Muhammad Zahid - Executive
Suzuki Cultus	843	843	-	253	MBL Staff Policy	Mr. Muhammad Mudassar Bader - Executive
Suzuki Cultus	843	843	-	253	MBL Staff Policy	Mr. Abdus Samad - Executive
Suzuki Cultus	843	843	-	253	MBL Staff Policy	Mr. Muhammad Abrar - Executive
Suzuki Cultus	843	843	-	253	MBL Staff Policy	Mr. Aftab Abbasi - Executive
Suzuki Cultus	830	830	-	249	MBL Staff Policy	Mr. Tanveer Hussain Kalru - Executive
Suzuki Cultus	830	830	-	249	MBL Staff Policy	Mr. Farooq Hassan - Executive
Suzuki Cultus	827	827	-	248	MBL Staff Policy	Syed Atif Hussain - Executive
Suzuki Cultus	819	819	-	246	MBL Staff Policy	Mr. Shahid Hameed - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Shehzada Imran - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Tauqeer Asjad Qazi - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Ahmed Sajjad Kayani - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Asim Aslam - Executive
Suzuki Cultus	815	815	-	245	MBL Staff Policy	Mr. Asghar Ali Baloch - Executive
Suzuki Cultus	798	798	-	239	MBL Staff Policy	Mr. Kamran Nifasat - Executive
Toyota Corolla	1,554	1,062	492	492	AMIML Staff Policy	Mr. Shahid Ojha - Executive
Honda Civic	1,891	1,891	-	-	AMIML Staff Policy	Mr. Faisal Hafeez - Executive
Honda City	1,507	301	1,206	1,500	Insurance Claim	M/s Pak Qatar Takaful Company Limited
Honda City	1,503	751	752	1,210	Insurance Claim	M/s EFU General Insurance Limited
Honda Civic	1,890	1,890	-	1,223	Negotiation	Mr. Sajid Qadri
Honda City	1,552	698	854	1,293	Negotiation	Mr. Khurram Intiaz
Honda City	1,520	760	760	1,150	Negotiation	Mr. Muhammad Ali
Honda City	1,502	1,252	250	1,173	Negotiation	Mr. Ata Rabbani
Honda City	1,495	1,046	449	1,321	Negotiation	Mr. Kamran Khan
Honda City	1,495	797	698	1,193	Negotiation	Mr. Khan M.Shah

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For the year ended December 31, 2016

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Honda City	1,403	1,239	164	934	Negotiation	Mr. Adnan Naseer
Honda City	1,371	1,371	-	1,011	Negotiation	Mr. Muhammad Shahbaz Munawar
Toyota Corolla	1,530	893	637	1,172	Negotiation	Mr. Rizwan Mazhar
Toyota Corolla	1,005	1,005	-	660	Negotiation	Mr. Adnan Naseer
Toyota Corolla	1,912	1,051	861	1,300	Negotiation	Ms. Sanam Khan
Toyota Corolla	1,722	1,722	-	1,570	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,075	412	663	780	Negotiation	Mr. Nadeem Ahmed
Suzuki Cultus	1,047	366	681	800	Negotiation	Mr. Aftab Ahmed
Suzuki Cultus	1,044	452	592	773	Negotiation	Mr. Nusrat Iqbal
Suzuki Cultus	1,034	500	534	792	Negotiation	Mr. Tabassum Elahi
Suzuki Cultus	1,032	430	602	828	Negotiation	Mr. Javed M. Khan
Suzuki Cultus	1,032	275	757	847	Negotiation	Mr. Abid Ansar
Suzuki Cultus	1,032	430	602	790	Negotiation	Mr. Feroz Nadeem
Suzuki Cultus	1,032	447	585	836	Negotiation	Mr. Muhammad Amin
Suzuki Cultus	1,032	344	688	817	Negotiation	Mr. Muhammad Ijaz
Suzuki Cultus	1,029	394	635	836	Negotiation	Mr. Khurram Imtiaz
Suzuki Cultus	1,027	479	548	780	Negotiation	Mr. Aftab Ahmed
Suzuki Cultus	1,025	307	718	838	Negotiation	Mr. Javed M. Khan
Suzuki Cultus	1,020	663	357	760	Negotiation	Mr. Aftab Ahmed
Suzuki Cultus	1,018	441	577	780	Negotiation	Mr. Muhammad Tariq Khan
Suzuki Cultus	1,018	441	577	732	Negotiation	Mr. Usman Shahid
Suzuki Cultus	1,017	203	814	882	Negotiation	Mr. Javed M. Khan
Suzuki Cultus	1,017	186	831	881	Negotiation	Mr. Javed M. Khan
Suzuki Cultus	1,016	457	559	770	Negotiation	Mr. Hassan Akhtar Abbasi
Suzuki Cultus	1,015	592	423	675	Negotiation	Mr. Abdul Hafeez Mirza
Suzuki Cultus	1,013	675	338	723	Negotiation	Mr. Ghulam Murtaza
Suzuki Cultus	1,001	434	567	746	Negotiation	Mr. Iftikhar Ahmed
Suzuki Cultus	1,001	434	567	764	Negotiation	Mr. Iftikhar Ahmed
Suzuki Cultus	994	596	398	667	Negotiation	Mr. Abrar Hussain
Suzuki Cultus	990	660	330	750	Negotiation	Mr. Tabassum Elahi
Suzuki Cultus	990	594	396	742	Negotiation	Mr. Ali Akber
Suzuki Cultus	990	660	330	733	Negotiation	Mr. Ghulam Murtaza
Suzuki Cultus	990	594	396	787	Negotiation	Mr. Shah Fahad
Suzuki Cultus	980	686	294	721	Negotiation	Mr. Tabassum Elahi
Suzuki Cultus	975	634	341	718	Negotiation	Mr. Sheeraz Khan
Suzuki Cultus	959	671	288	638	Negotiation	Mr. Muhammad Yaqoob
Suzuki Cultus	959	655	304	663	Negotiation	Mr. Zulfiqar Ahmed
Suzuki Cultus	955	621	334	661	Negotiation	Mr. Abid Ansar
Suzuki Cultus	939	689	250	711	Negotiation	Mr. Sheeraz Khan
Suzuki Cultus	939	689	250	683	Negotiation	Mr. Usman Shahid
Suzuki Cultus	1,001	734	267	815	Negotiation	Syed Riaz Ahmed
Suzuki Cultus	1,021	698	323	815	Negotiation	Syed Riaz Ahmed
	126,027	92,577	33,450	70,450		
Furniture and fixtures						
Furniture and fixtures	2,177	1,742	435	2	Negotiation	Mr. Muhammad Farid
	2,177	1,742	435	2		
Electrical, office and computer equipments						
Computer Equipment	800	360	440	400	Negotiation	M/s Roomi Enterprises (Pvt)Ltd
Computer Equipment	460	92	368	460	Negotiation	Mr. Wahab Gul
Computer Equipment	2,171	2,171	-	6	Negotiation	M/s Dilawar Brothers
	3,431	2,623	808	866		
Leasehold Improvements						
Civil Works	2,133	1,742	391	367	Insurance Claim	M/s Pak Kuwait Takaful Company Limited
Civil Works	812	68	744	-	Discarded	Not applicable
	2,945	1,810	1,135	367		
	134,580	98,752	35,828	71,685		

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For the year ended December 31, 2016

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Items in aggregate having book value of less than Rs 250,000 or cost less than Rs 1,000,000						
Furniture and Fixtures	4,348	3,687	661	296		
Leasehold improvements	6,657	5,081	1,576	1,658		
Electrical, office and computer equipment	74,635	70,173	4,462	7,523		
Vehicles	28,344	25,439	2,905	17,951		
	<u>248,564</u>	<u>203,132</u>	<u>45,432</u>	<u>99,113</u>		

13.4 Intangible assets

	COST			ACCUMULATED AMORTISATION			Net book value as at December 31, 2016	Rate of amortisation %
	As at January 1, 2016	Additions during the year	As at December 31, 2016	As at January 1, 2016	Amortisation charge for the year	As at December 31, 2016		
	Rupees in '000							
Computer software	1,010,136	140,534	1,150,670	543,857	178,529	722,386	428,284	20
2015	899,154	110,982	1,010,136	392,156	151,701	543,857	466,279	20

13.5 Intangible assets - Movement of net book value

	Year ended December 31, 2015				Year ended December 31, 2016		
	Net book value as at January 1, 2015	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2015	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2016
	Rupees in '000						
Computer software	506,998	110,982	151,701	466,279	140,534	178,529	428,284

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
14 OTHER ASSETS			
Profit / return accrued in local currency		7,891,923	9,411,946
Profit / return accrued in foreign currencies		117,863	84,699
Advances, deposits, advance rent and other prepayments	14.1	1,157,256	1,059,778
Dividends receivable		9,736	7,061
Stamps		8,335	3,998
Security deposits		103,322	98,334
Unrealised gain on forward foreign exchange contracts - net	14.2	264,383	281,220
Non-Banking assets acquired in satisfaction of claims	14.3	284,255	291,557
Advance for Investments		500,000	33,000
Receivable from SBP on account of settlement of capital of HSBC Bank Oman S.A.O.G - Pakistan branch operations	4.1	-	2,661,433
Others		607,831	519,547
		<u>10,944,904</u>	<u>14,452,573</u>
Provision against other assets	14.4	(255,822)	(341,084)
		<u>10,689,082</u>	<u>14,111,489</u>

14.1 This includes prepaid rent and prepaid insurance aggregating Rs 453 million (2015: Rs. 501 million) and Rs 455 million (2015: Rs 325 million) respectively which are being amortized over a period of one year.

14.2 This is net of loss on forward foreign exchange contracts of Rs 665 million (2015: Rs 396 million).

14.3 Market value of the non-banking assets acquired in satisfaction of claims is Rs 221.877 million (2015: Rs 267.958 million). Provision amounting to Rs 62.378 million in respect of non-banking assets is included in provision against other assets.

14.4 Provision against other assets	2016	2015
Rupees in '000		
Opening balance	341,084	421,223
Charge for the year	15,383	28,481
Reversals during the year	(99,426)	(6,174)
Amount written off	(1,219)	(3,893)
Amount adjusted upon conversion	-	(89,047)
Amount adjusted and transferred to charity	-	(9,506)
Closing balance	<u>255,822</u>	<u>341,084</u>

15 BILLS PAYABLE

In Pakistan	9,130,998	6,560,324
Outside Pakistan	-	-
	<u>9,130,998</u>	<u>6,560,324</u>

16 DUE TO FINANCIAL INSTITUTIONS

In Pakistan	32,005,501	13,609,551
Outside Pakistan	-	-
	<u>32,005,501</u>	<u>13,609,551</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
16.1	Particulars of due to financial institutions with respect to currencies		
	In local currency	32,005,501	13,609,551
	In foreign currencies	-	-
		<u>32,005,501</u>	<u>13,609,551</u>
16.2	Details of due to financial institutions secured / unsecured		
	Secured		
	Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	16.2.1 16,841,788	13,598,206
	Other Financial institution	16.2.2 168,506	4,548
	Unsecured		
	Overdrawn nostro accounts	295,207	6,797
	Other Musharakah / Mudarabas	16.2.3 14,700,000	-
		<u>32,005,501</u>	<u>13,609,551</u>
16.2.1	These Musharakah are on a profit and loss sharing basis maturing between January 03, 2017 to June 28, 2017 (2015: January 02, 2016 to June 28, 2016) and are secured against demand promissory notes executed in favor of SBP. A limit of Rs 19,200 million (2015: Rs 17,200 million) has been allocated to the Group by SBP under Islamic Export Refinance Scheme.		
16.2.2	These Musharakahs are on Profit and Loss sharing basis maturing in December, 2020. A limit of USD 10 million has been allocated to the Group by Karandaz under the agreement.		
16.2.3	These Musharakah / Mudarabas are on profit and loss sharing basis. The expected average return on these Musharakah / Mudarabas is around 5.71% (2015: Nil) per annum. These balances are maturing latest by January 19, 2017 (2015: Nil).		
16.3	Particulars of due to financial institutions	2016	2015
Rupees in '000			
	Short - term	31,836,995	13,605,003
	Long - term	168,506	4,548
		<u>32,005,501</u>	<u>13,609,551</u>
17	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	- Fixed deposits	141,796,085	131,769,647
	- Savings deposits	220,228,372	184,622,913
	- Current accounts - non-remunerative	195,597,883	148,204,716
	- Margin	2,118,269	1,055,262
		<u>559,740,609</u>	<u>465,652,538</u>
	Financial institutions		
	- Remunerative deposits	3,307,614	5,672,624
	- Non-remunerative deposits	951,629	474,311
		<u>4,259,243</u>	<u>6,146,935</u>
		<u>563,999,852</u>	<u>471,799,473</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
17.1 Particulars of deposits		
In		
- local currency		
Mudaraba based deposits	347,370,022	304,257,489
Qard based deposits	187,682,195	140,968,995
	535,052,217	445,226,484
- foreign currencies		
Mudaraba based deposits	20,045,839	18,693,148
Qard based deposits	8,901,796	7,879,841
	28,947,635	26,572,989
	<u>563,999,852</u>	<u>471,799,473</u>

18 SUB-ORDINATED SUKUK

During the year, the Holding company issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Mudaraba of Rs 7,000 million as instrument of redeemable capital under section 120 of the Companies Ordinance, 1984. The brief description of sukuk is as follows:

Credit Rating	AA- (Double A minus) by JCR-VIS Credit Rating Company Limited.
Tenor	10 years from the issue date.
Profit payment frequency	Semi-annually in arrears.
Redemption	Bullet payment at the end of the tenth year.
Expected Periodic Profit Amount (Mudaraba Profit Amount)	The Mudaraba Profit is computed under General Pool on the basis of profit sharing ratio and monthly weightages announced by the Holding company under the SBP guidelines of pool management. Last announced profit rate on the Sukuk is 6.76% per annum.
Call Option	The Holding company may call Tier II Sukuk with prior approval of SBP on or after five years from the date of issue.
Loss Absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability trigger event as determined by SBP or for any other reason as may be directed by SBP.
Lock-in-Clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk, if such payment will result in a shortfall in the Issuer's minimum capital or capital adequacy ratio requirement.

	2016	2015
	Rupees in '000	
19 DEFERRED TAX LIABILITIES		
Deferred credits arising due to:		
Excess of accounting book values over tax written down values of owned assets	632,001	771,569
Surplus on revaluation of available for sale investments	1,251,679	455,159
Surplus on revaluation of investments at fair value through profit or loss	67,416	-
Deferred debits arising due to:		
Provision against non-performing Islamic financing and related assets	-	(168,219)
Provision for diminution in value of investments	(146,078)	(156,467)
Provision against Workers' Welfare Fund	(29,241)	(19,084)
Income not accrued due to non-culmination of Islamic financings	(332,824)	(441,074)
Provision against non-banking assets acquired in satisfaction of claims and other assets	(18,587)	(56,827)
Tax on accumulated profit on associates	530,837	345,866
	<u>1,955,203</u>	<u>730,923</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015
Rupees in '000			
20 OTHER LIABILITIES			
Return on deposits and other dues			
- payable in local currency	20.1	2,023,164	2,201,387
- payable in foreign currencies		29,709	46,430
Unearned commission		23,605	14,038
Accrued expenses		2,931,137	2,167,242
Current taxation (provision less payments)		1,260,356	446,326
Unclaimed dividends		6,294	5,063
Payable to defined benefit plan	36.2 & 36.15	374,847	447,895
Provision against off-balance sheet obligations	20.2	105,398	105,398
Security deposits against ljarah		6,078,190	3,871,830
Charity payable	20.3	1,509	4,903
Payable on account of credit murabaha		117,092	90,307
Advance against future diminishing musharaka		121,773	46,906
Payable to HSBC ME - HSBC group entities	20.4	23,450	23,445
Payable to HSBC Bank Oman S.A.O.G. - Purchase consideration		-	2,661,433
Withholding taxes payable		130,997	87,510
Workers Welfare Fund payable	20.5	834,456	569,065
Others		341,580	780,065
		<u>14,403,557</u>	<u>13,569,243</u>

20.1 This includes Rs 56 million (2015: Rs 94 million) in respect of return accrued on borrowings from SBP under the Islamic Export Refinance Scheme.

	2016	2015
Rupees in '000		
20.2 Provision against off-balance sheet obligations		
Opening balance	105,398	89,225
Charge for the year	-	16,173
Closing balance	<u>105,398</u>	<u>105,398</u>

	2016	2015
20.3 Reconciliation of charity payable		
Opening balance	4,903	421
Additions during the year	28,198	47,754
Less: Transferred to charity savings account (included in deposits and other accounts)	(31,592)	(43,272)
Closing balance	<u>1,509</u>	<u>4,903</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

20.3.1 Charity paid through saving account during the year is Rs 37.8 million (2015: Rs 49.6 million). Charity in excess of Rs 100,000 was paid to the following individuals / organizations:

	2016	2015
	Rupees in '000	
Afzal Memorial Thalassemia Foundation	200	-
The Aga Khan University - Financial Assistance Program	-	10,000
Akhuwat Foundation	100	150
Alamgir Welfare Trust International	-	300
Al Mustafa Trust Rawalpindi	150	-
Baqai Institute of Diabetology and Endocrinology	-	100
Care Foundation	100	-
Centre For Development of Social Services	200	-
Child Aid Association	100	150
Disabled Welfare Association	100	-
Eye Donor Organization	100	150
Fatimid Foundation Kidney Centre & General Hospital	150	150
Garage School	300	-
Hands	100	-
Institute of Business Administration - National Talent Hunt Program	12,770	13,459
Ihsan Trust - Related party	17,000	18,000
Infaq Memorial Trust	250	-
Idara - Al Khair	500	-
Jamal Noor Hospital	100	100
Jinnah Foundation	100	-
Kiran Foundation	500	-
Karachi Education Initiative	1,297	2,368
Karigar Training Institute	-	300
Lahore Businessmen Association For Rehabilitation of the Disabled	500	-
Marie Adelaide Leprosy Foundation	-	100
Medical Aid Foundation (Rahat Kada)	200	-
Muhammadi Blood Bank	100	-
Muslim Welfare Centre	-	200
Noor Eli Trust	-	200
Pakistan Kidney Institute / Shifa Foundation	-	100
Patients Aid Foundation - Jinnah Hospital	200	500
Pakistan Red Crescent Society (for Ultra Sound machine)	-	150
Pakistan Disabled Foundation	200	100
Pakistan Association of Deaf	200	200
Pakistan Eye Bank	100	-
Poor Patients Aid Society - Civil Hospital (Karachi)	-	100
Prevention of Blindness Trust	200	-
Rashid Memorial Welfare Organization	500	-
Rotary Humanitarian Trust - Hawksbay School	-	1,000
Saylani Welfare	100	-
Shafi Trust	100	-
SINA Trust	-	200
Society for Heart Care	1,000	1,000
The Indus Hospital	100	500
The Kidney Centre	100	-
Welfare Society for Patient Care	100	-
	37,817	49,577

20.3.2 The balance in Charity's saving account is Rs 0.128 million (2015: Rs 6 million).

20.3.3 Charity was not paid to any individual / organization in which a director or his spouse had any interest at any time during the year.

20.4 This represents amount payable to HSBC group entities which were transferred to the Group consequent to acquisition of HSBC - Pakistan Operations.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

20.5 The Group has made full provision for Workers Welfare Fund based on profit for the respective years (2008-2016).

During the current year, the Supreme Court of Pakistan vide its order dated November 10, 2016 has held that the amendments made in the law introduced by the Federal Government for the levy of Workers Welfare Fund were not lawful. The Federal Board of Revenue has filed review petitions against this order which are currently pending.

Legal advice obtained on the matter indicates that consequent to filing of these review petitions the judgment may not currently be treated as conclusive. Accordingly, the Group maintains its provision in respect of WWF.

21 SHARE CAPITAL

21.1 Authorised capital

2016 (Number of Shares)	2015		2016 Rupees in '000	2015 Rupees in '000
<u>2,000,000,000</u>	<u>1,500,000,000</u>	Ordinary shares of Rs 10 each	<u>20,000,000</u>	<u>15,000,000</u>

21.2 Issued, subscribed and paid-up capital

2016 (Number of Shares)	2015		2016 Rupees in '000	2015 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
<u>1,002,737,895</u>	<u>1,002,737,895</u>		<u>10,027,379</u>	<u>10,027,379</u>

Shareholders having more than 10% shareholding as at December 31, 2016 are as follows:

21.3 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%

22 RESERVES

	Note	2016 Rupees in '000	2015 Rupees in '000
Statutory reserve	22.1	6,515,372	5,403,050
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	3,117,547
General reserve		91,082	91,082
		<u>9,724,001</u>	<u>8,611,679</u>

22.1 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.

23 NON CONTROLLING INTEREST

	2016 Rupees in '000	2015 Rupees in '000
Opening balance	944,623	839,801
Share of profit for the year	420,522	210,138
Remeasurements of defined benefit plan - net of tax (directly recognised in equity)	1,044	(316)
Dividend payout by AMIML	(144,200)	(105,000)
Closing balance	<u>1,221,989</u>	<u>944,623</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	Rupees in '000	
24 SURPLUS ON REVALUATION OF INVESTMENTS		
Quoted shares / units of mutual funds*	2,185,634	937,707
Other securities	1,560,122	346,113
	<u>3,745,756</u>	<u>1,283,820</u>
Less: Deferred tax liability	(1,287,239)	(425,561)
	<u>2,458,517</u>	<u>858,259</u>
*This includes surplus on revaluation of "available for sale" securities of associates.		
25 CONTINGENCIES AND COMMITMENTS		
25.1 Direct credit substitutes		
Guarantees favoring		
- Banks	<u>209,015</u>	<u>-</u>
25.2 Transaction related contingent liabilities		
Guarantees favoring		
- Government	10,925,452	9,936,361
- Banks	244,589	227,332
- Others	4,066,533	2,436,550
	<u>15,236,574</u>	<u>12,600,243</u>
25.3 Trade related contingent liabilities		
Import letters of credit	51,612,802	29,373,250
Acceptances	4,323,808	4,049,357
	<u>55,936,610</u>	<u>33,422,607</u>
25.4 Other contingencies		

25.4.1 The Income Tax Department has amended the deemed assessment orders of the Holding company for prior years including the tax year 2015. The additions/ disallowances were mainly due to allocation of expenses relating to dividends and capital gain, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Holding company has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Holding company and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Holding company, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in the Holding company's favor and, accordingly, no provision has been made in these financial statements with respect thereto. The additional tax liability which may arise in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

25.4.2 On June 20, 2014, the subsidiary company received a show cause notice from the Punjab Revenue Authority (PRA) contending that the subsidiary company had not registered itself with PRA and that it (the subsidiary company) had provided taxable services during the period from July 2013 to March 2014. Accordingly, PRA has calculated sales tax liability of Rs 45.334 million as the amount payable to PRA on the management remuneration (earned by the subsidiary company from all the funds) for the above mentioned period. The subsidiary company has considered the implications of the above matter and is of the view that similar notices have been served by PRA to certain other asset management companies as well and that this matter has been taken up by the Mutual Funds Association of Pakistan on behalf of the mutual funds and a stay order has also been obtained from the Sindh High Court on July 10, 2014, whereby the aforementioned show cause notice, as interim relief, has been suspended. The management of the subsidiary company is of the view that the sales tax on aggregate amount of management remuneration has already been paid to the Sindh Revenue Board, and therefore, any additional amount of sales tax on the same management remuneration will not be required to be paid by the Company. Accordingly, no provision has been made in these financial statements.

25.4.3 The subsidiary company has received amended Assessment Orders (AOs) issued by the Additional Commissioner Inland Revenue (ACIR) for the tax years 2010, 2011, 2014 and 2015. Through the AOs, the ACIR has raised additional tax demand mainly on account of certain matters including allocation of expenses against income under normal and final tax regimes, admissibility of provision for bonus, compensated absences and SEBIS. Further, show cause notice has been received in relation to tax year 2013 regarding the same matters. The subsidiary company has filed appeals against the aforementioned orders before the Commissioner Inland Revenue – Appeals (CIR-A). The management is confident that additional tax liability of Rs 274.14 million will not arise in this respect and has, accordingly, not made any provision in these financial statements.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	Note	2016	2015	
Rupees in '000				
25.5	Commitments in respect of forward exchange contracts			
	Purchases	72,008,025	68,362,309	
	Sales	69,766,108	74,532,767	
25.6	Commitments for the acquisition of operating fixed assets	129,320	294,082	
25.7	Commitments in respect of Islamic financing and related assets	25.7.1	123,675,880	106,606,261
25.7.1	The Group 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.			
25.8	Other commitments	Note	2016	2015
Rupees in '000				
	Bills for collection (inland)		144,063	151,175
	Bills for collection (foreign)		30,342,514	30,956,046
			30,486,577	31,107,221
26	PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS			
	On financing to			
	- Customers		15,598,931	13,751,234
	On investments in			
	- Available for sale securities		8,260,849	7,100,653
	- Held for trading securities		5,547	493
	- Held to maturity securities		1,192,125	-
	On deposits with financial institutions		6,372,190	12,261,167
			31,429,642	33,113,547
27	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED			
	Deposits and other accounts		11,868,001	14,387,319
	Other Musharakahs / Mudarabas	27.1	1,003,788	508,459
			12,871,789	14,895,778
27.1	This includes Rs 263 million (2015: Rs 454 million) paid / payable to SBP under Islamic Export Refinance scheme.			
28	CAPITAL GAIN ON SALE OF INVESTMENTS - NET	Note	2016	2015
Rupees in '000				
	Shares / units of mutual funds - listed		1,005,189	438,010
	Sukuks		7,235	50,687
			1,012,424	488,697
29	OTHER INCOME			
	Gain on termination of Ijarah financing		108,327	69,635
	Gain on termination of diminishing musharakah financing		13,857	9,937
	Gain on sale of operating fixed assets		53,681	50,607
	Gain on disposal of non-banking assets		-	59
	Others	29.1	181,195	170,796
			357,060	301,034
29.1	This includes recoveries against loans written off by HSBC ME prior to its acquisition by the Group amounting to Rs 33.409 million (2015: Rs 27.706 million).			

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

30 ADMINISTRATIVE EXPENSES	Note	2016	2015
Rupees in '000			
Salaries, allowances and other employee benefits	30.1, 30.3 & 38	7,337,925	6,506,797
Charge for defined benefit plan		274,330	404,439
Contribution to defined contribution plan	37	217,400	189,222
Non - executive directors' fees	38	39,081	35,379
Rent, electricity, taxes, insurance, etc.		2,434,834	2,129,789
Depreciation	13.2	1,424,562	1,028,822
Amortisation	13.4	178,529	151,701
Communication		430,687	383,283
Stationery and printing		319,535	310,598
Repairs and maintenance		500,469	483,342
Security charges including cash transportation charges		652,632	494,580
Local transportation and car running		250,939	231,204
Fees, subscription and clearing charges		309,653	234,167
Entertainment		50,078	45,867
Office supplies		176,410	155,032
Hardware and software maintenance		245,533	195,729
Advertisement and publicity		279,630	282,696
Travelling		86,774	92,465
Brokerage, commission and bank charges		123,496	118,608
Legal and professional charges	30.2	23,220	25,580
Auditors' remuneration	30.4	13,100	13,350
Takaful and tracker expenses on Ijarah		668,376	486,468
Donation	30.5	200	-
Others		77,824	50,642
		<u>16,115,217</u>	<u>14,049,760</u>

30.1 This includes remuneration to Shariah Advisor amounting to Rs 10.7 million (2015: Rs 10.2 million).

30.2 This includes remuneration to Shariah Board amounting to Rs 1 million (2015: Rs 1 million).

30.3 The Holding company has performance bonus policy for all employees including the President & Chief Executive Officer and Deputy Chief Executive Officer. The aggregate amount determined for eligible employees for the bonus relating to all Executives and for the President & CEO and Deputy CEO of the Holding company amounted to Rs 570.67 million (2015: Rs 473.77 million), Rs 78.44 million (2015: Rs 73.99 million) and Rs 52.27 million (2015: Rs 49.31 million) respectively.

30.4 Auditors' remuneration	2016	2015
Rupees in '000		
Audit fee	3,900	3,570
Fee for interim review	1,182	1,123
Special certifications and sundry advisory services	2,965	5,496
Tax services	2,930	1,605
	<u>10,977</u>	<u>11,794</u>
Sindh sales tax on services	788	665
Out of pocket expenses	1,335	891
	<u>13,100</u>	<u>13,350</u>
30.5 Donation		
National Medical Centre (Private) Limited	<u>200</u>	<u>-</u>

None of the directors / CEO or their spouses had any interest in the donee.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

		2016	2015
		Rupees in '000	
31	OTHER CHARGES		
	Penalties imposed by the State Bank of Pakistan	3,600	4,067
32	TAXATION		
	Current		
	- for the year	3,283,846	2,559,908
	- for prior years	268,219	(8,768)
		3,552,065	2,551,140
	Deferred		
	- for the year	362,603	589,017
	- for prior years	-	717,814
		3,914,668	3,857,971

During the current year, the Finance Act 2016 extended the application of super tax brought into effect through the Finance Act 2015 for rehabilitation of temporary displaced persons. Accordingly, the Group has recognised prior year tax charge of Rs 275.647 million in the current year which is determined at the applicable tax rate of 4 percent on taxable income for the tax year 2016 (i.e. year ended December 31, 2015).

32.1	Relationship between tax expense and accounting profit	Note	2016	2015
			Rupees in '000	
	Profit before taxation		10,517,091	8,925,913
	Effects of:			
	- Tax calculated at the applicable rate of 35%		3,853,036	3,124,070
	- Income chargeable to tax at reduced rate		(217,172)	(78,794)
	- Prior year charge		268,219	709,046
	- Permanent differences		(11,739)	10,584
	- Others		22,324	93,065
	Tax charge for the year		3,914,668	3,857,971

33 BASIC AND DILUTED EARNINGS PER SHARE

	Profit attributable to shareholders		6,181,901	4,857,804
			Number	
	Weighted average number of ordinary shares	21.2	1,002,737,895	1,002,737,895
			Rupees	
	Basic earnings per share	33.1	6.17	4.84

33.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2016 and 2015.

		Note	2016	2015
			Rupees in '000	
34	CASH AND CASH EQUIVALENTS			
	Cash and balances with treasury banks	8	56,037,043	43,685,791
	Balances with other banks	9	12,067,855	11,205,707
			68,104,898	54,891,498

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	2016	2015
	Number of Staff	
35 STAFF STRENGTH		
Permanent	6,601	6,155
Contractual basis	1,504	1,428
Group's own staff strength at the end of the year	8,105	7,583
Outsourced	1,388	1,307
Total staff strength	9,493	8,890

36 DEFINED BENEFIT PLAN

36.1 General description - Defined Benefit Plan of MBL

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 MBL and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the MBL and scheme participants in accordance with the Fund's trust deed. The disclosures from notes 36.2 to 36.14 pertain to defined benefit plan of MBL.

36.2 The amount recognised in the Consolidated Statement of Financial Position (in respect of the gratuity scheme) is determined as follows:

	2016	2015
	Rupees in '000	
Present value of defined benefit obligations	968,320	817,468
Fair value of plan assets	(844,964)	(590,988)
	123,356	226,480

36.3 Plan assets consist (in respect of the gratuity scheme) of the following:

	2016		2015	
	Rupees in '000	%	Rupees in '000	%
Meezan Aamdan Certificates	533,224	63%	430,718	73%
Meezan Capital Preservation Fund	-	-	151,552	26%
Meezan Asset Allocation Plan	250,178	30%	-	-
Fatima Fertilizer Company Limited - Sukuk	60,000	7%	-	-
Savings account with Meezan Bank Limited	1,562	0%	8,718	1%
	844,964	100%	590,988	100%

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

36.4 The movement in the defined benefit obligation (in respect of the gratuity scheme) over the year is as follows:

	2016		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	817,468	(590,988)	226,480
Current service cost	224,443	-	224,443
Return expense / (income)	77,139	(68,315)	8,824
	<u>1,119,050</u>	<u>(659,303)</u>	<u>459,747</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense / (income)	-	(1,340)	(1,340)
- (Gain) / loss from change in demographic assumptions	-	-	-
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience (gains) / losses	(58,571)	-	(58,571)
	<u>(58,571)</u>	<u>(1,340)</u>	<u>(59,911)</u>
	<u>1,060,479</u>	<u>(660,643)</u>	<u>399,836</u>
Contribution	-	(276,480)	(276,480)
Benefit payments	(92,159)	92,159	-
At December 31	<u>968,320</u>	<u>(844,964)</u>	<u>123,356</u>
	2015		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	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>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

36.5	Charge for defined benefit plan (in respect of the gratuity scheme)	2016	2015
		Rupees in '000	
	Current service cost	224,443	178,396
	Net return cost	8,824	7,563
		<u>233,267</u>	<u>185,959</u>

36.6 The plan assets and defined benefit obligations (in respect of the gratuity scheme) are based in Pakistan.

		2016	2015
36.7	Principal actuarial assumptions (in respect of the gratuity scheme)		
	Discount rate	9.00% p.a	10.00% p.a
	Expected rate of salary increase	9.00% p.a	10.00% p.a
	Expected rate of return on investments	9.00% p.a	10.00% p.a
	Normal retirement age	60 years	60 years

36.8 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.

36.9 The sensitivity of the defined benefit obligation (in respect of the gratuity scheme) to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation - Increase / (Decrease)		
	Change in assumption	Increase in assumption	Decrease in assumption
		Rupees in '000	
Discount rate	1.0%	(102,633)	122,859
Salary growth rate	1.0%	126,466	(107,318)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy / Withdrawal rate		(96,834)	96,840

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 in respect of gratuity scheme within the Consolidated Statement of Financial Position.

36.10 The weighted average duration of the defined benefit obligation is 12.48 years.

36.11 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2016	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
Gratuity	<u>77,051</u>	<u>86,673</u>	<u>145,742</u>	<u>3,504,431</u>	<u>3,813,897</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

36.12 Historical information (in respect of Gratuity Scheme)	2016	2015	2014	2013	2012
	Rupees in '000				
Defined benefit obligation	968,320	817,468	574,550	410,819	300,392
Fair value of plan assets	(844,964)	(590,988)	(451,069)	(332,294)	(246,677)
Deficit	123,356	226,480	123,481	78,525	53,715
Remeasurements of plan liabilities	58,571	(39,732)	(35,521)	(32,941)	18,496
Remeasurements of plan assets	1,340	(789)	2,475	(25,763)	7,173

36.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 208.585 million as per the actuarial valuation report as of December 31, 2016.

36.14 The Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of MBL's support, the current investment strategy manages this risk adequately.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation and higher inflation will lead to higher liabilities. However, plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with MBL on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

36.15 End of Service Defined Benefit

MBL also operates an End of Service unfunded defined benefit for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The charge for the year for this benefit amounted to Rs 34.962 million out of which Rs 34.883 million has been recognized in the Consolidated Profit and Loss Account and the remaining Rs 0.079 million in Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this benefit amounts to Rs 246.926 million.

The principal actuarial assumptions comprise of discount rate of 9 percent and salary increase rate of 9 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 6.779 million (in case the discount rate is increased) and Rs 6.990 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 0.247 million (in case of ten percent increase in assumption) and higher by Rs 0.249 million (in case of ten percent decrease in assumption). These sensitivities are calculated using the same methodology as explained in note 36.9.

36.16 The disclosures made in notes 36.1 to 36.15 are based on the information included in the actuarial valuation report as of December 31, 2016.

36.17 The details pertaining to defined benefit plan of subsidiary company are as follows:

	2016
	Rupees in '000
Present value of defined benefit obligations	78,712
Fair value of plan assets	(74,147)

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37 DEFINED CONTRIBUTION PLAN

The Group also operates a recognised contributory provident funds for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the funds at a rate of 10% of basic salary.

	2016	2015
	Rupees in '000	
Contribution from the Group	217,400	189,222
Contribution from the employees	217,400	189,222
	<u>434,800</u>	<u>378,444</u>

38 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President and Chief Executive		Directors		Executives	
	2016	2015	2016	2015	2016	2015
	Rupees in '000					
Fees*	-	-	39,081	35,379	-	-
Managerial remuneration	40,298	38,018	26,852	25,332	1,511,121	1,264,855
Charge for gratuity scheme	-	2,715	1,918	1,809	86,110	74,431
Contribution to defined contribution plan	-	3,259	2,302	2,171	102,743	86,437
House rent	15,544	14,664	10,357	9,771	511,135	415,823
Utilities	3,454	3,259	2,302	2,171	113,592	92,410
Medical	3,854	3,525	2,459	2,444	111,371	90,535
Conveyance	1,412	1,393	880	1,271	-	-
Others	1,349	1,156	1,210	1,251	6,457	5,877
	<u>65,911</u>	<u>67,989</u>	<u>87,361</u>	<u>81,599</u>	<u>2,442,529</u>	<u>2,030,368</u>
Number of persons	<u>1</u>	<u>1</u>	<u>12</u>	<u>11</u>	<u>1,089</u>	<u>892</u>

*This includes amounts charged in these financial statements as fees to eleven (2015: ten) non-executive directors.

38.1 Executives mean employees, other than the Chief Executive Officer and Directors of the Holding company, whose basic salary exceeds five hundred thousand rupees in a financial year. Further, the Chief Executive Officer of the subsidiary company has also been included under the head "Executives".

38.2 The Chief Executive, the Deputy Chief Executive Officer (the Executive Director) of the Holding company and certain executives have been provided with free use of the Group cars.

38.3 In addition to the above, all Executives of the Holding company, including the President & Chief Executive Officer and Deputy Chief Executive Officer are also entitled to bonus which is disclosed in note 30.3 to these financial statements. Further, End of Service Benefit for the founding President and Chief Executive Officer of the holding company was approved during last year and the related expense is disclosed in note 36.15 to these financial statements.

39 FAIR VALUE OF FINANCIAL INSTRUMENTS

39.1 The fair value of investments in listed securities, except investments categorised as 'held to maturity', is based on quoted market prices. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of Islamic financing and related assets, other assets, other liabilities and fixed term deposits and other accounts cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been calculated in accordance with the Group's accounting policy as stated in note 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 financing and deposits are frequently repriced.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

39.2 Off-balance sheet financial instruments	2016		2015	
	Book value	Fair value	Book value	Fair value
	Rupees in '000			
Forward purchase of foreign exchange - net	73,222,495	72,555,307	69,014,794	68,957,448
Forward sale of foreign exchange - net	71,184,529	70,252,958	75,470,316	75,131,750

39.3 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	2016			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	5,368,665	-	-	5,368,665
Units of open end fund	51,150	-	-	51,150
GoP Sukuks	-	70,510,182	-	70,510,182
WAPDA Sukuks	-	289,775	-	289,775
PIA Sukuks	-	1,515,000	-	1,515,000
Global Sukuk Bonds	7,514,305	-	-	7,514,305
Forward purchase of foreign exchange contracts	-	72,555,307	-	72,555,307
Forward sale of foreign exchange contracts	-	70,252,958	-	70,252,958

Recurring Fair Value Measurements	2015			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,112,074	-	-	4,112,074
Units of open end fund	75,528	-	-	75,528
GoP Sukuks	-	48,653,776	-	48,653,776
WAPDA Sukuks	-	579,550	-	579,550
Global Sukuk Bonds	7,365,343	-	-	7,365,343
Forward purchase of foreign exchange contracts	-	68,957,448	-	68,957,448
Forward sale of foreign exchange contracts	-	75,131,750	-	75,131,750

Investment in associates (listed - mutual funds) have market value of Rs 6,605 million (2015: Rs 5,730 million) as disclosed in note 11.5 to these financial statements which is being valued under level 1.

The Group's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

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(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares, units of open end mutual funds 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 sukuku, PIA and WAPDA sukuku 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 Sukuku WAPDA Sukuku and PIA Sukuku	The fair value of GoP Ijarah Sukuku, WAPDA Sukuku and PIA Sukuku quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined / approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

40 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	2016						Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	Asset Management	
	Rupees in '000						
Total income	1,234,543	17,720,136	7,390,530	10,510,331	17,492	2,587,648	39,460,680
Total expenses	(1,013,800)	(15,593,999)	(6,011,119)	(8,953,126)	(6,122)	(1,280,091)	(32,858,257)
Net income	220,743	2,126,137	1,379,411	1,557,205	11,370	1,307,557	6,602,423
Segment assets	16,080,705	319,481,447	84,269,176	237,935,769	-	5,500,578	663,267,675
Segment non performing assets	181,682	768,307	1,795,188	5,353,463	-	162,528	8,261,168
Segment provision held*	181,682	199,030	1,937,795	6,242,627	-	162,528	8,723,662
Segment liabilities	787,348	5,616,271	584,164,963	36,724,897	-	1,201,632	628,495,111
Segment return on assets (ROA) (%)	1.45%	0.88%	1.99%	0.75%	-	23.77%	-
Segment cost of funds (%)	2.53%	2.53%	2.53%	2.53%	-	-	-
	2015						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	Asset Management	Total
	Rupees in '000						
Total income	1,360,106	20,807,649	4,068,019	11,154,779	11,289	1,287,118	38,688,960
Total expenses	(1,144,081)	(18,400,776)	(3,396,430)	(9,627,724)	(3,951)	(1,048,056)	(33,621,018)
Net income	216,025	2,406,873	671,589	1,527,055	7,338	239,062	5,067,942
Segment assets	14,284,514	294,130,649	45,025,419	178,409,352	-	4,099,999	535,949,933
Segment non performing assets	270,502	625,953	1,955,659	5,416,484	-	162,528	8,431,126
Segment provision held*	231,029	214,356	1,729,975	6,657,724	-	162,528	8,995,612
Segment liabilities	3,325,858	1,929,990	484,331,334	15,915,642	-	766,690	506,269,514
Segment return on assets (ROA) (%)	1.68%	0.98%	1.86%	0.89%	-	5.83%	-
Segment cost of funds (%)	3.49%	3.49%	3.49%	3.49%	-	-	-

*Includes general provision

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41 RELATED PARTY TRANSACTIONS

41.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes major shareholders, associated companies, retirement benefit funds, directors and key management personnel and their close family members.

41.2 Transactions with related parties are entered in the normal course of business.

41.3 Key management personnel

- President and Chief Executive Officer - Holding Company
- Deputy Chief Executive Officer - Holding Company

41.4 Details of transactions with related parties and balances with them (other than those disclosed in the respective notes) as at the year-end are as follows:

	Total		Associates		Key management personal / Directors		Other related parties	
	2016	2015	2016	2015	2016	2015	2016	2015
Rupees in '000								
Islamic financing and related assets								
At January 1	944,387	-	944,387	-	-	-	-	-
Addition during the year	7,562,436	8,029,117	7,562,436	8,029,117	-	-	-	-
Deletion during the year	(6,022,458)	(7,084,730)	(6,022,458)	(7,084,730)	-	-	-	-
At December 31	2,484,365	944,387	2,484,365	944,387	-	-	-	-
Investment	7,663,244	6,468,208	7,663,244	6,468,208	-	-	-	-
Deposit								
At December 31	3,654,710	3,417,703	1,300,974	1,561,102	402,039	160,650	1,951,697	1,695,951

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

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	Total		Associates		Key Management Personnel / Directors		Other Related Parties	
	2016	2015	2016	2015	2016	2015	2016	2015
Rupees in '000								
Balances								
Profit receivable on financing	26,418	38,684	26,418	38,684	-	-	-	-
Dividend receivable	4,286	3,079	4,286	3,079	-	-	-	-
Transfer agency fee receivable	192,768	121,945	192,768	121,945	-	-	-	-
Payable to defined benefit plan	374,847	447,895	-	-	246,926	211,964	127,921	235,931
Advance against future Diminishing Musharakah	52,994	-	52,994	-	-	-	-	-
Letters of guarantee (unfunded)	1,201,001	337,200	1,201,001	337,200	-	-	-	-
Letters of credit (unfunded)	938,923	735,909	938,923	735,909	-	-	-	-
Transactions, income and expenses								
Profit earned on financing	73,290	406,570	73,290	406,570	-	-	-	-
Return on deposits / borrowing expensed	152,792	147,848	29,875	29,311	5,863	3,191	117,054	115,346
Dividend income earned	256,296	330,818	256,296	330,818	-	-	-	-
Investments made	1,364,874	2,272,858	1,364,874	2,272,858	-	-	-	-
Capital gain (net)	318,432	348,255	318,432	348,255	-	-	-	-
Dividend Paid	123,600	90,000	123,600	90,000	-	-	-	-
Charge for diminution in value of investments	9,814	11,328	9,814	11,328	-	-	-	-
Charge for defined benefit plan	175,504	234,343	-	-	-	-	175,504	234,343
Contribution to defined contribution plan	217,400	189,222	-	-	-	-	217,400	189,222
Contribution to staff benevolent fund	19,347	10,000	-	-	-	-	19,347	10,000
Fees and other income earned	1,480,525	1,152,646	1,480,525	1,152,646	-	-	-	-
Charity paid	17,000	18,000	-	-	-	-	17,000	18,000
Premiums paid	7,543	22,519	7,543	22,519	-	-	-	-
Claims received	20,939	53,565	20,939	53,565	-	-	-	-
Remuneration to key management personnel:								
- Salaries and benefits (excluding end of service benefit) (notes 38 & 30.3)	244,901	237,514	-	-	244,901	237,514	-	-
- End of service benefit charge for the founder president (note 36.15)	34,962	211,964	-	-	34,962	211,964	-	-
Fees to non-executive directors (note 38)	39,081	35,379	-	-	39,081	35,379	-	-
Proceeds from sale of fixed assets having net book value of Rs Nil (2015: 2.997 million)	-	2,872	-	-	-	2,872	-	-

41.5 Associates - Key information

Assets
Liabilities
Operating revenue
Profit after tax

2016 (Unaudited)		
Mutual funds*	Others	Total
Rupees in '000		
114,348,475	-	114,348,475
2,402,357	-	2,402,357
23,436,427	-	23,436,427
22,201,119	-	22,201,119

*Information is based on the reviewed financial information as at December 31, 2016.

Notes to and forming part of the Consolidated Financial Statements

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Associates - Key information	2015 (Unaudited)		
	Mutual funds*	Others	Total
	Rupees in '000		
Assets	81,135,234	857,872	81,993,106
Liabilities	1,838,605	800,100	2,638,705
Operating revenue	7,311,574	98,688	7,410,262
Profit after tax	6,254,667	21,599	6,276,266

*Information is based on the reviewed financial information as at December 31, 2015.

42 CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated November 5, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. The disclosures below have been prepared on the basis of these new guidelines. The comparative information is as per the requirements which were applicable last year.

42.1 Capital structure

Under Basel III framework, the Group's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, 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 Group 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 Group 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 78%).

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Group through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

42.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Group to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Holding company's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the holding company. The capital requirement of the Holding company has been determined based on the projected growth plan to be achieved in the next 3 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 Holding company prepares an Annual Budget and Three Year Plan for the 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 take into consideration prevailing economic and political factors in Pakistan and abroad.

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In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 10.65% as of December 31, 2016 whereas the Consolidated CAR stood at 13.69% at the year ended December 31, 2016.

The Group calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per the 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 Group's potential risk exposures shall remain in these exposure types.

Sensitivity and stress testing of the Group under different risk factors namely yield rate, forced sale value of collateral, non-performing financings and foreign exchange rate depicts that the Group's capital adequacy ratio is above the regulatory requirements.

The Group has taken into account credit risk, market risk and operational risk when planning its assets.

42.3 Capital Adequacy Ratio (CAR) disclosure	2016	2015**
Particulars	Rupees in '000	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	10,027,379	10,027,379
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
General / Statutory Reserves	9,724,001	8,611,679
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	11,340,678	9,238,479
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	635,145	634,713
CET 1 before Regulatory Adjustments	31,727,203	28,512,250
Total regulatory adjustments applied to CET1 (Note 42.3.1)	(636,634)	(1,133,189)
Common Equity Tier 1	31,090,569	27,379,061
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which:		
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties		
- of which: instrument issued by subsidiaries subject to phase out	25,826	11,990
AT1 before regulatory adjustments	25,826	11,990
Total of Regulatory Adjustment applied to AT1 capital (Note 42.3.2)	(13,694)	-
Additional Tier 1 capital after regulatory adjustments	12,132	11,990
Tier 1 Capital (CET1 + admissible AT1)	31,102,701	27,391,051
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	7,000,000	-
Capital instruments subject to phase out arrangement issued	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries	43,044	19,982
- 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	1,494,391	1,366,772
Revaluation Reserves (net of taxes)	-	-
of which:		
- Revaluation reserves on fixed assets	-	-
- Unrealized gains/losses on AFS	1,917,644	575,034
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
T2 before regulatory adjustments	10,455,079	1,961,788
Total regulatory adjustment applied to T2 capital (Note 42.3.3)	(50,000)	-
Tier 2 capital (T2) after regulatory adjustments	10,405,079	1,961,788
Tier 2 capital recognized for capital adequacy	10,405,079	1,961,788
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	10,405,079	1,961,788
TOTAL CAPITAL (T1 + admissible T2)	41,507,780	29,352,839
Total Risk Weighted Assets (RWA) {for details refer Note 42.6}	303,202,895	248,604,242

**As reported last year.

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Particulars	2016	2015**
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	10.25%	11.01%
Tier-1 capital to total RWA	10.26%	11.02%
Total capital to total RWA	13.69%	11.81%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
of which:	6.65%	6.25%
- capital conservation buffer requirement	0.65%	0.25%
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	4.25%	5.01%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	6.00%	6.00%
Tier 1 minimum ratio	7.50%	7.50%
Total capital minimum ratio	10.00%	10.00%
CCB (Consisting of CET 1 only)	0.65%	0.25%
Total Capital plus CCB	10.65%	10.25%

Particulars	2016		2015**	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
Rupees in '000				
42.3.1 Common Equity Tier 1 capital: Regulatory adjustments				
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	466,920	-	473,570	-
Shortfall of provisions against classified assets	-	-	-	-
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	169,714	-	659,619	-
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	-	-	-	-
Total regulatory adjustments applied to CET1	636,634	-	1,133,189	-
42.3.2 Additional Tier 1 Capital: regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	13,694	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	-

*This column highlights items that are still subject to Pre Basel III treatment during the transitional period

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Particulars	2016		2015**	
	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	-	-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	13,694	-	-	-

*This column highlights items that are still subject to Pre BaseI III treatment during the transitional period

42.3.3 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	-	-	-	-
Reciprocal cross holdings in Tier 2 instruments	50,000	-	-	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Amount of Regulatory Adjustment applied to T2 capital	50,000	-	-	-

42.3.4 Risk Weighted Assets subject to pre-BaseI III treatment

	2016	2015**
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	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	-	-
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-

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	2016	2015**
	Rupees in '000	
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,494,391	1,366,772
Cap on inclusion of provisions in Tier 2 under standardized approach	3,016,910	2,374,684
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 last year.

42.3.5 Leverage ratio

According to Basel III instructions issued by the State Bank of Pakistan (BPRD circular no. 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.

Particulars	2016	2015
	Rupees in '000	
On balance sheet exposures		
1 On-balance sheet items (excluding unrealised gain on forward contracts)	663,267,675	535,902,296
2 Forward exchange commitments with positive fair values	1,439,734	1,035,006
3 Total On balance sheet exposures	664,707,409	536,937,302
Off balance sheet exposures		
4 Off-balance sheet items	87,731,058	57,600,804
5 Commitment in respect of forward exchange contracts	1,376,300	1,199,394
6 Total Off balance sheet exposures	89,107,358	58,800,198
Capital and total exposures		
7 Tier 1 capital (Note 42.3)	31,102,701	27,391,051
8 Total exposures (sum of lines 3 and 6)	753,814,767	595,737,500
Basel III leverage ratio	4.13%	4.60%

The current year's leverage ratio is 4.13% (2015: 4.60%) whereas total tier 1 capital and total exposures are Rs 31,102.701 million (2015: 27,391.051 million) and Rs 753,814.767 million (2015: 595,737.500 million) respectively.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

42.4 Capital Structure Reconciliation

42.4.1 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
Assets		
Cash and balances with treasury banks	56,037,043	56,037,043
Balances with other banks	12,067,855	12,067,855
Due from financial institutions	129,115,165	129,115,165
Investments	134,796,574	134,796,574
Islamic financing and related assets	311,530,270	311,530,270
Operating fixed assets	9,031,686	9,031,686
Deferred tax assets	-	-
Other assets	10,689,082	10,689,082
Total assets	663,267,675	663,267,675
Liabilities and Equity		
Bills payable	9,130,998	9,130,998
Due to financial institutions	32,005,501	32,005,501
Deposits and other accounts	563,999,852	563,999,852
Sub-ordinated sukuk	7,000,000	7,000,000
Deferred tax liabilities	1,955,203	1,955,203
Other liabilities	14,403,557	14,403,557
Total liabilities	628,495,111	628,495,111
Share capital	10,027,379	10,027,379
Reserves	9,724,001	9,724,001
Unappropriated profit	11,340,678	11,340,678
Minority Interest	1,221,989	1,221,989
Surplus on revaluation of investments - net of tax	2,458,517	2,458,517
Total liabilities and equity	663,267,675	663,267,675

42.4.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
Assets			
Cash and balances with treasury banks		56,037,043	56,037,043
Balances with other banks		12,067,855	12,067,855
Due from financial institutions		129,115,165	129,115,165
Investments		134,796,574	134,796,574
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-

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Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000			
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual funds exceeding regulatory threshold	c	13,694	13,694
- reciprocal crossholding of capital instrument	d	169,714	169,714
- others	e	-	-
Islamic financing and related assets		311,530,270	311,530,270
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	1,494,391	1,494,391
Operating fixed assets		9,031,686	9,031,686
- of which: Intangibles	k	466,920	466,920
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		-	-
Other assets		10,689,082	10,689,082
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		663,267,675	663,267,675
Liabilities and Equity			
Bills payable		9,130,998	9,130,998
Due from financial institutions		32,005,501	32,005,501
Deposits and other accounts		563,999,852	563,999,852
Sub-ordinated sukuk of which:		7,000,000	7,000,000
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Deferred tax liabilities of which:		1,955,203	1,955,203
- 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		14,403,557	14,403,557
Total liabilities		628,495,111	628,495,111
Share capital		10,027,379	10,027,379
- of which: amount eligible for CET1	s	10,027,379	10,027,379
- of which: amount eligible for AT1	t	-	-
Reserves of which:		9,724,001	9,724,001
- portion eligible for inclusion in CET1 - Statutory reserve	u	6,515,372	6,515,372
- portion eligible for inclusion in CET1 - Gain on Bargain Purchase		3,117,547	3,117,547
- portion eligible for inclusion in CET1 - General reserve		91,082	91,082
- portion eligible for inclusion in Tier 2 General reserve	v	-	-
Unappropriated profit	w	11,340,678	11,340,678
Minority Interest of which:		1,221,989	1,221,989
- portion eligible for inclusion in CET1	x	635,145	635,145
- portion eligible for inclusion in AT1	y	25,826	25,826
- portion eligible for inclusion in Tier 2	z	43,044	43,044
Surplus on revaluation of assets of which:		2,458,517	2,458,517
- Revaluation reserves on Property		-	-
- Unrealized Gains/Losses on AFS	aa	2,458,517	2,458,517
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and Equity		663,267,675	663,267,675

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42.4.3 Basel III Disclosure (with added column) - Step 3

Particulars	Source based on reference number from step 2	Component of regulatory capital reported by the bank Rupees in '000
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital		10,027,379
2 Balance in share premium account	(s)	-
3 Reserve for issue of bonus shares		-
4 General / Statutory Reserves	(u)	9,724,001
5 Gain / (Losses) on derivatives held as Cash Flow Hedge		-
6 Unappropriated / unremitted profits	(w)	11,340,678
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)	635,145
8 CET 1 before Regulatory Adjustments		31,727,203
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	(j) - (s)	-
10 All other intangibles (net of any associated deferred tax liability)	(k) - (p)	466,920
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)	169,714
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		-
28 Total regulatory adjustments applied to CET1		<u>636,634</u>
Common Equity Tier 1		31,090,569
Additional Tier 1 (AT 1) Capital		
29 Qualifying Additional Tier-1 instruments plus any related share premium of which:		
30 - Classified as equity	(t)	-
31 - Classified as liabilities	(m)	-
32 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	25,826
33 - of which: instrument issued by subsidiaries subject to phase out		-
34 AT1 before regulatory adjustments		25,826

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Particulars	Source based on reference number from step 2	Component of regulatory capital reported by bank
		Rupees in '000
Additional Tier 1 Capital: regulatory adjustments		
35 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		13,694
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		13,694
43 Additional Tier 1 capital		12,132
44 Additional Tier 1 capital recognised for capital adequacy		
Tier 1 Capital (CET1 + admissible AT1)		31,102,701
Tier 2 Capital		
45 Qualifying Tier 2 capital instruments under Basel III		7,000,000
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)	43,044
48 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	1,494,391
49 Revaluation Reserves eligible for Tier 2 of which:		
50 - portion pertaining to Property		
51 - portion pertaining to AFS securities	78% of (aa)	1,917,644
52 Foreign Exchange Translation Reserves	(v)	-
53 Undisclosed / Other Reserves (if any)		-
54 T2 before regulatory adjustments		10,455,079
Tier 2 Capital: regulatory adjustments		
55 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-
56 Reciprocal cross holdings in Tier 2 instruments		50,000
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		50,000
61 Tier 2 capital (T2)		10,405,079
62 Tier 2 capital recognised for capital adequacy		10,405,079
63 Excess Additional Tier 1 capital recognised in Tier 2 capital		-
64 Total Tier 2 capital admissible for capital adequacy		10,405,079
TOTAL CAPITAL (T1 + admissible T2)		41,507,780

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42.5 Main features of regulatory capital instruments of the Holding Company

	Main Features	Common Shares	Tier II Sukuks
1	Issuer	Meezan Bank Limited	Meezan Bank Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	MEBL	Meezan Bank Limited - Tier II Mudaraba Sukuk
3	Governing law(s) of the instrument	Listing regulations of Karachi Stock Exchange Limited *	Laws applicable in Pakistan
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1	Tier 2
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier 2
6	Eligible at solo/ group/ group & solo	Solo & Group	Solo & Group
7	Instrument type	Ordinary shares	Subordinated debt
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs 10,027,379	Rs 7,000,000
9	Par value of instrument	Rs 10	Rs 1,000,000
10	Accounting classification	Shareholders' equity	Liability - Subordinated Sukuk
11	Original date of issuance	August 16, 1997	September 22, 2016
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	N/A	September 21, 2026
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	Callable with prior approval of SBP on or after five years from the date of issue
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/ coupon	N/A	Floating coupon
18	Coupon rate and any related index/ benchmark	N/A	It is expected that profit may be similar to 6 month KIBOR plus 50 bps
19	Existence of a dividend stopper	No	N/A
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative
23	Convertible or non-convertible	Nonconvertible	Convertible
24	If convertible, conversion trigger (s)	N/A	Occurrence of a non-viability trigger event (the "PONV")
25	If convertible, fully or partially	N/A	Fully
26	If convertible, conversion rate	N/A	The conversion pricing formula is linked to the market value of the Common Shares on the date of PONV trigger event and the fair value of the Sukuk determined by adding / deducting attributable profit /loss of the General Pool and any amount of profit held during the Loss Absorbency period
27	If convertible, mandatory or optional conversion	N/A	Option of SBP
28	If convertible, specify instrument type convertible into	N/A	Common Shares
29	If convertible, specify issuer of instrument it converts into	N/A	Meezan Bank Limited
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual interest	Residual interest
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

*(Now Pakistan Stock Exchange Limited)

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42.6 Risk-weighted exposures	Minimum capital requirements		Risk weighted assets	
	2016	2015**	2016	2015**
	Rupees in '000			
Credit Risk				
Portfolios subject to on-balance sheet exposure (Simple Approach)				
Cash and cash equivalents	-	-	-	-
Sovereign	156,723	107,673	1,567,232	1,076,729
Public sector entities	434,818	305,669	4,348,180	3,056,690
Banks	1,079,254	988,118	10,792,536	9,881,182
Corporate	16,957,024	13,979,805	169,570,236	139,798,053
Retail	1,663,258	724,894	16,632,575	7,248,944
Residential mortgage	404,127	299,357	4,041,268	2,993,569
Past due loans	24,485	25,170	244,852	251,703
Operating fixed assets	856,477	768,787	8,564,766	7,687,865
All other assets	561,770	428,541	5,617,699	4,285,412
Portfolios subject to off-balance sheet exposure - non market related (Simple approach)				
Banks	80,772	91,892	807,717	918,915
Corporate	1,559,953	1,030,128	15,599,530	10,301,279
Retail	58,377	18,486	583,766	184,864
Others	57,868	50,061	578,681	500,605
Portfolios subject to off-balance sheet exposures - market related (Current exposure method)				
Banks	68,570	78,479	685,696	784,791
Customers	48,633	39,528	486,330	395,277
Equity Exposure Risk in the Banking Book				
Unlisted equity investments held in banking book	123,175	77,615	1,231,754	776,154
Market Risk				
Capital Requirement for portfolios subject to Standardised Approach				
Interest rate risk	114,157	114,213	1,426,960	1,427,668
Equity position risk	1,452,958	1,038,170	18,161,975	12,977,125
Foreign Exchange risk	21,541	818,537	269,267	10,231,717
Operational Risk				
Capital requirement for operational risk	3,359,350	2,706,056	41,991,875	33,825,700
Total	29,083,290	23,691,179	303,202,895	248,604,242
Capital Adequacy Ratio	Required	Actual	Required	Actual**
	December 2016		December 2015	
CET1 to total RWA	6.65%	10.25%	6.00%	11.01%
Tier-1 capital to total RWA	7.50%	10.26%	7.50%	11.02%
Total capital to total RWA	10.65%***	13.69%	10.00%	11.81%

**As reported last year.

*** Capital adequacy requirement inclusive of capital conversation buffer requirement (CCB).

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43 RISK MANAGEMENT

The wide variety of the Group's business activities require the Group to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Group's strategy and growth. The Group manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Group.

Risk management principles

- The Board of Directors (the Board) of the Holding company provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Group's risk profile.
- The Group has set up objectives and policies to manage the risks that arise in connection with the Group's activities. The risk management framework and policies of the Group are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Group.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Group.
- The risk management function is independent of the Group's operations.

Risk management organisation

The Risk Management Committee comprises of two non-executive directors and one executive director of MBL. One of the non-executive directors of MBL 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 of Holding Company
Asset and Liability Management Committee (ALCO)	President & CEO of Holding Company
Internal Controls and Operational Risk Management Committee (ICORMC)	President & CEO of Holding Company

CRMC is responsible to oversee credit risk activities on a 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 MBL, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the MBL is maximized without compromising on risk appetite. ALCO also ensures that the MBLs' 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 MBL. 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 Group's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

43.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligations is impaired resulting in economic loss to the Group. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

Credit risk management and structure

The Group manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Credit Policy approved by the Board of Directors of the Holding Company. A comprehensive financing procedural manual approved by the senior management is also in place. The Group also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

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Watchlist procedure is also functioning which identifies financing with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Group and reports all significant matters to the Risk Management Committee.

The Group takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs 241,352.818 million (2015: Rs 190,142.032 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 13.69%.

43.1.1

Segmental information

43.1.1.1 Segment by class of business

	2016					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, food, forestry and fishing	38,214,308	11.96	3,668,320	0.65	15,555,943	4.23
Automobile and transportation equipment	3,399,534	1.06	3,405,337	0.60	2,698,799	0.73
Cement	4,367,795	1.37	582,853	0.10	3,859,895	1.05
Chemical and pharmaceuticals	21,655,927	6.78	6,533,737	1.16	15,159,607	4.13
Construction	3,760,827	1.18	11,337,793	2.01	2,017,653	0.55
Electronics and electrical appliances	3,823,221	1.20	1,348,652	0.24	4,041,332	1.10
Exports / imports	4,770,044	1.49	4,131,094	0.73	8,157,751	2.22
Financial institutions	946,640	0.30	2,703,358	0.48	142,226,531	38.71
Footwear and leather garments	1,461,597	0.46	804,068	0.14	1,644,692	0.45
Individuals	25,886,649	8.10	414,918,111	73.57	15,260,443	4.15
Insurance	52,731	0.00	1,457,518	0.26	12,368	0.02
Others	22,917,997	7.17	59,581,061	10.56	41,960,352	11.42
Paper, board and packaging	8,227,027	2.57	451,323	0.08	3,535,658	0.96
Power (electricity), oil, gas and water	71,780,654	22.46	962,740	0.17	29,078,247	7.91
Services	4,609,756	1.44	12,421,301	2.21	5,776,871	1.57
Sugar	7,416,929	2.32	3,653,716	0.65	3,646,547	0.99
Textile	62,367,983	19.51	14,609,079	2.59	54,361,246	14.79
Transport, storage and communication	11,916,863	3.73	7,376,874	1.31	6,091,954	1.66
Wholesale and retail trade	22,040,382	6.90	14,052,917	2.49	12,362,220	3.36
	319,616,864	100	563,999,852	100	367,448,109	100

	2015					
	Islamic financing 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	5,854,284	1.24	143,451,117	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	77.61	16,830,557	5.14
Insurance	10,239	0.01	271,165	0.06	5,059	0.00
Others	22,992,787	10.66	44,739,228	9.48	28,825,964	8.82
Paper, board and packaging	5,514,193	2.56	515,253	0.11	2,867,217	0.88
Power (electricity), oil, gas and water	22,822,499	10.58	485,332	0.10	11,480,936	3.51
Services	5,498,620	2.55	9,885,338	2.10	4,148,684	1.27
Sugar	8,397,530	3.89	1,684,479	0.36	4,219,950	1.29
Textile	49,281,856	22.84	8,784,104	1.86	50,438,339	15.43
Transport, storage and communication	9,544,463	4.42	5,539,204	1.17	6,066,032	1.86
Wholesale and retail trade	5,181,647	2.40	8,603,921	1.82	5,175,367	1.58
	215,775,663	100	471,799,473	100	326,925,490	100

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43.1.1.2 Segmental by sector

	2016					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	77,879,272	24.37	6,984,549	1.24	-	-
Private	241,737,592	75.63	557,015,303	98.76	367,448,109	100
	319,616,864	100	563,999,852	100	367,448,109	100

	2015					
	Islamic financing 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	470,102,188	99.64	326,925,490	100
	215,775,663	100	471,799,473	100	326,925,490	100

43.1.1.3 Details of non-performing Islamic financing and related assets and specific provisions by class of business segment:

	2016		2015	
	Classified Islamic financing and related assets	Specific provisions held	Classified Islamic financing and related assets	Specific provisions held
	Rupees in '000			
Agriculture, forestry, hunting and fishing	62,592	62,592	232,560	232,560
Textile	4,198,364	4,069,289	4,180,864	4,177,799
Chemical and pharmaceuticals	43,334	43,334	-	-
Sugar	108,718	108,718	108,718	113,529
Footwear and leather garments	188,113	188,121	108,570	108,578
Automobile and transportation equipment	659,566	659,057	674,191	671,271
Electronics and electrical appliances	19,616	19,616	-	-
Construction	21,597	21,597	26,597	26,597
Power (electricity), gas, water	2,796	2,796	2,796	2,796
Transport, storage and communication	12,648	9,966	-	-
Wholesale and retail trade	490,543	479,614	647,085	470,032
Paper, board and packaging	29,597	29,597	29,597	29,597
Exports / imports	260,263	249,713	257,452	250,202
Individuals	398,433	315,152	412,035	370,770
Others	351,112	333,041	383,917	386,337
	6,847,292	6,592,203	7,064,382	6,840,068

43.1.1.4 Details of non-performing Islamic financing and related assets and specific provisions by sector:

	2016		2015	
	Classified Islamic financing and related assets	Specific provisions held	Classified Islamic financing and related assets	Specific provisions held
	Rupees in '000			
Public / Government	-	-	-	-
Private	6,847,292	6,592,203	7,064,382	6,840,068
	6,847,292	6,592,203	7,064,382	6,840,068

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43.1.1.5 Geographical segment analysis

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
Rupees in '000				
Pakistan	10,517,091	663,267,675	34,772,564	367,448,109

	2015			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
Rupees in '000				
Pakistan	8,925,913	535,949,933	29,680,419	326,925,490

43.2 Credit Risk - General Disclosures

The Group has adopted Standardised Approach of Basel Accord for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on the basis of standardised approach.

The Group is committed to further strengthen its risk management framework which will enable the Group to move ahead for adopting Foundation Internal Ratings Based (IRB) approach. Meanwhile, none of the Group's assets class is subject to the Foundation IRB or advanced IRB approaches.

43.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Group utilises the credit ratings assigned by ECAIs and has recognised agencies such as PACRA (Pakistan Credit Rating Agency) and JCR-VIS (Japan Credit Rating Company - Vital Information System) which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

Exposures	2016				
	JCR-VIS	PACRA	Standard & Poors (S&P)	Fitch	Moody
Corporate	√	√	√	√	√
Banks	√	√	√	√	√
Public Sector Entities	√	√	-	-	-

Use of ECAI Ratings

The Group prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel II requirements.

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43.2.2 Credit exposures subject to standardised approach

Exposures	2016			2015		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	111,726,004	64,244,659	47,481,345	28,789,356	-	28,789,356
50%	2,484,952	-	2,484,952	8,012,662	-	8,012,662
100%	-	-	-	-	-	-
150%	-	-	-	-	-	-
Unrated	268,957	-	268,957	584,900	-	584,900
Corporate						
20%	43,160,828	3,575,000	39,585,828	32,343,104	-	32,343,104
50%	23,652,800	3,047	23,649,753	17,776,489	-	17,776,489
100%	2,915,500	-	2,915,500	254,924	-	254,924
150%	-	-	-	-	-	-
Unrated 1	79,361,441	2,103,389	77,258,052	58,610,027	2,867,472	55,742,555
Unrated 2	69,607,453	14,016,685	55,590,768	54,754,966	-	54,754,966
Retails						
75%	27,348,238	5,171,471	22,176,767	12,848,637	3,183,379	9,665,258
Total	360,526,173	89,114,251	271,411,922	213,975,065	6,050,851	207,924,214

43.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Holding company 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 holding company has taken advantage of the cash collaterals available with the holding company in the form of security deposits, cash margins, certificates of islamic investment, monthly modaraba 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 Holding company 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 holding company 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 Holding company mainly takes the benefit of CRM against its claims on banks, corporate and retail portfolio. Under the standardized approach for on-balance sheet exposures, Rs 114,479.913 million of exposure on banks is subject to the CRM of Rs 64,244.659 million. The corporate portfolio of Rs 218,698.022 million is subject to the CRM of Rs 19,698.121 million whereas a claim on retail portfolio of Rs 27,348.238 million is subject to CRM of Rs 5,171.471 million. The total benefit of Rs 130,843.584 million was availed through CRM against total on-balance sheet exposure of Rs 652,269.885 million.

Under off-balance sheet, non-market related exposures; the corporate portfolio of Rs 190,726.160 million is subject to the CRM of Rs 1,660.912 million whereas claims on retail portfolio of Rs 3,778.138 million is subject to CRM of Rs 588.362 million. Total benefit of Rs 2,249.274 million was availed by the holding company through CRM against total off-balance sheet, non-market related exposure of Rs 210,151.811 million.

Thus in year 2016, total amount of cash collateral used for CRM purposes was Rs 27,118.866 million as against amount of Rs 7,868.471 million in year 2015. Whereas, Government guarantees used for CRM stood at Rs 41,729.333 million as against Rs 13,079.550 million in year 2015.

43.2.4 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 holding company has further defined limits to avoid excessive concentration of portfolio.

43.3 Equity position in the banking and trading book

The Group classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 7.4 to these 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 and held to maturity investments.

43.4 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 Group uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Group to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Group takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily 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.

43.4.1 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. The Group's assets and liabilities in foreign currencies give rise to foreign exchange risk which has to be managed by the Group; this risk is mitigated by using different hedging techniques. Hedging is a way used by a bank to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Group limits its currency exposure to the extent of statutory net open position prescribed by the SBP except in the cases where exemption is provided by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

The analysis below represents the concentration of the Group's foreign currency risk for on and off balance sheet financial instruments:

	2016			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	626,242,617	588,991,840	(2,241,916)	35,008,861
United States Dollars	34,542,444	33,920,823	(888,393)	(266,772)
Great Britain Pounds	1,184,329	3,105,654	1,925,345	4,020
Japanese Yen	59,279	34	(54,613)	4,632
Euro	1,117,797	2,447,543	1,328,648	(1,098)
Singapore Dollars	9,964	3	(7,242)	2,719
Australian Dollars	35,959	28,227	(9,074)	(1,342)
Canadian Dollars	18,415	921	(17,072)	422
United Arab Emirates Dirham	36,207	29	(28,477)	7,701
Swiss Francs	7,151	-	(7,206)	(55)
Saudi Riyal	1,738	-	-	1,738
Swedish Korona	3,285	-	-	3,285
Malaysian Ringgit	1,856	-	-	1,856
Hong Kong Dollar	1,086	37	-	1,049
Thailand Bhat	275	-	-	275
Norwegian Krone	881	-	-	881
Chinese Offshore Spot	1,499	-	-	1,499
Chinese Yuan	2,893	-	-	2,893
Total foreign currency exposure	37,025,058	39,503,271	2,241,916	(236,297)
Total currency exposure	663,267,675	628,495,111	-	34,772,564

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	2015			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	507,696,201	474,059,604	6,171,105	39,807,702
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
Hong Kong Dollar	809	37	-	772
Thailand Bhat	-	-	-	-
Norwegian Krone	-	-	-	-
Chinese Offshore Spot	-	-	-	-
Chinese Yuan	19,386	-	-	19,386
Total foreign currency exposure	28,253,732	32,209,910	(6,171,105)	(10,127,283)
Total currency exposure	535,949,933	506,269,514	-	29,680,419

43.4.2 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 Group. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP and the SECP. The Group invests in only Shariah compliant equities as advised by the Shariah advisor.

43.4.3 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 Group's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on the Group's income, and resultant impact is on the Group's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for repricing buckets. ALCO is the supervising body for adherence with these complemented by the monitoring of sensitivity of the Group's financial assets and liabilities to various scenarios.

The Group estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Group by various shocks.

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43.4.4 Mismatch of yield rate sensitive assets and liabilities

Effective yield rate %	2016											
	Total	Exposed to yield risk									Non-yield bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
	Rupees in '000											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	56,037,043	-	-	-	-	-	-	-	-	-	56,037,043
Balances with other banks	0.25	12,067,855	206,975	9,000,000	-	-	-	-	-	-	-	2,860,880
Due from financial institutions	6.11	129,115,165	12,674,955	41,977,548	964,595	73,498,067	-	-	-	-	-	-
Investments	5.43	128,191,127	8,048,802	3,490,476	45,527,484	1,113,242	1,045,110	57,559,439	677,069	3,176,899	-	7,552,606
Islamic financing and related assets	7.13	311,530,270	41,647,280	86,018,385	68,426,222	11,310,779	2,452,143	10,033,692	8,276,450	5,566,774	9,620,933	68,177,612
Other assets	-	8,826,890	-	-	-	-	-	-	-	-	-	8,826,890
		645,768,350	62,578,012	140,486,409	114,918,301	85,922,088	3,497,253	67,593,131	8,953,519	8,743,673	9,620,933	143,455,031
Liabilities												
Bills payable	-	9,130,998	-	-	-	-	-	-	-	-	-	9,130,998
Due to financial institutions	4.09	32,005,501	15,990,356	5,230,649	10,784,496	-	-	-	-	-	-	-
Deposits and other accounts	2.44	563,999,852	367,450,340	-	-	-	-	-	-	-	-	196,549,512
Sub-ordinated Sukuk	6.76	7,000,000	-	7,000,000	-	-	-	-	-	-	-	-
Other liabilities	-	8,074,591	-	-	-	-	-	-	-	-	-	8,074,591
		620,210,942	383,440,696	12,230,649	10,784,496	-	-	-	-	-	-	213,755,101
On-balance sheet gap		25,557,408	(320,862,684)	128,255,760	104,133,805	85,922,088	3,497,253	67,593,131	8,953,519	8,743,673	9,620,933	(70,300,070)
Non financial assets												
- Investment in subsidiary and associates		6,605,447	-	-	-	-	-	-	-	-	-	-
- Operating fixed assets		9,031,686	-	-	-	-	-	-	-	-	-	-
- Other assets		1,862,192	-	-	-	-	-	-	-	-	-	-
		17,499,325	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
- Other liabilities		6,328,966	-	-	-	-	-	-	-	-	-	-
- Deferred tax liabilities		1,955,203	-	-	-	-	-	-	-	-	-	-
		8,284,169	-	-	-	-	-	-	-	-	-	-
Total net assets		34,772,564	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Forward Lending	-	-	-	-	-	-	-	-	-	-	-	-
Forward borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield risk rate sensitivity gap			(320,862,684)	128,255,760	104,133,805	85,922,088	3,497,253	67,593,131	8,953,519	8,743,673	9,620,933	(70,300,070)
Cumulative yield risk rate sensitivity gap			(320,862,684)	(192,606,924)	(88,473,119)	(2,551,031)	946,222	68,539,353	77,492,872	86,236,545	95,857,478	25,557,408

Effective yield rate %	2015											
	Total	Exposed to yield risk									Non-yield bearing financial instruments	
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years	Above 10 years		
	Rupees in '000											
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	43,685,791	-	-	-	-	-	-	-	-	-	43,685,791
Balances with other banks	0.09	11,205,707	3,108,576	-	-	4,000,000	-	-	-	-	-	4,097,131
Due from financial institutions	8.21	101,079,476	1,900,144	78,334,591	20,844,741	-	-	-	-	-	-	-
Investments	7.24	144,378,747	3,156,468	16,525,090	41,338,711	69,394,946	2,109,928	1,045,838	1,072,299	3,188,186	-	6,547,281
Islamic financing and related assets	8.72	207,568,823	21,296,992	33,336,411	45,994,330	55,986,446	-	-	-	-	-	50,954,644
Other assets	-	12,687,787	-	-	-	-	-	-	-	-	-	12,687,787
		520,606,331	29,462,180	128,196,092	108,177,782	129,381,392	2,109,928	1,045,838	1,072,299	3,188,186	-	117,972,634
Liabilities												
Bills payable	-	6,560,324	-	-	-	-	-	-	-	-	-	6,560,324
Due to financial institutions	5.53	13,609,551	8,816,491	962,140	3,824,123	-	-	-	-	-	-	6,797
Deposits and other accounts	3.46	471,799,473	323,120,446	-	-	-	-	-	-	-	-	148,679,027
Other liabilities	-	5,723,862	-	-	-	-	-	-	-	-	-	5,723,862
		497,693,210	331,936,937	962,140	3,824,123	-	-	-	-	-	-	160,970,010
On-balance sheet gap		22,913,121	(302,474,757)	127,233,952	104,353,659	129,381,392	2,109,928	1,045,838	1,072,299	3,188,186	-	(42,997,376)
Non financial assets												
- Investment in associates		5,758,465	-	-	-	-	-	-	-	-	-	-
- Operating fixed assets		8,161,435	-	-	-	-	-	-	-	-	-	-
- Other assets		1,423,702	-	-	-	-	-	-	-	-	-	-
		15,343,602	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
- Other liabilities		7,845,381	-	-	-	-	-	-	-	-	-	-
- Deferred tax liabilities		730,923	-	-	-	-	-	-	-	-	-	-
		8,576,304	-	-	-	-	-	-	-	-	-	-
Total net assets		29,880,419	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
Forward Lending	-	-	-	-	-	-	-	-	-	-	-	-
Forward borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	-
Total yield risk rate sensitivity gap			(302,474,757)	127,233,952	104,353,659	129,381,392	2,109,928	1,045,838	1,072,299	3,188,186	-	(42,997,376)
Cumulative yield risk rate sensitivity gap			(302,474,757)	(175,240,805)	(70,887,146)	58,494,246	60,604,174	61,650,012	62,722,311	65,910,497	65,910,497	22,913,121

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks.

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movements arise.

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	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	43,685,791	43,685,791	-	-	-	-	-	-	-	-
Balances with other banks	11,205,707	7,205,707	-	-	4,000,000	-	-	-	-	-
Due from financial institutions	101,079,476	1,900,145	78,334,591	-	20,844,740	-	-	-	-	-
Investments	150,137,212	8,049,536	9,899,272	222,339	73,778,159	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	8,161,435	-	-	-	1,437,062	1,005,972	1,005,972	1,451,919	1,800,305	1,460,205
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	14,111,489	4,263,759	3,544,245	5,316,368	987,117	-	-	-	-	-
	<u>535,949,933</u>	<u>126,875,440</u>	<u>112,608,373</u>	<u>38,135,432</u>	<u>111,449,058</u>	<u>16,273,384</u>	<u>59,424,405</u>	<u>45,390,313</u>	<u>17,026,680</u>	<u>8,766,848</u>
Liabilities										
Bills payable	6,560,324	6,560,324	-	-	-	-	-	-	-	-
Due to financial institutions	13,609,551	8,823,288	962,140	3,819,575	-	-	-	4,548	-	-
Deposits and other accounts										
- Current accounts	148,850,006	13,824,598	11,165,275	10,272,053	14,589,293	20,692,976	15,780,255	25,159,086	37,366,470	-
- Savings deposits	191,179,820	13,955,069	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	-
	471,799,473	52,706,600	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	730,923	-	-	-	182,731	182,731	182,731	182,730	-	-
Other liabilities	13,569,243	4,070,774	2,278,083	3,451,920	600,644	816,581	783,747	1,567,494	-	-
	<u>506,269,514</u>	<u>72,160,986</u>	<u>44,919,033</u>	<u>49,376,536</u>	<u>58,827,869</u>	<u>48,587,701</u>	<u>39,518,376</u>	<u>64,353,364</u>	<u>96,024,881</u>	<u>32,500,768</u>
Net assets	<u>29,680,419</u>	<u>54,714,454</u>	<u>67,689,340</u>	<u>(11,241,104)</u>	<u>52,621,189</u>	<u>(32,314,317)</u>	<u>19,906,029</u>	<u>(18,963,051)</u>	<u>(78,998,201)</u>	<u>(23,733,920)</u>
Share capital	10,027,379									
Reserves	8,611,679									
Unappropriated profit	9,238,479									
Non Controlling Interest	944,623									
Surplus on revaluation of investments	858,259									
	<u>29,680,419</u>									

Regarding behaviour of non-maturity deposits (non-contractual deposits), the holding company has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 30.2% of current accounts and 28.8% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 69.8% of current accounts and 71.2% of savings accounts are bucketed into maturities of above 1-Year.

43.5.1.2 Maturities of assets and liabilities based on contractual maturities

	2016									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	56,037,043	56,037,043	-	-	-	-	-	-	-	-
Balances with other banks	12,067,855	3,067,855	9,000,000	-	-	-	-	-	-	-
Due from financial institutions	129,115,165	12,674,955	41,977,548	964,595	73,498,067	-	-	-	-	-
Investments	134,796,574	12,358,043	411,948	1,094,827	2,388,720	45,230,644	63,511,215	4,551,978	5,182,807	66,392
Islamic financing and related assets	311,530,270	27,031,972	93,058,189	41,589,182	11,682,754	35,089,353	25,498,221	34,400,971	18,462,299	24,717,329
Operating fixed assets	9,031,686	-	-	-	1,302,464	988,056	988,056	1,588,582	1,966,578	2,197,950
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	10,689,082	1,523,815	3,202,676	4,804,013	1,158,578	-	-	-	-	-
	<u>663,267,675</u>	<u>112,693,683</u>	<u>147,650,361</u>	<u>48,452,617</u>	<u>90,030,583</u>	<u>81,308,053</u>	<u>89,997,492</u>	<u>40,541,531</u>	<u>25,611,684</u>	<u>26,981,671</u>
Liabilities										
Bills payable	9,130,998	9,130,998	-	-	-	-	-	-	-	-
Due to financial institutions	32,005,501	15,990,356	5,230,648	10,615,991	-	-	-	168,506	-	-
Deposits and other accounts										
- Current accounts	196,584,577	196,584,577	-	-	-	-	-	-	-	-
- Savings deposits	224,572,971	224,572,971	-	-	-	-	-	-	-	-
- Fixed deposits	142,842,304	33,728,127	24,270,606	18,389,037	28,102,014	6,843,151	7,707,497	11,385,346	12,416,526	-
	563,999,852	454,885,675	24,270,606	18,389,037	28,102,014	6,843,151	7,707,497	11,385,346	12,416,526	-
Sub-ordinated Sukuk	7,000,000	-	-	-	-	-	-	-	7,000,000	-
Deferred tax liabilities	1,955,203	-	-	-	488,800	488,801	488,801	488,801	-	-
Other liabilities	14,403,557	1,763,996	2,529,732	3,794,600	701,690	1,403,385	1,403,385	2,806,769	-	-
	<u>628,495,111</u>	<u>481,771,025</u>	<u>32,030,986</u>	<u>32,799,628</u>	<u>29,292,504</u>	<u>8,735,337</u>	<u>9,599,683</u>	<u>14,849,422</u>	<u>19,416,526</u>	<u>-</u>
Net assets	<u>34,772,564</u>	<u>(369,077,342)</u>	<u>115,619,375</u>	<u>15,652,989</u>	<u>60,738,079</u>	<u>72,572,716</u>	<u>80,397,809</u>	<u>25,692,109</u>	<u>6,195,158</u>	<u>26,981,671</u>
Share capital	10,027,379									
Reserves	9,724,001									
Unappropriated profit	11,340,678									
Non Controlling Interest	1,221,989									
Surplus on revaluation of investments	2,458,517									
	<u>34,772,564</u>									

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

	2015									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	43,685,791	43,685,791	-	-	-	-	-	-	-	-
Balances with other banks	11,205,707	7,205,707	-	-	4,000,000	-	-	-	-	-
Due from financial institutions	101,079,476	1,900,145	78,334,591	-	20,844,740	-	-	-	-	-
Investments	150,137,212	11,369,790	9,898,607	221,277	69,943,686	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	8,161,435	-	-	-	1,437,062	1,005,972	1,005,972	1,451,919	1,800,305	1,460,205
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	14,111,489	4,263,759	3,544,245	5,316,368	987,117	-	-	-	-	-
	535,949,933	130,195,694	112,607,708	38,134,370	107,614,585	16,587,716	59,613,887	45,391,117	17,026,680	8,778,176
Liabilities										
Bills payable	6,560,324	6,560,324	-	-	-	-	-	-	-	-
Due to financial institutions	13,609,551	8,823,288	962,140	3,819,575	-	-	-	4,548	-	-
Deposits and other accounts										
- Current accounts	148,850,006	148,850,006	-	-	-	-	-	-	-	-
- Savings deposits	191,179,820	191,179,820	-	-	-	-	-	-	-	-
- 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	-
	471,799,473	364,956,759	19,425,064	21,432,742	28,696,029	6,037,567	6,903,621	12,203,615	12,144,076	-
Deferred tax liabilities	730,923	-	-	-	182,730	182,731	182,731	182,731	-	-
Other liabilities	13,569,243	4,070,774	2,278,083	3,451,920	600,644	816,580	783,747	1,567,495	-	-
	506,269,514	384,411,145	22,665,287	28,704,237	29,479,403	7,036,878	7,870,099	13,958,389	12,144,076	-
Net assets	29,680,419	(254,215,451)	89,942,421	9,430,133	78,135,182	9,550,838	51,743,788	31,432,728	4,882,604	8,778,176
Share capital	10,027,379									
Reserves	8,611,679									
Unappropriated profit	9,238,479									
Non Controlling Interest	944,623									
Surplus on revaluation of investments	858,259									
	29,680,419									

Current and Savings deposits have been classified under maturity upto one month as these do not have any contractual maturity.

Operational risk

The Group uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Group over the past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Holding company has strengthened its risk management framework by developing policies, strategies, guidelines and manuals. It also includes setting 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.

44 TRUST ACTIVITIES

44.1 The Holding company commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Group and, therefore, are not included in the Consolidated Statement of Financial Position. The following is the list of assets held under trust by MBL:

Category	Type	Number of IPS account		Face Value Rupees in '000	
		2016	2015	2016	2015
Insurance Companies	Government Ijarah Sukuks	5	4	2,063,000	318,000
Asset Management Companies	Government Ijarah Sukuks	11	11	-	-
Employee Funds / NGO's	Government Ijarah Sukuks	13	11	63,000	-
Individuals	Government Ijarah Sukuks	19	16	7,700	2,300
Others	Government Ijarah Sukuks	4	3	40,500	40,000
Related parties					
Associates	Government Ijarah Sukuks	-	-	-	-
Other related parties	Government Ijarah Sukuks	1	1	75,000	30,000
		53	46	2,249,200	390,300

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

44.2 The details with respect to discretionary portfolio managed by Subsidiary Company as of December 31, 2016 are as follows:

	2016	2015
	Number	
Number of clients	17	10
	Rupees in '000	
Cost of total portfolio	7,690,801	5,977,695
Market value of total portfolio	10,087,367	7,012,712

45. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

45.1 The Holding company managed following general and specific pools during the year:

2016							
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	6.78%	45% to 50%	9,912,320	3.87%	10%	976,328
USD Pool	Monthly	2.19%	60% to 75%	266,573	0.59%	-	-
GBP Pool	Monthly	1.44%	60% to 90%	18,232	0.19%	-	-
EUR Pool	Monthly	0.43%	60% to 90%	3,222	0.05%	-	-

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%	-	-

2016							
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) Musharaka Pool	Monthly	5.31%	*	*	2.63%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	9.01% - 5.55%	*	*	6.75% - 3.85%	N/A	N/A
Special Sharikah Certificate Pool Mudaraba borrowing Pool	As required	6.15% - 5.45%	*	*	6.50% - 4.00%	N/A	N/A

*The profit sharing ratio and the investment ratio varies on case to case basis.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

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) Musharaka Pool	Monthly	6.91%	*	*	4.26%	N/A	N/A
Inter Bank Musharaka / Mudaraba borrowing Pool	As required	9.70% - 6.15%	*	*	10.25% - 5.25%	N/A	N/A
Special Sharikah Certificate Pool Mudaraba borrowing Pool	As required	9.73% - 6.15%	*	*	9.5% - 5%	N/A	N/A

*The profit sharing ratio and the investment ratio varies on case to case basis.

45.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Mudaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2016	2015	2016	2016	2015	2015
PKR Pool						
Saving Accounts	23.47%	21.83%	0.67	0.62	0.73	0.60
Meezan Bachat Account	18.88%	17.71%	0.89	0.62	1.11	0.60
Karobari Munafa Account	11.86%	9.98%	1.34	0.66	1.49	0.70
Certificate of Islamic Investment Plus	14.74%	19.31%	1.50	1.12	1.53	1.12
Meezan Aamdan Certificate	10.41%	11.02%	1.89	1.58	1.86	1.42
USD Pool						
Saving Accounts	3.39%	3.28%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.58%	1.86%	1.35	0.77	1.35	0.77
GBP Pool						
Saving Accounts	0.43%	0.41%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.29%	0.26%	0.27	0.27	0.27	0.27

45.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2016	2015
	Rupees in '000	
Profit / return earned on islamic financings, investments and placements	30,716,493	32,408,168
Other Income (including other charges)	1,262,613	1,635,969
Directly related costs attributable to pool	(650,841)	(471,227)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

46 SUMMARY OF FINANCIAL INFORMATION OF THE SUBSIDIARY COMPANY AND FUNDS

Subsidiary	Accounting Date	December 2016				Revenue	Profit/(Loss)
		Assets	Liabilities	Net assets	Rupees in '000		
Al Meezan Investment Management Limited	December 31, 2016	4,190,855	699,458	3,491,397	2,345,576	1,201,490	
Associates							
Al Meezan Mutual Fund	December 31, 2016	8,329,898	153,585	8,176,313	2,072,977	2,022,014	
KSE Meezan Index Fund	December 31, 2016	1,124,269	27,383	1,096,886	347,827	342,223	
Meezan Balanced Fund	December 31, 2016	7,228,121	135,695	7,092,426	1,433,545	1,346,662	
Meezan Cash Fund	December 31, 2016	3,721,451	114,882	3,606,569	212,268	109,079	
Meezan Energy Fund	December 31, 2016	678,554	45,239	633,315	42,267	47,144	
Meezan Financial Planning Fund of Funds	December 31, 2016	13,964,561	90,974	13,873,587	2,782,381	2,785,842	
Meezan Gold Fund	December 31, 2016	380,669	2,736	377,933	(9,314)	(9,244)	
Meezan Islamic Fund	December 31, 2016	47,766,339	842,549	46,923,790	13,223,214	13,022,662	
Meezan Islamic Income Fund	December 31, 2016	9,694,212	257,941	9,436,271	680,382	221,498	
Meezan Sovereign Fund	December 31, 2016	9,734,569	565,076	9,169,493	669,924	378,571	
Meezan Strategic Allocation Fund	December 31, 2016	3,335,202	30,150	3,305,052	220,645	273,093	
Meezan Tahafuz Pension Fund	December 31, 2016	8,390,630	136,147	8,254,483	1,760,292	1,661,575	

Subsidiary	Accounting Date	December 2015				Revenue	Profit/(Loss)
		Assets	Liabilities	Net assets	Rupees in '000		
Al Meezan Investment Management Limited	December 31, 2015	3,163,336	464,414	2,698,922	1,415,316	600,391	
Associates							
Al Meezan Mutual Fund	December 31, 2015	4,379,654	119,782	4,259,872	502,037	438,885	
KSE Meezan Index Fund	December 31, 2015	951,982	71,562	880,420	127,415	72,909	
Meezan Balanced Fund	December 31, 2015	4,617,956	95,182	4,522,774	364,513	338,286	
Meezan Cash Fund	December 31, 2015	3,394,096	102,357	3,291,739	368,889	157,115	
Meezan Capital Preservation Fund - II	December 31, 2015	2,240,779	11,869	2,228,910	130,257	118,596	
Meezan Capital Preservation Fund - III	December 31, 2015	3,404,046	24,172	3,379,874	221,077	199,241	
Meezan Financial Planning Fund of Funds	December 31, 2015	7,505,831	44,596	7,461,235	235,332	209,655	
Meezan Gold Fund	December 31, 2015	141,061	22,156	118,905	(4,467)	(6,570)	
Meezan Islamic Fund	December 31, 2015	28,147,692	538,261	27,609,431	3,204,501	3,112,543	
Meezan Islamic Income Fund	December 31, 2015	10,419,118	483,149	9,935,969	665,312	419,773	
Meezan Sovereign Fund	December 31, 2015	10,774,264	257,229	10,517,035	883,003	582,210	
Meezan Tahafuz Pension Fund	December 31, 2015	5,158,755	68,290	5,090,465	613,705	612,024	

47 NON-ADJUSTING EVENT

47.1 The Board of Directors of the Holding company in its meeting held on February 15, 2017 has announced final cash dividend of Rs 1.25 per share (12.5%). The financial statements for the year ended December 31, 2016, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2017.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2016

48 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and better presentation. There were no significant reclassifications during the current year except for the reclassification as mentioned below:

The SBP vide its BPRD circular no.5 of 2016 dated February 29, 2016 has advised banks to show Bai Muajjal transactions with the Government of Pakistan under "Investments" category as "Other Federal Government securities". Accordingly, the Bank has reclassified its exposure of Rs 69.395 billion as at December 31, 2015 in Bai Muajjal with Government of Pakistan from "Due from Financial Institutions" to "Investments".

49 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 15, 2017 by the Board of Directors of the holding company.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mansur Khan
Director

Consolidated Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

For the year ended December 31, 2016

Annexure 1

Consolidated Statement showing written-off loans or any other financial relief of rupees 500,000 and above during the year ended December 31, 2016.

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, 2016				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	Muhammad Tariq 42101-1650123-1 Flat # B-221, 2nd floor, Serena Tower & Shopping Mall, Sector 15-A/1, North Karachi Township, Karachi		Abdul Rehman	485	498	105	1,088	-	398	105	503
2	Abdul Rehman Usmani 42101-9810148-1 Flat # G-1, Pepal Heavan, Plot No. 42-H, Block 2 PECHS, Karachi		Mohammad Abdul Muqeet Usmani	5,600	5,460	323	11,383	-	5,460	323	5,783
3	Sohail Ahmed 42301-1189541-9 Flat # 104, 1st Floor, Bath Island Pride, Street # 2, Bath Island, Clifton, Karachi		Haji Ismail	8,776	3,746	566	13,088	-	3,666	566	4,232
4	Shaukat Ali Tabani 42201-2729698-3 Plot # 88-B/2, Survey Sheet No. 35/P/1, Block# 2, PECHS, Karachi		Barkat Ali Tabani	16,599	18,207	865	35,671	-	18,171	865	19,036
5	Syed Niaz Haider 42101-0914504-9 Flat No. C-224, 2nd Floor, Ajmer Pride, Plot No-Com-2 Sub-Plot No. Com-2/C-24, Block-12, Sindh Baloch Co-Operative Housing Society, KDA Scheme-36, Gulistan-e- Johar, Karachi		Syed Riaz Haider	401	531	45	977	-	486	45	531

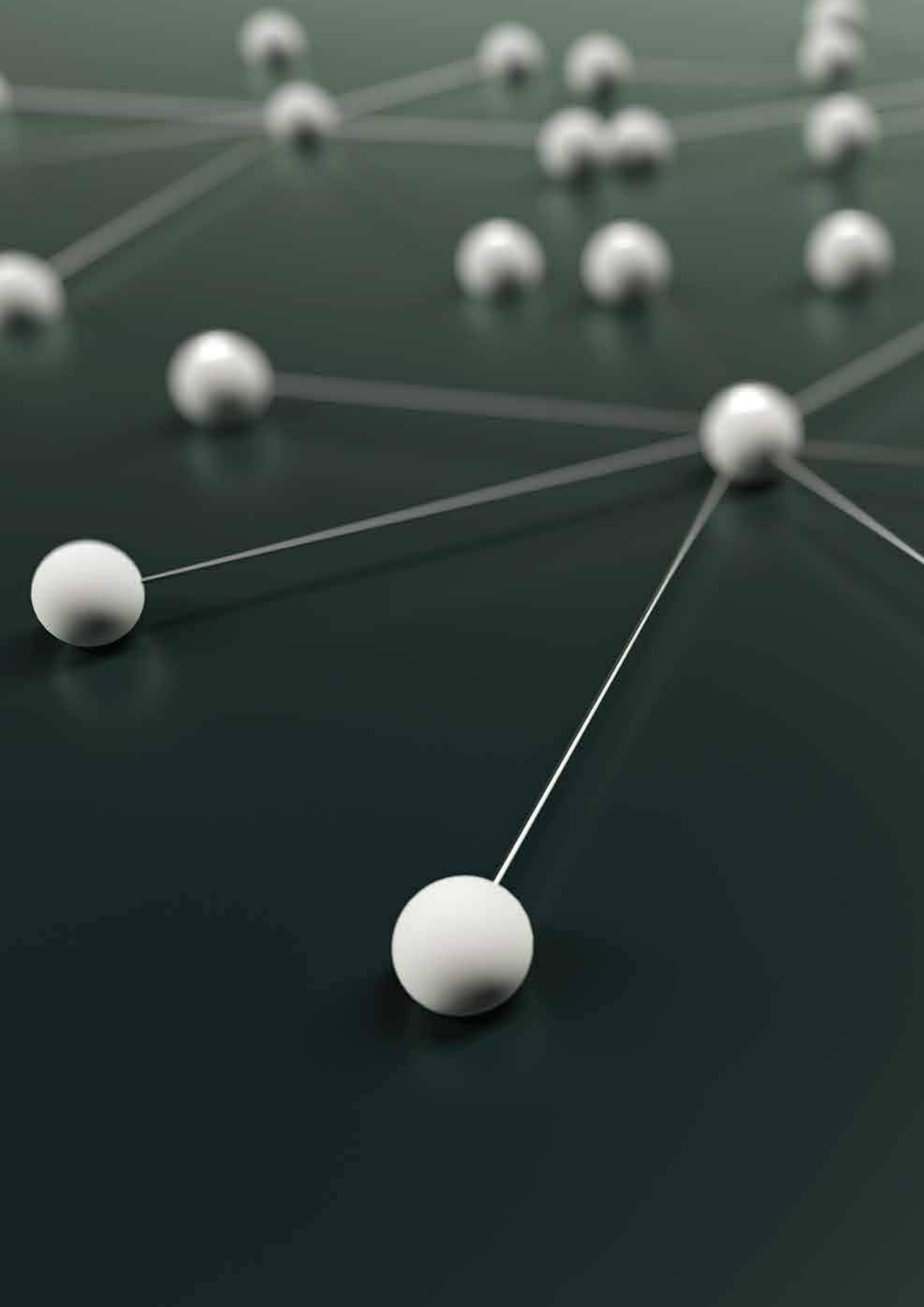
Consolidated Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

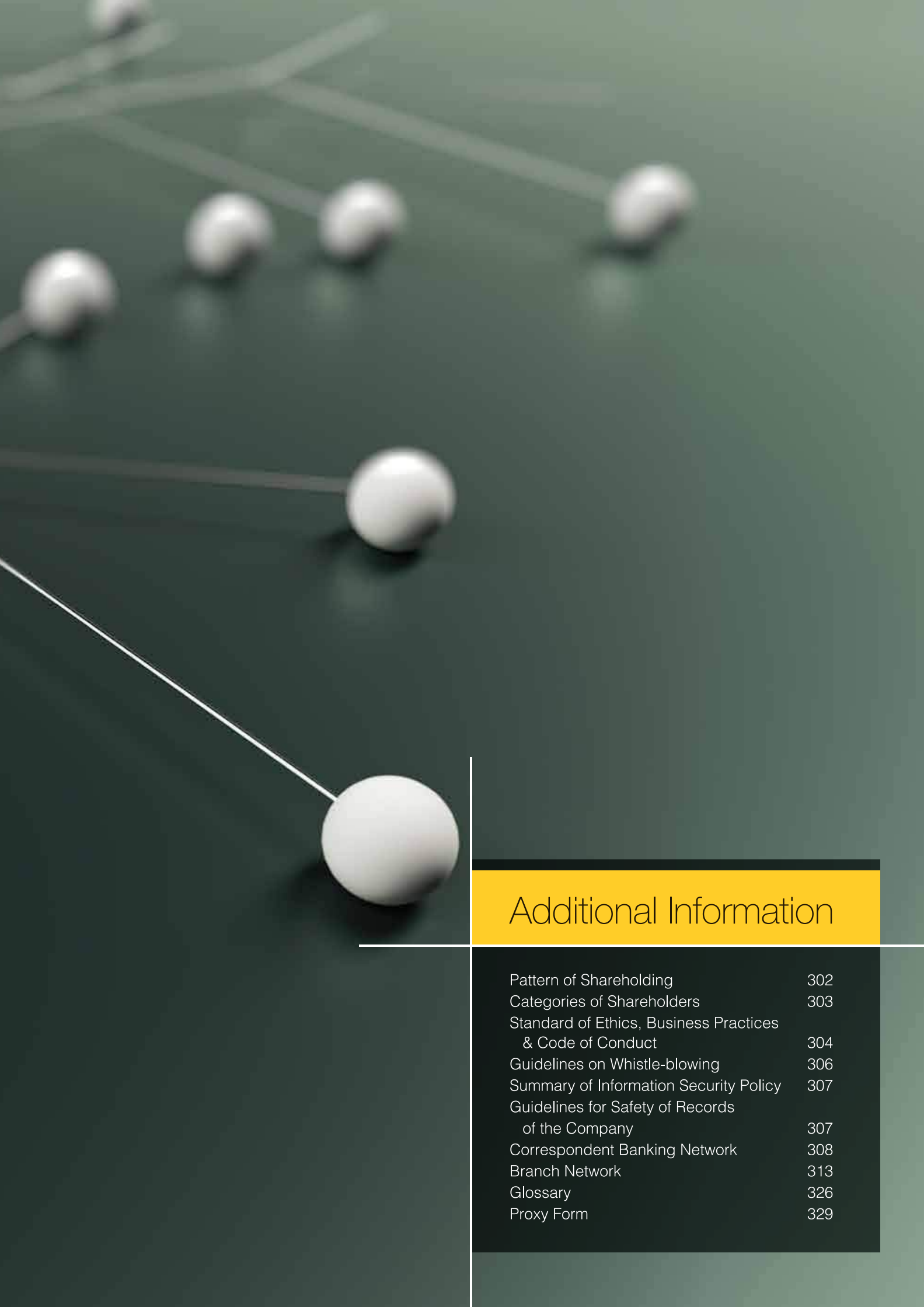
For the year ended December 31, 2016

Annexure 1

Consolidated Statement showing written-off loans or any other financial relief of rupees 500,000 and above during the year ended December 31, 2016.

S. No.	Name and address of the borrower	Name of partners / directors (with CNIC No.)	Father's / Husband's Name	Outstanding liabilities as at January 1, 2016				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											
6	Nasir Khan 42201-4763197-9 Flat # B-402, 4th Floor, Bisma Garden, Plot # FL-3, Block 13, Gulistan-e- Johar, Karachi		Sahibzada Khan	527	482	60	1,069	-	448	60	508
7	Rafi Sheikh 42101-1045080-7 G# 02, Ground Floor, Garden Residency, Garden East, Karachi		Sheikh Azmat Ali	4,708	6,833	177	11,718	-	6,799	177	6,976
8	Jamshaid Qaisar Sharif 35200-1451525-5 House # 223, Block D-2, Johar Town, Lahore		Khawaja Muhammad Sharif	7,924	8,098	407	16,429	-	7,129	407	7,536
9	Muhammad Riaz Sial 38403-4322310-7 House #380, Block G-III, M-A Johar Town, Lahore		Haji Allah Yar Sial	7,149	7,563	706	15,418	-	7,494	706	8,200
10	Muhammad Ahmad Noor ul Amin Khan Khakwani 36302-6373878-1 House No. 3222/8, Mohallah Fareedabad, Shah Nawaz Street, Outside Boher Gate, Multan		Ghulam Mustafa Khan Khakwani	1,942	2,800	58	4,800	-	2,621	-	2,621
11	Zenith Associates 3.5-Km, Manga Road Raiwind, Lahore	Tahir Ghias 35202-0180543-9	Haji Ghais-ud-Din	136,748	9,621	-	146,369	-	9,621	-	9,621
				190,859	63,839	3,312	258,010	-	62,293	3,254	65,547





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Pattern of Shareholding

As at December 31, 2016

523	1	100	9,619	0.0010%
312	101	500	104,552	0.0104%
207	501	1000	176,916	0.0176%
430	1001	5000	1,129,899	0.1127%
151	5001	10000	1,121,160	0.1118%
75	10001	15000	938,386	0.0936%
46	15001	20000	825,698	0.0823%
43	20001	25000	1,003,459	0.1001%
17	25001	30000	465,257	0.0464%
16	30001	35000	520,495	0.0519%
12	35001	40000	451,920	0.0451%
10	40001	45000	433,505	0.0432%
17	45001	50000	834,116	0.0832%
5	50001	55000	261,915	0.0261%
10	55001	60000	579,765	0.0578%
9	60001	65000	571,491	0.0570%
11	65001	70000	752,152	0.0750%
4	70001	75000	294,231	0.0293%
9	75001	80000	703,132	0.0701%
6	80001	85000	495,586	0.0494%
5	90001	95000	462,790	0.0462%
7	95001	100000	689,323	0.0687%
6	100001	105000	620,595	0.0619%
3	105001	110000	326,808	0.0326%
1	110001	115000	110,864	0.0111%
5	115001	120000	594,195	0.0593%
4	120001	125000	491,103	0.0490%
2	125001	130000	257,862	0.0257%
2	130001	135000	267,441	0.0267%
1	135001	140000	140,000	0.0140%
1	140001	145000	141,819	0.0141%
1	145001	150000	150,000	0.0150%
3	160001	165000	489,344	0.0488%
2	165001	170000	338,000	0.0337%
2	170001	175000	347,262	0.0346%
4	175001	180000	180,000	0.0180%
2	180001	185000	367,325	0.0366%
2	185001	190000	377,616	0.0377%
2	190001	195000	577,842	0.0576%
2	195001	200000	397,425	0.0396%
2	200001	205000	406,600	0.0405%
2	205001	210000	625,701	0.0624%
1	210001	215000	210,900	0.0210%
1	220001	225000	224,500	0.0224%
2	225001	230000	455,110	0.0454%
1	240001	245000	241,387	0.0241%
3	250001	255000	758,500	0.0756%
1	255001	260000	256,000	0.0255%
1	270001	275000	274,604	0.0274%
1	280001	285000	284,975	0.0284%
2	300001	305000	608,000	0.0606%
1	305001	310000	307,000	0.0306%
2	325001	330000	655,493	0.0654%
1	345001	350000	350,000	0.0349%
1	355001	360000	359,000	0.0358%
1	365001	370000	370,000	0.0369%
2	395001	400000	799,743	0.0798%
2	400001	405000	801,271	0.0799%
1	410001	415000	411,000	0.0410%
1	415001	420000	415,014	0.0414%
1	430001	435000	434,107	0.0433%
1	460001	465000	460,134	0.0459%
1	470001	475000	470,281	0.0469%
1	485001	490000	490,000	0.0489%
1	500001	505000	504,300	0.0503%
1	515001	520000	519,506	0.0518%
1	520001	525000	524,500	0.0523%
1	550001	555000	554,131	0.0553%
1	605001	610000	608,859	0.0607%
1	665001	670000	665,781	0.0664%
2	700001	705000	1,406,179	0.1402%
1	710001	715000	710,948	0.0709%
1	715001	720000	718,031	0.0716%
1	730001	735000	730,846	0.0729%
3	750001	755000	2,258,301	0.2252%
2	760001	765000	1,521,002	0.1517%
1	790001	795000	791,739	0.0790%
1	805001	810000	807,197	0.0805%
2	845001	850000	1,700,000	0.1695%
1	915001	920000	919,000	0.0916%
1	1000001	1005000	1,003,500	0.1001%
1	1015001	1020000	1,019,500	0.1017%
1	1220001	1225000	1,221,000	0.1218%
1	1320001	1325000	1,322,957	0.1319%
1	1345001	1350000	1,347,000	0.1343%
1	1495001	1500000	1,500,000	0.1496%
1	1520001	1525000	1,521,511	0.1517%
1	1560001	1565000	1,563,822	0.1560%
1	1645001	1650000	1,650,000	0.1645%
1	1795001	1800000	1,796,393	0.1791%
1	1840001	1845000	1,843,000	0.1838%
1	2000001	2005000	2,000,572	0.1995%
1	2065001	2070000	2,068,500	0.2063%
1	2095001	2100000	2,097,181	0.2091%
1	2205001	2210000	2,208,500	0.2202%
2	2270001	2275000	4,545,500	0.4533%
1	3000001	3005000	3,000,222	0.2992%
1	3095001	3100000	3,099,500	0.3091%
1	3215001	3220000	3,218,066	0.3209%
1	3625001	3630000	3,628,489	0.3619%
1	4720001	4725000	4,721,880	0.4709%
1	5245001	5250000	5,248,667	0.5234%
1	5485001	5490000	5,486,875	0.5472%
1	6645001	6650000	6,647,796	0.6630%
1	7565001	7570000	7,566,555	0.7546%
1	93490001	93495000	93,494,659	9.3239%
1	300820001	300825000	300,821,365	30.0000%
1	492480001	492485000	492,484,377	49.1140%
2052			1,002,737,895	100.0000%

Categories of Shareholders

For the year ended December 31, 2016

Particulars	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive, their spouse and minor children"	4	8,056,468	0.80%
Associated Companies, undertakings and related parties	5	892,049,369	88.96%
Banks, Development Financial Institutions and Non Banking Finance Companies	3	2,819,100	0.28%
Insurance Companies	8	9,412,377	0.94%
Mutual Funds	34	14,050,051	1.40%
Modaraba	3	1,553,330	0.15%
General Public			
a.Local	1,785	31,782,419	3.17%
b.Foreign	82	2,784,472	0.28%
Others	128	40,230,309	4.01%
Total	2,052	1,002,737,895	100.00%

Additional Information as at December 31, 2016

Particulars	Number of Shareholders	Shares held	Percentage
Associated Companies & Shareholders with more than 10% shareholding			
Noor Financial Investment Co, Kuwait	1	492,484,377	49.11%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	1	300,821,365	30.00%
Islamic Development Bank, Jeddah	1	93,494,659	9.32%
CDC Trustee Meezan Islamic Fund	1	5,248,667	0.52%
CDC Trustee Meezan Balanced Fund	1	301	0.00%
Directors, Chief Executive, their spouse and minor children			
Mr. Mohammad Abdul Aleem	1	184,325	0.02%
Mr. Noorur Rahman Abid	1	2,857,683	0.28%
Mr. Irfan Siddiqui	1	3,218,067	0.32%
Mr. Ariful Islam	1	1,796,393	0.18%
Executives	25	1,256,956	0.13%
Public Sector Companies, Corporations, Banks, DFI's, NBFC's, Insurance Companies, Modaraba, Mutual Funds and other Organizations	176	68,065,167	6.79%
General Public	1,842	33,309,935	3.32%
	2,052	1,002,737,895	100.00%

Standards of Ethics, Business Practices & Code of Conduct

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah - compliant, fair, reasonable and reflect high standards of ethical behavior.

The standards of ethics and business practices, which the Bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

- Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
- Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
- Understand and comply with the legal/regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
- Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
- Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
- Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
- Immediately report to the management of pre-existing personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
- Will not use the Bank's services or facilities for private purposes except with prior permission.
- Conduct Bank's business with honesty, integrity and in a professional manner.
- Avoid any action on his/her part that may be repugnant, unethical or unlawful.
- Avoid any action on his/her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political activities.
- Avoid participation in any other subversive activities.
- Abstain from gambling, betting and wagering contracts.
- Be exemplary in personal conduct towards the Bank, the other employees and customers of the Bank.

- Safeguard the confidential information of the Bank and its customers.
- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.
- Provide accurate and reliable information in records submitted.

Code of Conduct

Confidential Information

Employees shall maintain strict secrecy regarding the Bank's affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

Recording of Information

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

Conflict of Interest

It is obligatory that:

- An employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with the Bank without prior written consent of the Bank's President & CEO. If any immediate family member holds a position, with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager/HRD.
- An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company/establishment quoted on a Stock Exchange and the interest is less than 1 percent.

Mis-declaration/Concealment of Facts

An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:

- An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
- An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
- An employee at the time of induction in Meezan Bank (i.e. during interview and in testimonials) provided a false, forged, misleading information or concealed, hide, incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

Know Your Customer, Vendors and Counter Parties

In order to safeguard the Bank's reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each Meezan Bank business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employees must ensure that the Bank establishes relationship with only those individuals, businesses, and entities who have a sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensure that due diligence steps are completed.

Gifts & Entertainment

At certain times of the year, some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships. Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

Bribery & Misconduct

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank's affairs or business.
- Showing or intending to show favors or 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

responsibilities of Branch/Head Office Departments and Archiving Officers for transferring/retrieval of records to and from Archives.

Destruction of Records

This section provides guidelines about the type of records that need to be retained permanently or till the time approval from Regulators is obtained for their destruction. e.g. cases in litigation, records relating to suspicious transactions, etc. Relevant Branch Manager/Area Manager/Departmental Head is responsible for checking and verifying the list of records that need to be destroyed. For branch records, Head Office Operations will finally approve branch's request for destruction of record, which will be carried out in the presence of Branch Manager & Operations Manager.

Retention of Old Records

These guidelines outline the various types of records and the recommended period for their retention and subsequent destruction in view of the Banking Companies Ordinance, SBP Prudential Regulations and other regulatory requirements.

Standardized Formats

Formats for forms and registers have been provided to facilitate standardization and controls across Meezan Bank's network.

Correspondent Banking Network

Country	Bank	Country	Bank
AFGHANISTAN	Afghan United Bank		Bank Of Communications
	Bank Alfalah Limited		Bank of Jiangsu
ALBANIA	Banka Kombetare Tregtare		Bank Of New York
ARGENTINA	Deutsche Bank		China Citic Bank
AUSTRALIA	Bank Of America NA		China Everbright Bank Co Ltd
	Bank of Sydney Ltd		Citibank NA
	Bank Of Western Australia		Commerzbank
	Commonwealth Bank of Australia		Deutsche Bank
	HSBC Bank		HSBC Bank
	Industrial & Commercial Bank of China (ICBC)		Hua Xia Bank Co Limited
	JP Morgan Chase Bank		Industrial & Commercial Bank of China (ICBC)
	National Australia Bank		Industrial Bank Co Ltd
AUSTRIA	Allgemeine sparkasse oberoesterreich		Industrial Bank Of Korea
	bankaktiengesellschaft		J.P.Morgan Chase Bank
	Commerzbank		Jinan Rural Commercial Bank Co. Ltd.
	Deutsche Bank		Laiwu City Commercial Bank Co. Ltd.
	ERSTE GROUP BANK AG		Mega International Commercial Bank
	Oberbank AG		Mizuho Corporate Bank (China) Ltd.
	Raiffeisen Bank International AG		Shengjing Bank Co. Ltd.
	Raiffeisenlandesbank Oberoesterreich AG		Skandinaviska Enskilda Banken (SEB Bank)
	Unicredit Bank Austria AG		Société Générale
	Vorarlberger Landes- Und Hypothekenbank		Standard Chartered Bank
BAHRAIN	Al Baraka Islamic Bank Bsc		The Korea Development Bank
	Bank Al Habib Ltd		Weifang Rural Commercial Bank Co Ltd
	BMI Bank Bahrain		Wenzhou City Commercial Bank
	Citibank NA		Yantai City Commercial Bank
	Gulf International Bank BSC		Zhejiang Chouzhou Commercial Bank Co Ltd
	Khaleeji Commercial Bank BSC	CYPRUS	Zhejiang Mintai Commercial Bank
	Shamil Bank Of Bahrain		Bank Of Cyprus Public Company Limited
	Standard Chartered Bank		Hellenic Bank Ltd
	Turkiye Is Bankasi AS	CZECHIA	Ceskoslovenska Obchodni Banka
	United Bank Limited		Commerzbank
	Woori Bank		HSBC Bank
BANGLADESH	Bank Alfalah Limited		Komerčni Banka A.S.
	Eastern Bank Limited		Unicredit Bank Czech Republic
	Export Import Bank of Bangladesh	DENMARK	Danske Bank A/S
	Habib Bank Limited		Nordea Bank Sweden Ab (Publ)
	HSBC Bank		Nordjyske Bank A/S
	International Finance Investment And		Skjern Bank
	Commerce Bank Ltd.		Sydbank A/S
	Mercantile Bank Limited	EGYPT	Arab International Bank
	Shahjalal Islami Bank Limited		Bank of Alexandria SAE
	Social Islami Bank Limited		Egyptian Saudi Finance Bank
	Standard Chartered Bank		Emirates National Bank Of Dubai SAE
	Woori Bank		HSBC Bank Egypt
BELARUS	Belarus Bank		Mashreq Bank Limited
	Minsk Transit Bank	ESTONIA	Nordea Bank Sweden AB (Publ)
BELGIUM	Bank Of America, N.A.		Versobank AS
	Byblos Bank Europe SA	ETHIOPIA	AWASH INTERNATIONAL BANK S.C.
	Commerzbank		Commercial Bank Of Ethiopia
	Credit Europe Bank NV		Dashen Bank SC
	Deutsche Bank	FINLAND	Danske Bank AS
	Dexia Bank Sa		Nordea Bank Sweden Ab (Publ)
	Habib Bank Limited		Pohjola Pankki OVJ
	KBC Bank NV		Skandinaviska Enskilda Banken (SEB Bank)
BOTSWANA	Firststrand Bank Ltd	FRANCE	Bmce Bank International Plc Succursale En
BRAZIL	Banco Bradesco SA		France
	Banco ITAU BBA SA		Byblos Bank Europe SA
	Deutsche Bank		Commerzbank
	HSBC Bank Brazil SA		CREDIT DU NORD
BULGARIA	Unicredit Bulbank		Credit Industriel Et Commercial
	United Bulgarian Bank AD		Deutsche Bank
CANADA	Bank Of America NA		Habib Bank Limited
	Canadian Imperial Bank of Canada		Hsbc France
	Habib Canadian Bank		National Bank Of Pakistan
	HSBC Bank		Société Générale
	J.P.Morgan Chase Bank		Sumitomo Mitsui Banking Corporation
	Royal Bank Of Canada		U.B.A.F.
	Toronto Dominion Bank	GEORGIA	JSC Bank of Georgia
CHILE	Banco Itau	GERMANY	American Express Bank
CHINA	Agricultural Bank Of China		Commerzbank
	Bank Of China		Deutsche Bank

Country	Bank	Country	Bank
	Die Sparkasse Bremen AG		PT Bank Mandiri (Persero) TBK
	Dresdner Bank		PT Bank SBI Indonesia
	HSBC Trinkaus Und Burkhardt AG		PT BANK CIMB NIAGA TBK
	HSB Nordbank AG		Standard Chartered Bank
	Landesbank Baden-Wuerttemberg		Woori Bank
	Landesbank Hessen-Thüringen Girozentrale	IRAQ	Rasheed Bank
	Mainzer Volksbank EG	IRELAND	AIB Bank
	National Bank Of Pakistan		Bank Of America NA
	National-Bank AG		Bank Of Ireland International Banking
	Nordea Bank Sweden Ab (Publ)		Citibank NA
	Raiffeisenlandesbank Oberoesterreich AG		Danske Bank AS
	Skandinaviska Enskilda Banken (SEB Bank)		INTESA SANPAOLO SPA HONG KONG
	Sparkasse Dortmund		San Paolo IMI SPA
	Sparkasse Koelnborn	ISLE OF MAN	AIB Bank
	Sparkasse Westmunsterland	ITALY	Banca Delle Marche SPA
	Standard Chartered Bank		Banca Di Credito Cooperativo Di Fornacette
	Unicredit Bank AG		Banca Di Roma
	Volksbank Bielefeld-Gütersloh EG		Banca Monte Dei Paschi Di Siena SPA
	Volksbank Bocholt EG		Banca Nazionale Del Lavoro SPA
	WGZ Bank AG		Banca Nuova SPA
GREECE	Bank of America, N.A.		Banca Polopare di Milano
	Egnatia Bank S.A.		Banca Popolare dell'Emilia Romagna Società
	Geniki Bank		Cooperativa
	Piraeus Bank SA		Banca Popolare Di Sondrio
HONG KONG	Probank Sa		Banca Ubae SPA
	ABN Amro Bank		Banco Popolare
	American Express Bank		Banco Popolare Di Verona E Novara SCRL
	Axis Bank Limited		Banco Popolare Soc. Coop
	Bank of America NA		Bank Of America NA
	Bank of New York		Bipop Carire SPA
	Citibank NA		British Arab Commercial Bank plc (BACB)
	Commerzbank		Cassa Di Risparmio Di Parma E Piacenza
	Commonwealth Bank Of Australia		S.P.A.
	DBS Bank Ltd.		Cassa Di Risparmio Di Pistoia E Pescia S.P.A.
	Deutsche Bank		Commerzbank
	Habib Bank Limited		Credito Bergamasco S.P.A
	HBZ FINANCE LIMITED		Credito Valtellinese Società Cooperativa
	HSBC Bank		Deutsche Bank
	Industrial and Commercial Bank of China		HSBC Bank
	(Asia) Limited		ICCREA BANCA - ISTITUTO CENTRALE DEL
	Intesa Sanpaolo SPA		CREDITO COOPERATIVO
	JP Morgan Chase Bank		Intesa Sanpaolo SPA
	KBC Bank NV		Mizuho Corporate Bank (China) Ltd.
	Kookmin Bank Hong Kong		San Paolo IMI SPA
	Mashreq Bank Limited		Unicredit Bulbank
	National Bank Of Pakistan		Unione Di Banche Italiane SCPA (UBI)
	Skandinaviska Enskilda Banken (SEB Bank)	JAPAN	Veneto Banca SCPA
	Standard Chartered Bank		American Express Bank
	Sumitomo Mitsui Banking Corporation		Bank Of New York
	Wells Fargo Bank NA		Bank of Tokyo Mitsubishi
HUNGARY	Woori Bank		Citibank NA
	CIB Bank ZRT		Commerzbank
	Commerzbank		Commonwealth Bank Of Australia
	Deutsche Bank		Deutsche Bank
	K & H Bank NYRT		J.P.Morgan Chase Bank
	Raiffeisen Bank ZRT		Mizuho Corporate Bank (China) Ltd.
	Unicredit Bank Czech Republic		National Bank Of Pakistan
INDIA	American Express Bank		Standard Chartered Bank
	Axis Bank Limited		State Bank of India
	Bank of America N.A.		Sumitomo Mitsui Banking Corporation
	Bank of Baroda		U.B.A.F.
	Bank of Ceylon		Wells Fargo Bank Na
	Citibank NA		Woori Bank
	Deutsche Bank	JERSEY	AIB Bank
	HDFC Bank Limited	JORDAN	Housing Bank For Trade & Finance
	J.P.Morgan Chase Bank		HSBC Bank Middle East
	Jammu and Kashmir Bank Ltd		Jordan Islamic Bank For Finance & Investment
	Mashreq Bank Limited	KAZAKHSTAN	Sberbank JSC
	Punjab National Bank	KENYA	Gulf African Bank Ltd.
	Standard Chartered Bank		Habib Canadian Bank
	State Bank Of Bikaner And Jaipur		Kenya Commercial Bank Limited
	State Bank of India	KOREA	American Express Bank
INDONESIA	Bank Central Asia		Bank Of New York
	Bank of America NA		Daegu Bank LTD.
	Bank of Tokyo Mitsubishi		Deutsche Bank
	Bank Syariah Mandiri		Hana Bank
	Deutsche Bank		HSBC Bank
	HSBC Bank		Industrial Bank Of Korea
	J.P.Morgan Chase Bank		J.P.Morgan Chase Bank

Correspondent Banking Network

Country	Bank	Country	Bank
	Kookmin Bank		Rabobank Nederland
	Korea Exchange Bank		Royal Bank of Scotland
	Kyongnam Bank	NEW ZEALAND	Bank of New Zealand
	National Agricultural Cooperative Federation(NH Bank)		HSBC Bank
	National Bank of Pakistan	NORWAY	Danske Bank AS
	Pusan Bank		Nordea Bank Sweden AB (Publ)
	Shinhan Bank		Skandinaviska Enskilda Banken (SEB Bank)
	Standard Chartered Bank	OMAN	Bank Dhofar SAOG
	Sumitomo Mitsui Banking Corporation		Bank Nizwa Oman
	U.B.A.F.		BANK SOHAR SAOG
	Wells Fargo Bank NA		BMI Bank Bahrain
KUWAIT	Woori Bank		Habib Bank Limited
	Boubyan Bank (K.S.C)	PAKISTAN	Oman International Bank
	Burgan Bank SAK		Al Baraka Islamic Bank
	Citibank NA		Allied Bank Limited
	Commercial Bank Of Kuwait SAK		Askari Commercial Bank Ltd
	Kuwait Finance House		Bank Al Habib Limited
	National Bank Of Kuwait		Bank Alfalah Limited
LATVIA	Noor Financial Investment Company		Bank Islami Pakistan
	ABLV Bank AS		Bank of Khyber
	AS Unicredit Bank, Latvia		Bank of Punjab
	Nordea Bank Sweden AB (Publ)		Citibank NA
LEBANON	Bank of Beirut SAL		Deutsche Bank
	Byblos Bank SAL		Dubai Islamic Bank
	Lebanon and Gulf Bank SAL		Faysal Bank
LITHUANIA	Nordea Bank Sweden AB (Publ)		Habib Bank Limited
LUXEMBOURG	BNP Paribas - Succursale De Buenos Aires		Habib Metropolitan Bank
	Societe Generale Bank and Trust S.A.		Industrial & Commercial Bank of China (ICBC)
MACAO	HSBC Bank		JS Bank Ltd.
MACEDONIA	NIB Tutunska Banka AD		MCB Bank Limited
MALAYSIA	Al Rajhi Banking and Investment Corporation (Malaysia) BHD		MCB Islamic Bank Limited
	AM Bank Berhad		National Bank of Pakistan
	Bank Muamalat Malaysia Berhad		Samba Bank Limited
	Bank Of America NA		Silk Bank Limited
	Bank of Tokyo Mitsubishi		Sindh Bank Limited
	CIMB Bank		Soneri Bank Limited
	CIMB Islamic		Standard Chartered Bank
	Citibank NA	PAPUA NEW GUINEA	Summit Bank Limited
	Deutsche Bank	PHILIPPINES	United Bank Limited
	HSBC Bank		Bank of South Pacific Ltd
	Industrial & Commercial Bank of China (ICBC)		Asian Development Bank (ADB)
	J.P.Morgan Chase Bank		Banco De Oro Universal Bank
	Malayan Banking Berhad (Maybank)		HSBC Bank
	RHB Bank Berhad	POLAND	Alior Bank SA
	Standard Chartered Bank		Bank Bph SA
MALTA	Credit Europe Bank NV		Bank Polska Kasa Opieki SA
	HSBC Bank		BANK ZACHODNI WBK SA
MAURITANIA	Banque Islamique De Mauritanie		BRE BANK S.A.
MAURITIUS	Afrasia Bank		Deutsche Bank
	HSBC Bank		HSBC Bank
	Mauritius Post And Cooperative Bank Ltd		Nordea Bank Sweden Ab (Publ)
MEXICO	Banca Del Bajio SA	PORTUGAL	Société Générale
	Banco Nacional de Mexico SA		Banco Espirito Santo SA
	Bank of America N.A.	QATAR	Montepio Geral - Caixa Economica
MONGOLIA	Trade & Development Bank of Mongolia		Barwa Bank
MOROCCO	Attijariwafa Bank		DOHA BANK
	BMCE Bank International Plc		Mashreq Bank Limited
	Société Générale		Qatar International Islamic Bank
NEPAL	Bank of Kathmandu Ltd.	ROMANIA	United Bank Limited
	Himalayan Bank Limited		Citibank NA
	Nabil Nepal Arab Bank Ltd.		MKB Nextebank SA
	Nepal Industrial And Commercial Bank Ltd.	RUSSIAN FEDERATION	Alef Bank
NETHERLANDS	ABN Amro Bank		Bank of Moscow
	Bank of America N.A.		Bank Otkritie Financial Corporation OJSC
	Commerzbank		Commerzbank
	Credit Europe Bank NV		Credit Bank of Moscow (open joint stock company)
	Deutsche Bank		Hsbc Private Bank (Suisse) S.A.
	Habib Bank Limited		International Moscow Bank
	HSBC Bank		Public joint stock company Asian-Pacific Bank
	KBC Bank NV	SAUDI ARABIA	VTB Bank (PJSC)
			Al Inma Bank

Country	Bank	Country	Bank	
SINGAPORE	Al Rajhi Banking And Investment Corporation (Malaysia) Bhd	SWEDEN	Standard Chartered Bank	
	Bank Al Bilad		Danske Bank A/S	
	Bank Al Jazira		Nordea Bank Sweden Ab (Publ)	
	Banque Saudi Fransi		Skandinaviska Enskilda Banken (SEB Bank)	
	EMIRATES NATIONAL BANK OF DUBAI SAE		Svenska Handelsbanken	
	Gulf International Bank B.S.C.		SWITZERLAND	Arab Bank (Switzerland) LTD
	Islamic Development Bank (IDB)			Banca Popolare Di Sondrio
	J.P.Morgan Chase Bank			Banque Cantonale Vaudoise
	National Bank Of Pakistan			Banque De Commerce Et De Placements
	National Commercial Bank			Barclays Bank (Suisse) SA
	Riyad Bank	Commerzbank		
	Saudi Hollandi Bank	Credit Europe Bank (Suisse) SA		
	State Bank of India	Deutsche Bank		
	The Saudi British Bank	Habib Canadian Bank		
	ABN AMRO Bank	HSBC Bank		
	American Express Bank	Hsbc Private Bank (Suisse) S.A.		
	Axis Bank Limited	Merrill Lynch Bank (Suisse) S.A.		
	Bank Of America, N.A.	Nordea Bank Sweden Ab (Publ)		
	Bank Of New York	United Bank Limited		
	Bank of Tokyo Mitsubishi	TAIWAN	Zuercher Kantonalbank	
	Citibank NA		American Express Bank	
	Commerzbank		Bank Of America N.A.	
	Commonwealth Bank Of Australia		Bank Of New York	
	DBS Bank Ltd.		Chinfon Commercial Bank	
	Deutsche Bank		Citibank NA	
	Emirates National Bank Of Dubai SAE		Deutsche Bank	
	Fortis Bank (Nederland) NV		J.P.Morgan Chase Bank	
	Habib Bank Limited		Mega International Commercial Bank	
	Hana Bank		Société Générale	
	HSBC Bank	Standard Chartered Bank		
	J.P.Morgan Chase Bank	Sumitomo Mitsui Banking Corporation		
	KBC Bank NV	Tainan Business Bank		
	Mizuho Corporate Bank (China) Ltd.	Taiwan Cooperative Bank		
	National Bank Of Kuwait	Union Bank Of Taiwan		
	Nordea Bank Sweden Ab (Publ)	TANZANIA	Amana Bank Limited	
	PT Bank Mandiri (Persero) TBK		Habib African Bank	
	Rabobank Nederland		Bangkok Bank Public Company Limited	
	Shinhan Bank		Bank Of America, N.A.	
	Skandinaviska Enskilda Banken (SEB Bank)		Citibank NA	
	Société Générale		Deutsche Bank	
	Standard Chartered Bank		HSBC Bank	
	Sumitomo Mitsui Banking Corporation		J.P.Morgan Chase Bank	
	U.B.A.F.		Krung Thai Bank Public Co Ltd	
	Unicredit Bank AG		Standard Chartered Bank	
	Wells Fargo Bank NA	Sumitomo Mitsui Banking Corporation		
	Woori Bank	THAILAND	Arab Tunisian Bank	
	SLOVAKIA		Ceskoslovenska Obchodni Banka	Citibank NA
Commerzbank			Deutsche Bank	
SLOVENIA	Unicredit Bank		HSBC Bank	
	SOUTH AFRICA		Citibank NA	J.P.Morgan Chase Bank
Commerzbank			Krung Thai Bank Public Co Ltd	
Firstrand Bank Ltd			Standard Chartered Bank	
Habib Overseas Bank Limited			Sumitomo Mitsui Banking Corporation	
HBZ Bank Limited			TUNISIA	Arab Tunisian Bank
Standard Chartered Bank				Citibank NA
Aresbank SA		Société Tunisienne De Banque		
Banco Bilbao Vizcaya Argentaria SA		Aktif Yatirim Bankasi A.S		
Banco De Sabadell SA		Al Baraka Turkish Finance House		
Banco de Valencia		Asya Katilim Bankasi A.S.		
Bank Of America N.A.	Citibank NA			
Bankia SA	Denizbank A S			
Bilbao Bizkaia Kutxa	Habib Bank Limited			
Caixabank S.A.	HSBC Bank			
SPAIN	Caja De Ahorros De Galicia (Caixa Galicia)	Industrial & Commercial Bank of China (ICBC)		
	Commerzbank	Kuveyt Turk Evkaf Finans Kurumu A.S		
	HSBC Bank	Odeabank A.S.		
	Amana Bank Limited	Sekerbank T.A.S.		
	Axis Bank Limited	Tekstil Bank		
	Bank Of Ceylon	Türkiye Cumhuriyeti Ziraat Bankasi A.S.		
	Deutsche Bank	Türkiye Finans Katilim Bankasi As		
	Habib Bank Limited	Türkiye Garanti Bankasi As		
	Hatton National Bank	Türkiye Halk Bankasi As		
	HSBC Bank	Türkiye Is Bankasi AS		
SRI LANKA	Mcb Bank Limited	Türkiye Vakiflar Bankasi T.A.O		
	Nations Trust Bank PLC	Turkland Bank (T-Bank)		
	PEOPLE'S BANK	Yapi Ve Kredi Bankasi A.S.		
	Public Bank Berhad	JSC The State Export-Import Bank Of Ukraine		
	Sampath Bank PLC	Prominvestbank		
	UNITED ARAB EMIRATES	Abu Dhabi Commercial Bank	Abu Dhabi Islamic Bank	
		Abu Dhabi Islamic Bank	Ajman Bank	
		Ajman Bank	Axis Bank Limited	
		Axis Bank Limited	Banque De Commerce Et De Placements	
		Banque De Commerce Et De Placements	Citibank NA	
Citibank NA		Credit Europe Bank N.V.		
Credit Europe Bank N.V.		DBS Bank Ltd.		
DBS Bank Ltd.		Deutsche Bank		
Deutsche Bank		Dubai Islamic Bank		
Dubai Islamic Bank				

Branch Network

Alhamdulillah, Meezan Bank has established 571 branches in 146 cities across Pakistan. This is a milestone that is not only the success story of Meezan Bank but also the continuing success story of Islamic banking in Pakistan. With this extensive network, our existing and potential customers are now closer than ever in attaining Islamic banking at their doorstep. All branches provide real time online banking facilities to customers.

As the first and largest dedicated Islamic bank in Pakistan, Meezan Bank's team continues to build on its Vision of establishing "Islamic banking as banking of first choice". One of the key objectives of the Bank is to have its footprint strategically placed throughout the country enabling public to avail the benefits of Shariah-compliant banking in their neighbourhood.

The Bank presently operates in the following cities of Pakistan:

Abbottabad	Jacobabad	Nowshera
Ahmedpur East	Jalalpur Jattan	Okara
Alipur	Jampur	Pabbi
Arifwala	Jaranwala	Pakpattan
Attock	Jhang	Pattoki
Bahawalnagar	Jhelum	Peshawar
Bahawalpur	Kabirwala	Phalia
Bannu	Kahror Pakka	Pirmahal
Batagram	Kahuta	Pishin
Bhalwal	Kamalia	Qalanderabad
Burewala	Kamoki	Qila Saifullah
Chakwal	Karachi	Quetta
Chamman	Karak	Rahim Yar Khan
Charsadda	Kasur	Raiwind
Chichawatni	Khairpur	Rajanpur
Chiniot	Khanbela	Rashidabad
Chishtian	Khanewal	Rawalakot
Chung	Khanpur	Rawalpindi
Dadu	Kharian	Rawat
Dadyal	Khushab	Sadiqabad
Daharki	Kohat	Sahiwal
Daska	Kot Addu	Sakrand
Depalpur	Kot Radha Kishan	Samundri
Dera Ghazi Khan	Kotli	Sanghar
Dera Ismail Khan	Kunri	Sara-e-Alamgir
Digri	Lahore	Sargodha
Dina	Lalamusa	Shahdadpur
Dinga	Larkana	Shakargarh
Dukki	Layyah	Sheikhupura
Dunyapur	Liaquatpur	Shikarpur
Faisalabad	Lodhran	Sialkot
Fatehpur	Loralai	Sukkur
Fort Abbas	Mailsi	Swabi
Gaggo Mandi	Mandi Bahauddin	Swari
Ghotki	Mansehra	Swat
Gilgit	Mardan	Tando Adam
Gojra	Mehar	Tando Allahyar
Gujar Khan	Mian Channu	Tando Mohammad Khan
Gujranwala	Mianwali	Tarlai
Gujrat	Mirpur Azad Kashmir	Taunsa
Hafizabad	Mirpurkhas	Taxila
Haripur	Moro	Timergara
Haronabad	Multan	Toba Tek Singh
Hasilpur	Muridkay	Umerkot
Hassanabdai	Muslim Bagh	Vehari
Havelian	Muzaffarabad	Wah Cantt
Hub (Lasbela)	Muzaffargarh	Wazirabad
Hyderabad	Narowal	Zhob
Islamabad	Nawabshah	

For 2017, 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

Alipur

Alipur Branch
Khata No.230, Khasra No.13714, Ward
No.18, Near College Chowk, Multan
Road, Alipur

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

Bhalwal

Bhalwal Branch
Property No. 941/935/20, Khewat
No.770, Khatooni No.791, Block-04,
Main Liaqat Shaheed Road, Bhalwal
Tel: (92-48) 6642383-4

Chakwal

Chakwal Branch
B-VI/4-A, Bab-e-Chakwal, Talagang
Road, Chakwal
Tel: (92-543) 543381-4

Chamman

Chamman Branch
Khasra # 579-580 Jogi Ram Road,
Trunch Bazar, Chamman
Tel: (92 826) 618355

Charsadda

Mardan Road Charsadda Branch
Shop No. 286-287, Khata No.486, Sultan
Building, Main Mardan Road Charsadda
Tel: (92-91) 9220171-73

Shabqadar Branch

Khasra No.3976/339-340-401, Khata
No.656/1780, 663/1789, Shabqadar

Chichawatni

Chichawatni Branch
Property No. 278-279, Adjacent National
Saving Centre, G.T. Road, Chichawatni
Tel: (92-405) 487601-03

Chiniot

Sharah-e-Quaid-e-Azam Chiniot Branch
P-468, Al-469 II,
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

Daharki

Daharki Branch
Survey No.446, Deh Daharki, Tappo
Daharki, Taluka Daharki
Tel: (92-723) 641385-7

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
718-I, Batala Colony Main Satyana Road
Faisalabad
Tel: (92-41) 8500719-20

Serena Hotel Branch
Serena Hotel, Club Road, Faisalabad
Tel: (92-41) 2602595-7

Tata Market Branch
Chak No. 212-RB Main Road, Factory
Area, Opposite Madina Centre, Tata
Market, Faisalabad
Tel: (92-41) 2417555-7

Yarn Market Branch
P-180, Yarn Market, Montgomery Bazar,
Faisalabad
Tel: (92-41) 2541501-03

Fatehpur
Khewat No.14, Karor Lal Eisan Road,
Fateh Pur
Tel: (92-0606) 841135-37

Fort Abbas
Khewat No.347/348, Khatooni No.347,
Qasba Mandi, Zia-ul-Haq Shaheed Road
Fort Abbas
Tel: (92-063) 2510584-85

Gaggo Mandi
Khasra No.59/3, Khewat No. 56/52,
Khatooni No. 218, Opposite Grain
Market, Sheikh Fazal Road, Gaggo
Mandi
Tel: (92-067) 3500574-75

Ghotki
Ghotki Branch
Survey No.10, Deh Odharwali Tappo
Ghotki
Tel: (92-0723) 600134-36

Gilgit
Gilgit Branch
Shop No. 433/102, Northern Light
Infantry, Welfare Complex Gilgit Baltistan
Tel: (92-0581) 458039-41

Chilas Branch
Abu Bakar Siddique Chowk, Main Bazar
Chilas

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

Gondlanwala Road Gujranwala
Khewat No.76, Khatooni No.79, Khasra
No.7818, Gondlanwala Road Gujranwala
Tel: (92-55) 3842303-05

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

Model Town Gujranwala Branch
Property No.BXIV-18AS-18/A, Waqia Plot
No.1-L/B, Model Town Gujranwala
Tel: (92-55) 3857314-16

Peoples Colony Branch
13-Y/ 7-SITE-1, Peoples Colony
Gujranwala
Tel: (92-55) 4240571-3

Sheikhpura Road Branch
Khewat No. 42, Khatoni No. 43, Khasra
No. 182, Mian Sansi, Sheikhpura Road
Gujranwala
Tel: (92-55) 4233981-83

Satellite Town Gujranwala Branch
Plot No.40-A, Nursery Chowk, Satellite
Town, Gujranwala
Tel: (92-55) 3847191-3

Sialkot Road Branch
Khewat No. 517, Khatooni No. 632,
Khasra No. 227, Wania More, Sialkot
Road Gujranwala
Tel: (92-55) 3200102-04

Wapda Town Gujranwala Branch
Block No.13, Wapda Town, Gujranwala
Tel: (92-55) 4283902-5

Gujrat
Chowk Pakistan Branch
Property No. B-II 849-850, Chowk
Pakistan, Circular Road, Gujrat
Tel: (92-53) 3522352-4

Gujrat Branch
Amin Fan Building, G.T Road, Gujrat
Tel: (92-53) 3538104-7

Kutchery Chowk Branch
B-1/92, Opposite Bar Room, Kutchery
Chowk, Gujrat
Tel: (92-53) 3600751-753

Hafizabad
Hafizabad Branch
Sagar Road Branch, Hafizabad
Tel: (92-54) 7540811-2

Haripur
Haripur Branch
Rehana Plaza, G.T. Road, Haripur
Tel: (92-995) 627250-3

Main Bazar Branch
Main Bazar, Near Sheranwala Gate,
Haripur
Tel: (92-995) 615103, 615322

Haronabad
Haronabad Branch
14-C, Grain Market, Haroonabad
Tel: (92-63) 2251751-2

Hassan Abdal
Khewat No.1756, Khatooni No.2201,
Khasra No.1956 Near Bus Stand Main
G.T Road Hassan Abdal
Tel: (92-057) 2520708-711

Hasilpur
Hasilpur Branch
68/B, Baldia Road, Hasilpur
Tel: (92-62) 2443300-1

Havelian
Havelian Branch
Near Old TMA Office, Main Bazar
Havelian,
Distt. Abbottabad
Tel: (92-992) 811501-3

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

B-17 Islambad Branch

Mumtaz Plaza Plot No. 43 Commercial
Area Sector B-17 Block B, Multi
Gardens, Main G.T Road Islamabad
Tel: (92-51) 5203240-3

DHA Phase II Branch

Plot No. 7, Sector A, Near Gate No-3,
Kalsum Plaza, DHA Phase-II, Islamabad
Tel: (92-51) 5161562-4

E-11 Markaz Branch

Plot No. 02, 03, 04, Square Eleven Plaza,
Islamabad Garden Phase II, Sector
E-11/1 Islamabad.
Tel: (92-51) 2305691-92

F-6 Markaz Branch

Ground & First Floor, Sethi Plaza, Super
Market, F-6 Markaz, Islamabad
Tel: (92-51) 2601791-5

F-7 Jinnah Super Market Branch

Unit No. 14, Plot No. 12-B, F-7 Markaz,
Jinnah Super Market, Islamabad
Tel: (92-51) 2655001-4

F-8 Branch

Panther Plaza, F-8 Markaz, Islamabad
Tel: (92-51) 2817403-5

F-10 Markaz Branch

Plot No. 2-F, F-10 Markaz, Islamabad
Tel: (92-51) 2112762-3

F-11 Branch

Shops No. 2, 3, 9, 10, 11 & 12, Ground
Floor, Sardar Arcade, F-11 Markaz,
Islamabad
Tel: (92-51) 2228384-5, 2228388-9

G-8 Branch

Plot No. 40-A , I & T Centre, Jhelum
Road , G – 8/1 , Islamabad.
Tel:(92-51) 2261040 - 41

G-9 Markaz Branch

21-B, G-9 Markaz, Islamabad
Tel: (92-51) 2285849-51

G-10 Markaz Islamabad Branch

Plot No.20-E, G-10 Markaz, Islamabad
Tel: (92-51) 2351953-4

G-11 Branch

Plot No.15, Penorama Arcade,
G-11 Markaz, Islamabad
Tel: (92-51) 2830513-6

G-13 Branch

Plot No 2-A , Qaiser Wasim Plaza, G-13
Markaz, Islamabad
Tel:(92-51)2285849 – 50

G-15 Markaz Branch

Plot No. 18 , Family Plaza, Jammu &
Kashmir Housing Society, G-15 Markaz
Islamabad
Tel: (92-51)2328317-8

Ghuri Town Branch

Plot No. 11-12 Sadiq Center Phase V-A
Ghuri Town Islamabad
Tel: (92-51) 2157680-83

Jinnah Super Branch

Plot # Q-13, College Road F-7 Jinnah
Super Market Islamabad
Tel: (92-51) 2656501-5

I-8 Branch

Plot No. 25, VIP Square, I-8 Markaz,
Islamabad
Tel: (92-51) 4861389-92

I-9 Branch

Plot No. 2/A, Industrial Area, I-9,
Islamabad
Tel: (92-51) 4859644-7

I-10 Branch

Shop No. 7-10, Ahmadal Plaza, Plot No.
3-1, Sector I-10 Markaz, Islamabad
Tel: (92-51) 4432711-3

I-11 Sabzi Mandi Branch

Plot No.189/A, Sabzi Mandi, I-11,
Islamabad
Tel: (92-51) 4100637-40

Jinnah Avenue Branch

Plot No. 37-B, Tahir Plaza, Jinnah
Avenue, Blue Area, Islamabad
Tel: (92-51) 2276712-5, 2801112-5

Naval Complex E-8

Naval Shopping Centre ,Naval Complex ,
E-8 , Islamabad
Tel: (92-51) 2261192-93

PWD Branch

Plot No. 786-G, Block-C, Pakistan PWD
Employees Co-operative Housing
Society, Lohi Bher, Islamabad
Tel: (92-51) 5170756-8

Soan Garden Branch

Plot No. SC-17, Iftikhar Shopping Mall,
Main Double Road, Soan Garden
Islamabad
Tel: (92-51) 5739501 - 2

74-E Blue Area Branch

Unit No. 03-04 , Plot No.74-East Ajajib
Plaza, Blue Area Islamabad
Tel: (92-51) 2605693-97

Jacobabad**Jacobabad Branch**

Survey No.764/1, Old College
Road Ward No.02, Jacobabad
Tel: (92-0722) 650276-78

Jalalpur Jattan**Circular Road Branch**

Khewat No.1729/1730 Khatooni No.
2355-2358 2359-2362, Circular Road,
Jalalpur Jattan
Tel: (92 53) 3430313-5

Jampur**Jampur Branch**

Indus Highway, Dera Road,
Opposite Nadra Office, Jampur
Tel: (92-604) 569446-8

Jaranwala**Jaranwala Branch**

P-92, Main Hassan Road, Jaranwala City
Tel: (92-041) 4312084-85-86

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

Kahrur Pakka**Kahrur Pakka Branch**

Plot No.107/C/4, Khewat No.27, Dunya
Pur Road, Kahrur Pakka, District Lodhran
Tel: (92-608) 341016-17

Kamoki**G.T Road Kamoki Branch**

Main G.T Road, Kamoki
Tel: (92-55) 6810351-3

Karachi**26 Street DHA Karachi Branch**

Plot # 15-C, Badar Commercial Street
No. 1, D.H.A Phase V, Karachi, Tel:
(92-21) 35161361-65

Abdullah Haroon Road Branch

S/1, Plot No. P.R 2/31/5, Preedy
Quarters,
Abdullah Haroon Road, Karachi
Tel: (92-21) 32700143-5

Abul Hasan Isphani Road Branch

Plot No. 25-A, Main Abul Hasan Isphani
Road, Azeem Khan Goth,
Gulshan-e-Iqbal, Block 4-A, Karachi
Tel: (92-21) 34810729-32

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, Bhadr 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

Bahadurabad Branch
Plot No.28, Adam Arcade, Bihar Muslim
co-operative Housing Society,
Bahadurabad 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 4 Clifton Branch
Plot No. COM-2/A, Block 4, Scheme No. 5,
Kehkashan, Clifton, Karachi
Tel: 021-35879531-35

Block -A North Nazimabad Branch
Plot No. SD-1, Block A, KDA Scheme
No. 2, North Nazimabad, Karachi
Tel: (92-21) 36722430-4

Block E North Nazimabad Branch
Plot No. ST-4, Shop # A/D-66 & 67, Block
"E" Hyderi, North Nazimabad, Karachi
Tel: (92-21) 36724294-96

Block-F North Nazimabad Branch
Shop # 9,10,11 & 12 Sub-Plot # SC14-3
Plot No SC-14,Block -F, KDA Scheme
No. 2, Samar Residency North
Nazimabad Karachi
Tel: (92-21) 36723549-554

Block-18, Gulistan-e-Jauhar Branch
Rufi Lacks Drive, Unit No. 34 & 35,
Perfume Chowk, Block-18,
Gulistan-e-Jauhar, Karachi
Tel: (92-21) 34198130-134

Block-3 A Gulistan-e-Jauhar Branch
Palm Residency, Unit # 01, Block- 3A,
Kamran 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
Khaliq-uz-Zaman Colony, Bakhshan
Village, Bazar Area, Clifton, Karachi
Tel: (92-21) 35865670-4

Gole Market Nazimabad Branch
Plot No. 2-E/3, Gole Market Nazimabad,
Karachi
Tel: (92-21) 3641 8011-15

Gulbahar Branch
Shop No. G-8, G-9, G-10 and G-11, Sub
Plot No.20/3, Sana Towers, Firdous
Co-operative Housing Society, Golimar
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-Iqbal Block-5 Branch
Plot No. 9/ FL-3 KDA Scheme No. 24,
Gulshan-e-Iqbal Block-5, Main Rashid
Minhas Road, Karachi.

Gulshan-e-Hadeed Branch
Plot No.C-27, Sub Sector 8-C/I, Phase I,
Gulshan-e-Hadeed, Steel Town, Karachi
Tel: (92-21) 34712151-155

Gulistan-e-Jauhar Block-1 Branch
Shops No. 1, 2, 3, 7, Ground Floor,
Samrah Arcade, Plot No. SB-04, Block 1,
KDA Scheme No. 36, Gulistan-e-Jauhar,
Karachi
Tel: (92-21) 34013922-6

Gulshan Block 2 Branch

Plot No. SB 08, Gulshan-e-Iqbal Block 2,
Near Rab Medical Centre, Karachi
Tel: (92-21) 34971232

Gulshan 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.Chundrigar Road Karachi
Tel: (92-21) 32423676

**Indus Mehran Cooperative Housing
Society Branch**

Plot No.14-A , Naclass No.55, Indus
Mehran Co-operative Housing Society
Malir, Karachi
Tel: (92-21) 3449640-44

Jama-e-Millia Malir Branch

Plot No.S-25, Survey No.282,
Gulzar-e-Ibrahim, Jama-e-Millia Malir,
Karachi
Tel: (92-21) 3416-2270-74

Jamshed Road Branch

Plot No. 713/6, Shaheen Tower,
Jamshed Quarters, M.A Jinnah Road,
Karachi
Tel: (92-21) 34923281-5

Jodia Bazar Branch

MR5/115-114 Darya Lal Street, Jodia
Bazar, Karachi
Tel: (92-21) 32473326-28

Joffa Towers Branch

SB-23 & 24,Office No. G2, 102-104,
Joffa Towers, Main University Road,
Block-13-C, Gulshan-e-Iqbal, Karachi
Tel: (92-21) 34830141-5

Jubilee Market Branch

Plot No.64, Ghulam Hussain Hidayatullah
Colony, Jubilee Market Karachi
Tel: (92-21) 32720454-58

Katchi Gali No.2 Branch

No. G-1, situated at Katchi Gali No. 2,
Marriot Road, Karachi
Tel: (92-21) 32443526-7

K.A.E.C.H.S Branch

Plot No. SA / 49 (Commercial) Block No.
4, Karachi Administrative Employees
Co-operative Housing Society LTD.
Karachi
Tel: (92-21) 34302920

Karachi Cantt Branch

Shop No.1, Salalah Apartment, Civil
Lines Quarters, Dr. Dawood Pota Road,
Near Cantt. Station, Karachi
Tel: (92-21) 3562-0180-84

KDLB Branch

2nd Floor, KDLB Building, West Wharf
Road, Karachi
Tel: (92-21) -32314103-07

Keamari Branch

Plot No. 29/1, Opposite Jungle Shah
College, Keamari Town, Karachi
Tel: (92-21) 32863170-4

Kehkashan Clifton Branch

Building No.BC-1, Ground Floor,
Al-Karam Center, Block 7, Clifton,
Karachi, Pakistan
Tel: (92-21) 111 000 852

Khadda Market Branch

(Khayaban-e-Shamsheer) Branch
Plot No.4-C, Khadda Market,
Khayaban-e-Shamsheer, DHA Phase V,
Karachi
Tel: (92-21) 35240811-5

**Khadija Market, Block I North Nazimabad
Branch**

Plot No. SC-4, Shop Nos. 2, 2-A, 3, 4,5
Khadija Market, Block I North
Nazimabad Karachi
Tel: (92-21) 3672-2790 - 94

Khalid Bin Waleed Branch

Plot No. 89/N, Muhammadi Terrace,
Block-2, Khalid Bin Waleed Road,
P.E.C.H.S, Karachi
Tel: (92-21) 34383914-16

Kharadar Branch

Shop No.1, Ground Floor,
Al-Fatima Plaza, Paria Street, Ghulam
Hussain Kassam Quarters, Kharadar,
Karachi
Tel: (92-21) 32316510-4

Khayaban-e-Bokhari Branch

Plot No 22-C, Khayaban-e-Bokhari,
Ph-VI, DHA Karachi
Tel: (92-21) 35243561-5

Khayaban-e-Rahat Branch

Plot No. 32 /C. Shop No.1-5,
Khayaban-e-Rahat Phase VI, DHA
Karachi
Tel: (92-21) 3585-7531-35

Khayaban-e-Sehar Branch

9-C, Shahbaz Commercial. Lane 1,
Khayaban-e-Sehar, Phase VI, DHA,
Karachi
Tel: (92-21) 35349307-13

Khayaban-e-Shamsheer Branch

23-C, Main Khayaban-e-Shamsheer,
Phase V (Ext) DHA, Karachi
Tel: (92-21) 35247600-04

Khayaban-e-Ittehad Branch

Plot No.124-N, Khayaban-e-Ittehad DHA
Phase VI Karachi
Tel: (92-21) 3515-5911-15

Korangi Branch

Plot No. LS-3, ST-3/1, Sector
No.15,Korangi Industrial Area, Karachi
Tel: (92-21) 35114324-5

Korangi II Branch

Q 37, Sector 33-A, Main Road Korangi,
Karachi
Tel: (92-21) 35059215-16

Korangi Industrial Area II Branch

Plot No.27 & 28, Sector - 16, Korangi
Industrial Area, Karachi
Tel: (92-21) 3514-4341-45

Korangi Darul Uloom Branch

Sector 28, Darul Uloom, Main Korangi
Industrial Road, Karachi
Tel: (92-21) 35123134-35, 35123138-40

Lasbella Branch

Plot No.460, G-2, Garden East Lasbella,
Karachi
Tel: (92-21) 32244290-294

Lea Market Branch

Plot No. 3/20, Khajoor Bazar, Lea
Market, Karachi
Tel: (92-21) 32521650-4

Liaquatabad Branch

No.18, Plot No. 1/19, S.M.Taufiq Road,
Liaquatabad, Karachi
Tel: (92-21) 34125673

Liaquat Market Malir Branch

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 Chowrangi Branch

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, Shakra-e-Liaquat, New Challi, Karachi.
Tel: (92-21) 32602121-126

New Town Branch

Plot No.371 Kutiana Centre, Shop No.10-13, Jamsheed Quarters, Karachi
Tel: (92-21) 34943581-5

New Truck Stand Hawksbay Branch

Plot No.F-1/4 to F-1/9, K-28 Phase-I Trans Lyari, Hawksbay Road, Karachi
Tel: (92-21) 32373204-13

New Fruit & Vegetable Market Super Highway Branch

Block No. C-X, New Fruit & Vegetable Market, Super Highway, Karachi
Tel: (92-21) 3687-0190-94

North Karachi Branch

Plot # SA-6 (ST-8),11-C-1 North Karachi
Tel: (92-21) 36965051-55

North Karachi Industrial Area Branch

Plot # 1-A, Sector # 12-C,North Karachi Township Karachi
Tel: (92-21) 36963117-121

North Napier Branch

Shop No. 12,Poona wala, Trade Tower,W.O 1/55, Opposite City Court Chabba Gali,Main North Napier Road Karachi
Tel: (92-21) 32713530-34

North Nazimabad Block-M Branch

Plot No. SB-2, Block-M, North Nazimabad, Karachi
Tel: (92-21) 36627054-5

Nursery Branch

Plot No.13-A, Survey Sheet No. 35-P/1, Amber Pride show room No.1, Ground Floor, Block-06 P.E.C.H.S, Nursery, Karachi
Tel: (92-21) 34396510-14

Orangi Town Branch

Plot No. LS-15, Sector 6-E, Orangi Town, Karachi
Tel: (92-21) 36694370-4

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 Muhammad Wafai Road Karachi
Tel: (92-21) 35224850-54

Shireen Jinnah Colony Branch

Plot No. 4-B,Block No. 1, Clifton Karachi
Tel: (92-21) 35833025, 35836758, 35836780

Sir Syed Road Branch

Plot No. 152-S, Ground Floor, Sir Syed Road, Block 2, PECHS, Karachi
Tel: (92-21) 35143500-4

SITE Branch

Plot No. B/9-C, Site Area, Karachi
Tel: (92-21) 32550328-31

SITE-II, Super Highway Branch

Showroom # 1 & 2, Plot # D/41-A, SITE-Super Highway Phase-II, Karachi
Tel: (92-21) 36880342-349

Soldier Bazar Branch

G-2, Ground Floor, Plot No. SOL.B-2/16, VII-E/100/1, Soldier Bazar Quarters, Karachi
Tel: (92-21) 32290320-24

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

University Road

Plot No. SB-25, S-1, S-2 & S-3, Block-1
Gulistan-e-Jauhar, Main University Road,
Karachi.

Water Pump Branch

Plot No. BS-13, Block No. 14, Federal
B.Area Karachi.
Tel: (92-21) 36332443, 36332523

West Wharf Road Branch

Plot No.14, A & K Chambers West Wharf
Road, Karachi
Tel: (92-21) 32203445-9

Karak

Karak Branch
Khasra Nos.615-616-243-236-233-235,
Tehsil Road, Karak
Tel: (092) 7211032-34

Kahuta

Kahuta Branch
Khewat # 15-16 Khatooni # 17-20, Gul
Siraj Plaza Rawalpindi Road Kahuta
Tel: (92-051) 3313015-16

Kamalia

Kamalia Branch
Khasra No. 4169-4191, Muhallah
Mitianwala, Railway Road, Kamalia
Tel: (92-046) 3413590-94

Kasur

Kasur Branch
216-9, R-IV, Railway Road, Kasur
Tel: (92-492) 2764999

Khairpur

Khairpur Branch
Shop No.1,2,3 Ground Floor
Civic Centre, Mall Road, Khairpur
Tel: (92-243) 715772-73

Khanewal

Khanewal Branch
Plot No. 624-625, Block No. 8, Sir Syed
Road, Khanewal
Tel: (92-65) 2556625-7

Khanpur

Khanpur Branch
Kutchery Road, Khanpur
Tel: (92-68) 5577127-8

Khan Bela

Khan Bela Branch
Main K.L.P Road, Khan Bela
Tel: (92-068) 5580100-101

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: (92-049) 2382011

Kotli AJ&K

Mouza Pang Piran, Pindi Road, Kotli AJK
Tel: (92-05826) 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

Akbari Mandi Branch

Outside Akbari Mandi, Circular Road,
Lahore
Tel: (92-42) 37660969-70

Al-Saeed Chowk Branch

Al-Saeed Chowk, near Phool Mandi,
Saggian By pass, Jaranwala Road,
Tehsil Ferozwala, District Sheikhpura,
Lahore
Tel: (92-42) 37163873-5

Allama Iqbal Town Branch

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

Badami Bagh Branch

35-Peco Road, Badami Bagh, Lahore
Tel: (92-42) 37369610-3

Bahria Town Branch

Plot No.68/69-B, Sector-C, Bahria Town
Lahore
Tel: (92-42) 35976270-72

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

Bhubtian Branch

Khasra No.4202/711, Bhubtian Chowk,
Raiwind Road Lahore
Tel: (92-42) 35320413-15

Brandrath Road Branch

46 Brandrath Road, Lahore
Tel: (92-42) 37676388-92

Burki Road Branch

Khasra No.159, Khatooni No.30, Khewat
No.20, Main Burki Road, Adjacent
Paragon City, Lahore
Tel: (92-42) 37167203-4

Bund Road Branch

Property No. SW XI 1-S-1/B/6,
Main Bund, Road, Lahore
Tel: (92-42) 37482671-3

Canal Bank Road Branch

Mughalpura Lahore Branch PlotNo. 125,
StNo. 33, Naya Pul, Punj Pir Road, Canal
Bank Road, Mughalpura, Lahore
Tel: (92-42) 365543-44

Cavalry Ground Branch

72-Commercial Area, Cavalry Ground,
Lahore Cantt
Tel: (92-42) 36619780-3

Chowk Yateem Khana Branch

Bund Road Chowk Yateem Khana
Lahore
Tel: (92-42)37467113-16

Chowk Baba Attar Ichra Branch

Plot # SXVIII-44-S-110/A, Ichra II, Chowk
Baba Attar, Lahore
Tel: (92-42) 37534152-54

Chungi Amar Sadhu, Branch

Khasra # 1050, DAR Plaza, Chungi Amar
Sadhu , Main Ferozpur Road, Lahore
Tel: (92-42) 35922114-17

Circular Road Branch

141- Circular Road, Outside ShahAlam
Gate, Lahore
Tel: (92-42) 37642001-4

Civic Centre Johar Town Branch

Property No. 20, Civic Centre, Johar
Town, Lahore
Tel: (92-42) 35189531-3

Cloth Market Branch

F-2332, Rrara Tailian, Near Kashmir
Block, Azam Cloth Market, Lahore
(92-42) 7380461-65

College Road Branch

House # 15, Block 2, Sector C-1,
Township College Road Lahore
Tel: (92-42) 35157181-85

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,
Khayaban-e-Jinnah Road, Lahore
Tel: (92-42) 35955461-63

Khayaban-e-Iqbal Branch
Plot No.34-A, Khayaban-e-Iqbal,
Sector-XX, Phase III-C,DHA, Lahore
Tel: (92-42) 356948833-34-35-38

Liberty Market Branch
Shop # 14-17, Liberty Shopping Centre,
Gulberg III, Lahore
Tel: (92-42) 35760813, 35760814

L.D.A Scheme Tajpura
Plot No.425 A, L.D.A Scheme Tajpura
Lahore
Tel: (92-42) 36631463-5

Main Boulevard Branch
E-44-1-4-COM, Iqbal Park Commercial,
Main Boulevard DHA, Lahore
Tel: (92-42) 36621482-4

Maulana Shaukat Ali Road Branch
Plot No. 4-E Jauhar Town, Adjacent
BOR, Main Maulana Shaukat Ali Road
Lahore

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
Choona 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

**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

Shah Jamal Branch
Property No.158, Shah Jamal Road,
Lahore
Tel: (92-42) 35912954-56

Shalimar Garden Branch
Chowk Shalimar Bagh, G.T Road,
Baghban Pura, Lahore
Tel: (92-42) 36846584-8

Shalimar Link Road Branch
Khata No. 222, Khatooni No.397, Khasra
No.2240, Near Shalimar Hospital
Shalimar Link Road Lahore
Tel: (92-42) 36810102-06

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
Lalikh Jan Chowk DHA Lahore
Tel: (92-42) 5707383-86

Thokar Niaz Baig Branch
171-A, Ali Town Raiwind Road, Lahore
Tel: (92-42) 7516128-30

Tufail Road Branch
Shop No.06, 10-11, 33-34 Cantt
Shopping Plaza, Tufail Road Lahore
Cantt
Tel: (92-42) 36602701-703

Urdu Bazar Branch
4-Kabeer Street, Urdu Bazar, Lahore
Tel: (92-42) 37116684-7

Valancia Town Branch
Plot No.1-D, Valencia Society Lahore
Tel: (92-42) 35225894-98

Walton Road Branch
E-29/21-A, Bank Stop, Walton Road,
Lahore
Tel: (92-42) 36626602-5

WAPDA Town Chowk Branch
Plot No. 429, Block-E, Main Boulevard,
P.I.A Employees Co-operative Housing
Society, Wapda Town Chowk, Lahore
Tel: (92-42) 35211591-4

Wahdat Road Branch
Plot No.16-A, Wahdat Road Branch,
Lahore.
Tel: (92-42) 35912954-56

West Wood Colony Branch
Plot No 24, West Wood Colony, Canal
Road, Lahore
Tel: (92-42) 37498592-93

Zafar Ali Road Branch
Plot No.03, Zafar Ali Road, Gulberg V,
Lahore
Tel: (92-42) 35775758-59

Zahoor Elahi Road Branch
Building No.3-A, Block A, Gulberg II,
Zahoor Elahi Road, Lahore
Tel: (92-42) 111 852 852

Zarrar Shaheed Road Branch
Khasra No. 3939/3296, Block-B,
Al-Faisal Town, Zarrar Shaheed Road,
Lahore Cantt
Tel: (92-42) 36674862

Lalamusa
Lalamusa Branch
Col. Plaza, Plot No. 9, Camping Ground,
G.T. Road, Lalamusa
Tel: (92-53) 513022, 7513032

Main Bazar Lalamusa Branch
Property No.B-9/18/R.H & B-9/26/Shop &
B-9/27/Shop,Main Bazar Lalamusa

Larkana
Larkana Branch
Property No.1796, Ward No. A, Bank
Square, Bunder Road, Larkana
Tel: (92-74) 4055923-5

Layyah
Layyah Branch
Property No. B-II-174, 175, 176, Chobara
Road, Layyah
Tel: (92-606) 412975-7

Liaquatpur
Liaquatpur Branch
Plot No.150, Rest House Road,
Liaquatpur
Tel: (92-068) 5693263-264

Lodhran
Lodhran Branch
Plot No. 493-A, A-1, A-2/5H, Ghosia
Chowk, Multan Bahawalpur Road,
Lodhran
Tel: (92-608) 364797-8

Loralai
Loralai Branch
Plot No. 1060, Zhob Road, Loralai,
Balochistan
Tel: (92-824) 4660103

Mailsi
Mailsi Branch
Khewat No.75/73, Khatooni No.99,
Colony Road, Mailsi
Tel: (92-067) 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

Old Shujabad Road Multan Branch
Khewat No.332, Mouza Qutabpur , Old Shujabad Road, Multan
Tel: (92-61) 6303731-34

Qadafi Chowk Branch
Khatooni No. 1261 , Qadafi Chowk Masoom Shah Road, Multan
Tel: (92-61) 6780853-54

Rasheed Abad Branch
Khatooni No.1101, Shop No.1, 2, 3 Anees Plaza, Chowk Rasheedabad, Khanewal Road, Multan
Tel: (92-61) 6305714-6

Shah Rukn-e-Alam Branch
Shop No. 26-27, Block F, Main Market, T-Chowk, Shah Rukn-e-Alam Colony, Multan
Tel: (92-61) 6784324-5

Sher Shah Road Branch
Property No. 50/A, Opposite Garden Town, Sher Shah Road, Multan
Tel: (92-61) 6536752-5

University Road Branch
Khewat No.856/833, Khatooni No.1309, Shalimar Colony Chowk, University Road, Multan
Tel : (92-61) 6224974-5

Vehari Chowk Branch
Shop Nos. 82,83,84,112, Madni Commercial Center, Near Vehari Chowk, Multan
Tel: (92-61) 6241201-3

Vehari Road Branch
Al Hamd Centre Plot No. 2228/10 Vehari Road Ghalla Mandi 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: (92-054) 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
Phalia Branch
Khewat # 174, Khatooni # 436, Khasra # 106 Helan Road, Phalia
Tel: (92-0546) 586273-5

Pir Mahal
Pir Mahal Branch
Plot No. P-10-11, Kousar Abad, Chak Abadi 779-GB, Qasba Pir Mahal
Tel: (92-46) 3367601-7

Pishin
Pishin Branch
Khasra No.649-653, Block-1, Bund Road Pishin
Tel: (92-826) 421015-17

Qalanderabad
Qalanderabad Branch
Khata No.206, Khatoni No.290, Khasra No.329/2, Shahrah-e-Resham Road, Qalanderabad
Tel: (0992) 370600-02

Qilla Saifullah
Qilla Saifullah Branch
Khasra No.27, Intiqal No.59, Jahangir Market Quetta Road, Qilla Saifullah
Tel: (92-0823) 610206-207, 0823-610234-235

Quetta
Alamdar Road Branch
Khasra # 11690/5518, Alamdar Road, Quetta
Tel: (92-81) 2662502-503

Alamo Chowk Branch
Shop No.17-19, Al-Emirate City Plaza, Alamo Chowk, Air Port Road, Quetta
Tel: (92-81) 2820158-9

Choharmal Road Branch
Shop No: 1-5, Agha Super Complex Choharmal Road Quetta
Pabx: (92-81) 2845593-94

Double Road Branch
Khasra No.2, Qithas, Zarghoon Road Quetta
Tel: (92-81) 2440885-86

Hazar Ganji Branch
Plot No. 715-716 A, Truck Stand, Hazar Ganji, Quetta
Tel: (92-81) 2472143, 081-2472167

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

Rawat Branch
Khokhar Mall Plaza , Main G.T Road,
Rawat, Islamabad
Tel: (92-051) 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

Fateh Jhang Road Branch

Faisal Town Fateh Jhang Road
Rawalpindi

G.T Road Morgah Branch

Khasra No. 1663, Riaz Plaza, G.T Road
Morgah More, Rawalpindi.
Tel: (92-51) 5450010-11

G.T Road Tarnol Branch

Khan Malook, Wazir Plaza, G.T. Road,
Turnol, Rawalpindi
Tel: (92-51) 2226406

Gulrez Rawalpindi Branch

Plot No. 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

Khasra No. 2573 Peshawar Road
Rawalpindi.
Tel: (92-51) 5167368-70

Saidpur Road Branch

Plot No. CA-294/A, Chistiabad,
Shabbir Plaza, Near Siddiqui Chowk,
Saidpur Road Rawalpindi
Tel: (92-51) 4416215-17

Shamsabad Branch

Khewat # 79,80,89,107/1, Khatooni #
97,100,124,132/1, Khasra #
101,102,103,107,106,104,110
Shamsabad Murree Road Rawalpindi
Tel: (92-51) 4854471-4

Tench Bhatta Branch

Property No. CB-185/185-1-11 Tench
Bhatta Rawalpindi Cantt
Tel: (92-51) 5562716-18

Tulsa Road Lalazar Branch

Property No.9-A Main Tulsa Road
Lalazar Rawalpindi Cantt
Tel: (92-51) 5178189-191

Westridge Branch

Al Farooq Plaza Khasra No.1704-1705,
Khewat No.601,606, Khatooni No.
863-868, Moza Chur Harpal Allabad
Westridge-III Rawalpindi
Tel: (92-51) 5490250-252

Sadiqabad

FFC Chowk Branch
Rehmat Center, FFC Chowk, K.L.P Road,
Sadiqabad
Tel: (92-68) 5786209-10

Sadiqabad Branch

31-D, Main Bazar, Sadiqabad
Tel: (92-68) 5701207-8

Sahiwal

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: (92-041) 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
Shakargarh Branch
B-IV-942/RH-SH, Railway Road
Shakargarh
Tel: (92-054) 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

Circular Road Sialkot
Property No. XXIII - 4S- 17 / RH Circular
Road Sialkot
Tel: (92-52) 4586601-03

Gohad Pur Branch
Building No. BI - 25 S-304, Airport Road
Gohad Pur Sialkot
Tel: (92-52) 4296054-6

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

Shikarpur
Shikarpur Branch
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 Branch
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 entrepreneur ship and management to carry on any business venture whether trade, industry or service, with the objective of earning profits. They share the profit in an agreed proportion. The loss is borne only by the financier(s) in proportion to their share in total capital.

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 21st Annual General Meeting of Meezan Bank Ltd. to be held on Tuesday, March 28, 2017 at Meezan House C-25, Estate Avenue S.I.T.E., Karachi, and at any adjournment thereof.

Signed this _____ day of _____ 2017.

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.

کمپنی سیکریٹری
میزان بینک لمیٹڈ
میزان ہاؤس، C-۲۵
سائٹ، کراچی، پاکستان۔

میں/ہم _____ کا/کے _____ بحیثیت رکن میزان بینک
لمیٹڈ اور شیئر رجسٹر فو لیو نمبر _____ یا سی ڈی سی انویسٹر اکاؤنٹ نمبر/سی ڈی سی پارٹنیشن آئی ڈی نمبر
_____ اور ذیلی اکاؤنٹ نمبر _____ کے مطابق _____ عمومی حصص کا/کے
مالک، _____ کا/کی _____ کو اور ان کی عدم موجودگی میں
_____ کا/کی _____ کو اپنا/ہمارا نمائندہ مقرر کرتا ہوں/کرتی ہوں/کرتے ہیں اور
میزان بینک لمیٹڈ کے ۲۸ مارچ ۲۰۱۷ کو میزان ہاؤس، C-۲۵، اسٹیٹ ایونیو، سائٹ، کراچی میں منعقد ہونے والے ۳۱ ویں سالانہ عمومی اجلاس یا اس
کے ملتوی شدہ اجلاس میں شرکت کرنے اور اپنی جگہ ووٹ دینے کا اہل قرار دیتا ہوں/دیتی ہوں/دیتے ہیں۔

دستخط _____ ویں روز _____ ۲۰۱۷ کو کئے گئے۔

گواہ:

برائے مہربانی پانچ روپے
کارپونڈ اسٹیپ چسپاں کریں
رکن (راکین) کے دستخط

1- دستخط _____

نام _____

پتہ _____

کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ نمبر _____

اہم نکات:

- 1- نمائندگی فارم موثر ہونے کے لئے اجلاس سے کم از کم ۲۸ گھنٹے قبل موصول ہو جانے چاہئیں۔
- 2- سی ڈی سی حصص یافتگان اور ان کے نمائندگان سے گزارش کی جاتی ہے کہ نمائندگی فارم کمپنی کو جمع کراتے وقت اس کے ساتھ اپنی تصدیق شدہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی نقل منسلک کریں۔

برائے مہربانی
درست ڈاک ٹکٹ
چسپاں کریں

دی کمپنی سیکریٹری
میزان بینک لمیٹڈ
میزان ہاؤس C-25، اسٹیٹ ایونیو
سائٹ، کراچی، پاکستان



Meezan Bank
The Premier Islamic Bank

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

PABX: (92-21) 38103500 **UAN:** 111-331-331 & 111-331-332

www.meezanbank.com



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