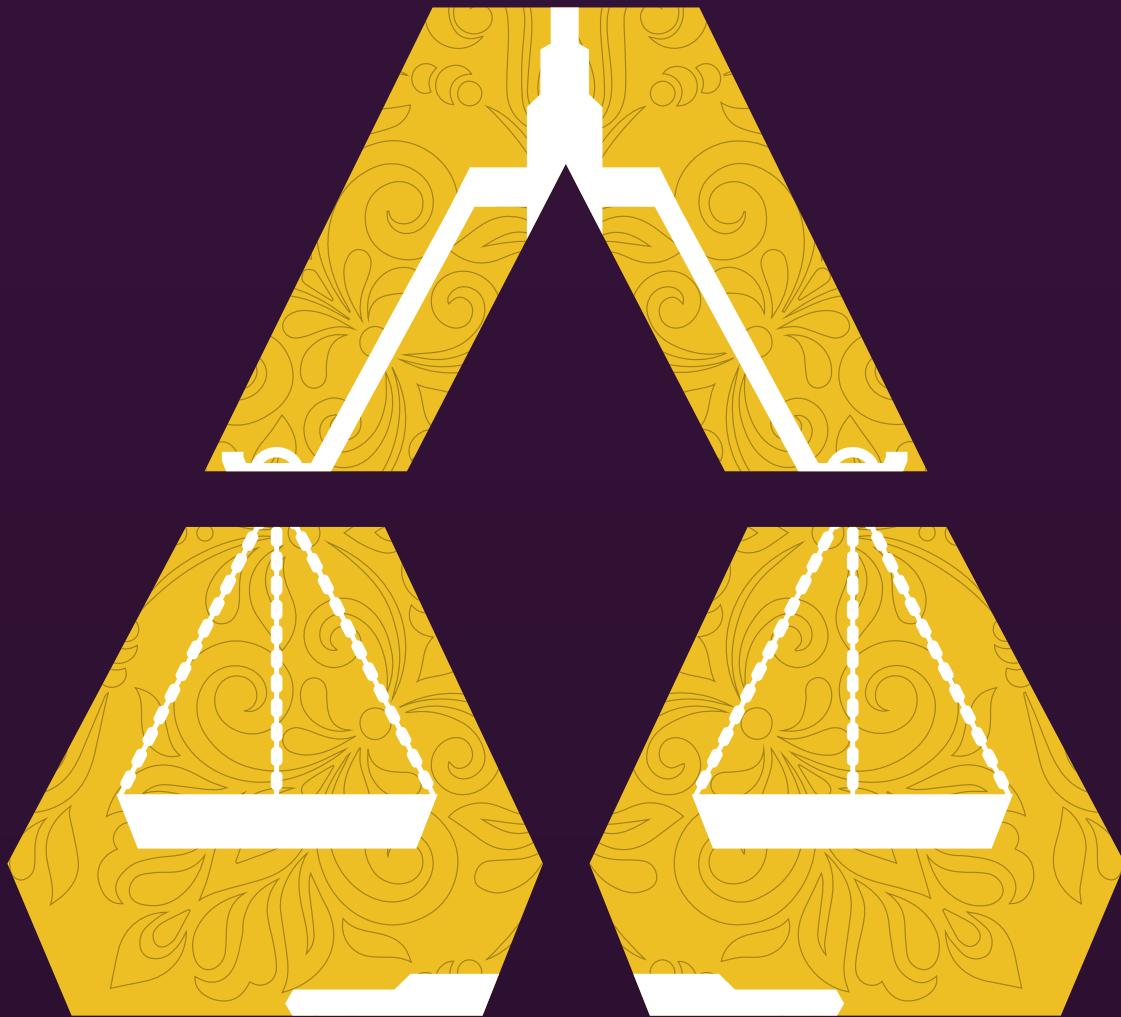


Balance & Harmony



ANNUAL REPORT **2017**



Meezan Bank
The Premier Islamic Bank

Balance & Harmony



While our planet Earth continues to move at the same speed, day after day, year after year; our lives move ever faster. The changing pace of technology, of life, of progress and of our professions affords us increasingly little time to reflect on the important aspects of life- one of which is balance. If you choose to look, there is balance in everything – in nature and nurture, in process and progress. The word 'Meezan' means Balance and the central element of our logo is also a balanced scale. In fact, balance and moderation in all aspects of life is one of the key teachings of Islam as well. This year, our annual report focuses on the many forms of balance that we see in our world.

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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.





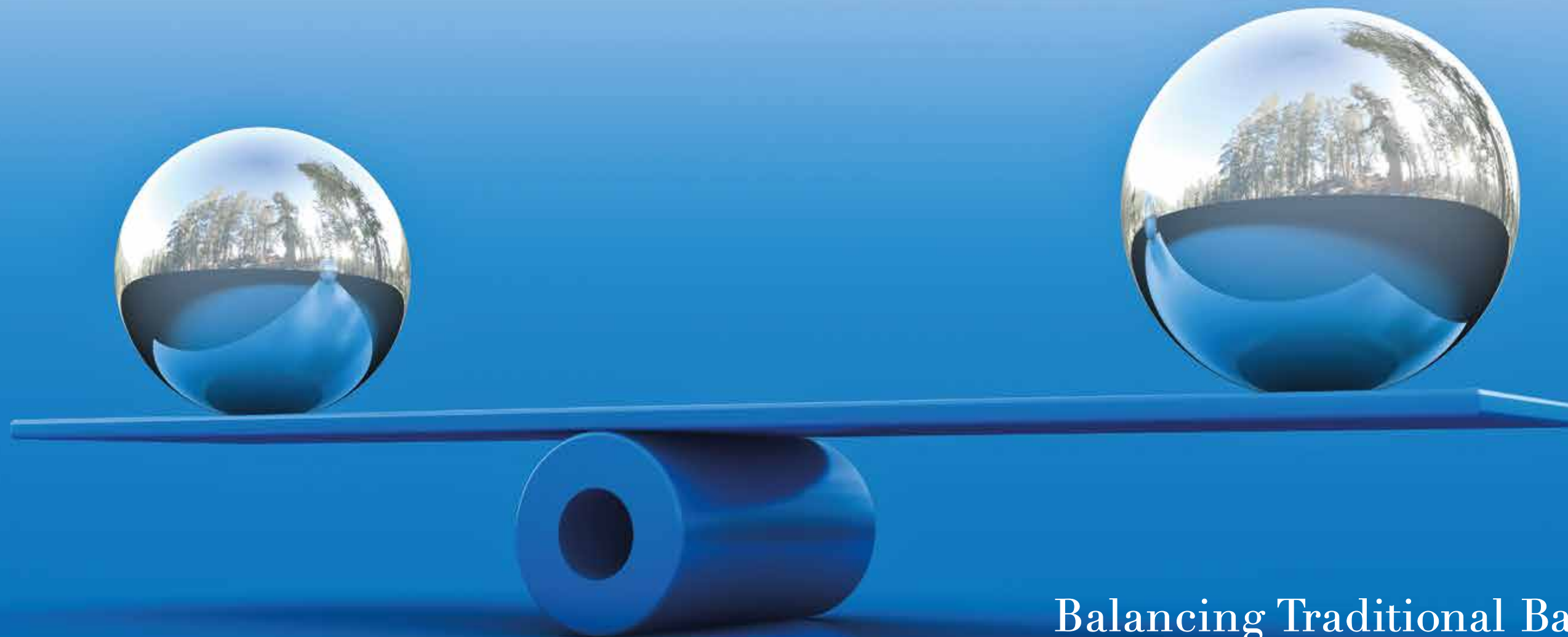
Quaid's Concept of Islamic Banking

"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 Muhammad Ali Jinnah
Founder of the Islamic Republic of Pakistan

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



Balancing Traditional Banking and Technology

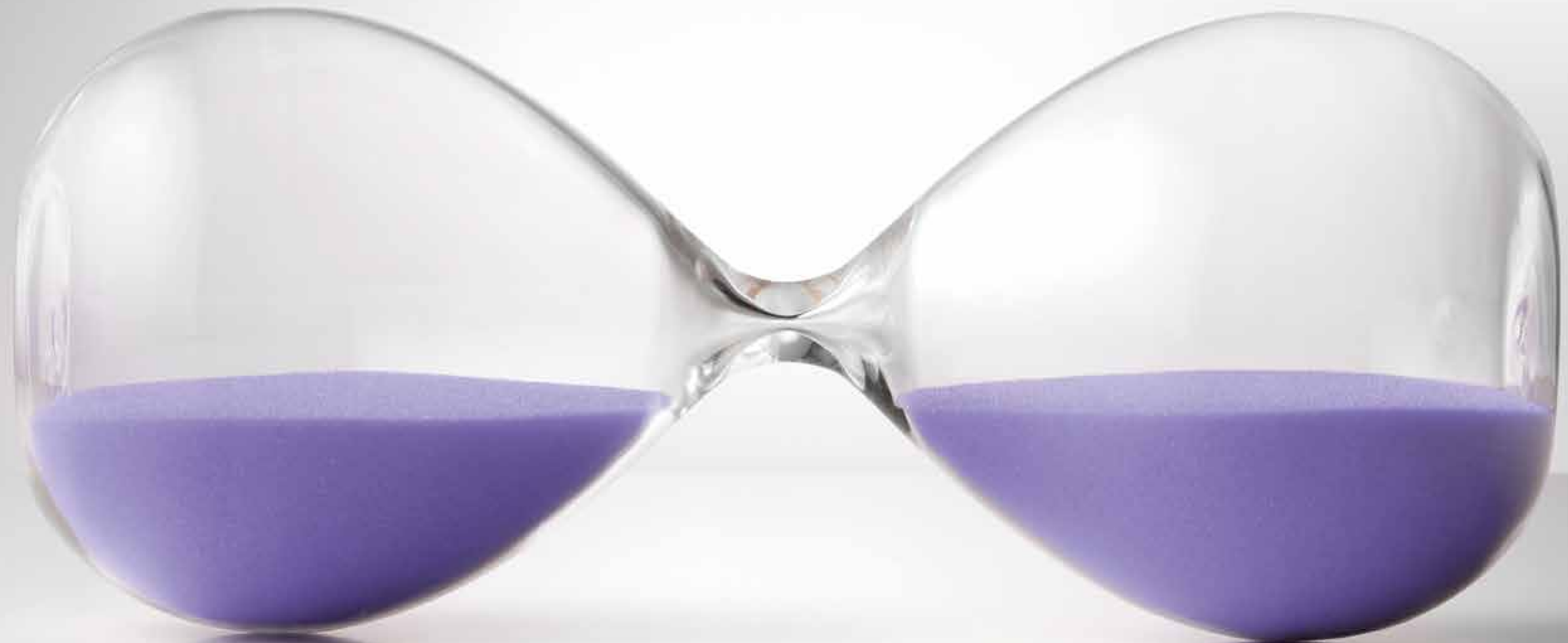
More often than not, banking is about providing solutions to customers that suit their diverse needs. In today's technology-driven world, there are many customers who prefer modern ways to bank, opting for internet banking and smartphone applications over conventional channels. In their fast-paced lives, writing cheques to transfer funds or visiting branches to pay bills is not efficient. For them, Meezan Bank provides an extremely comprehensive Internet Banking service, a phone banking service as well as a very popular and easy-to-use smartphone application. However, there are also a large number of customers who feel more comfortable banking in a more traditional manner, with a relationship manager and a cheque book. For these customers and for those who are not quite comfortable with internet or smartphone banking, we continue to invest in our vast branch network, now comprising of over 600 branches nationwide. This balance of traditional banking and technology allows us to ensure that our growing customer base is served and their varying needs are catered to – helping us carve our place as Pakistan's Premier Islamic Bank.

Profit & Responsibility - A Delicate Balance

As an Islamic Bank, Meezan Bank carries a significant responsibility: to fulfil all the expectations that our customers have, especially with regard to their faith and our compliance with Shariah. At the same time, customers also have a reasonable expectation from the Bank to operate profitably, giving them good returns on their investments. To maintain this balance of profit and responsibility, we not only have incredibly talented teams of banking professionals but also a peerless Shariah Board that oversees all the operations of the Bank from a Shariah perspective. With this winning combination, we are able to achieve success on both sides of the balance – turn over an excellent profit, year after year, without compromising on our responsibilities as a Bank that is 100% Shariah-compliant. Determining and maintaining this balance between profit and responsibility – and managing to excel in both areas – is a major factor in our success as Pakistan's Premier Islamic Bank.

Striking the Ideal Work Life Balance

In today's everyday race to win against all competition and in continuously pushing ourselves to our limits, it is all too easy to forget that one of the most important balances in life is that between one's personal and professional life. As the stereotype goes, this applies more to the banking industry than most others. At Meezan Bank, we strive to ensure that our teams are able to achieve this important work-life balance – be it through facilities and perks such as a swimming pool and a fully featured gymnasium at our Head Office as well as farmhouses and beach huts at convenient locations, or by ensuring that people adhere to their working hours and regularly take dedicated time off for their families and loved ones. We understand and appreciate that in order to be properly motivated and efficient, Meezan Bankers need to have time for themselves. To this end, the Bank provides the teams with other facilities such as access to discounts and privileges with various brand partners, ensuring that they have ample opportunities to make the most of life. This strategy, in place since the inception of the Bank, has resulted in a healthy team that is dedicated to their work and their customers and has been a key element in ensuring our success as Pakistan's Premier Islamic Bank.



The Perfect Balance of Relationships

A bank caters to all types of customers – from individuals to entrepreneurs, from small businesses to large corporations. It is, however, the bank's responsibility to ensure that all relationships are given equal importance. In the real world, with variances in business and transactions, it is quite possible that one relationship may be more profitable for the bank than another. This imbalance in the profitability of relationships, however, must not reflect in the bank's handling of these relationships – and this is the service value that we instill in our people at Meezan Bank. From the junior-most branch staff right up to the Bank's senior management, we understand that each and every customer is equally important to the Bank – more so because the Bank is equally important to every customer. Striking this perfect balance between different relationships is what makes Meezan Bank special for our customers – and contributes to our success as Pakistan's Premier Islamic Bank.



HIGHLIGHTS - YEAR 2017

PROFIT AFTER TAX
Rs **6.3 BILLION**



DEPOSITS
Rs **673 BILLION**



TOTAL ASSETS
Rs **782 BILLION**



1.9 MILLION
CUSTOMERS



DEPOSIT GROWTH
19%



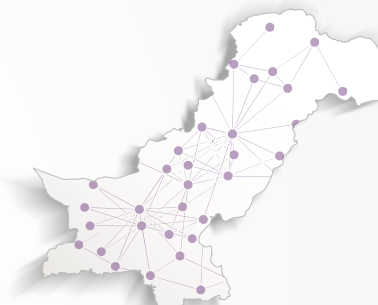
EARNINGS PER SHARE
Rs **6.13**



Islamic Finance news
Awards
'BEST ISLAMIC RETAIL BANK'
IN THE WORLD



LARGEST DEDICATED
ISLAMIC BANKING NETWORK
OF OVER **600 BRANCHES**
IN MORE THAN **150 CITIES**
OF THE COUNTRY



Pakistan Banking Awards
DAWN IBP
Knowledge Partner A member from of
A.F.FERGUSON&CO. the PwC network
RETAINED TOP POSITION AS
'BEST ISLAMIC BANK'
AT THE 2nd PAKISTAN BANKING AWARDS



JOINT FINANCIAL ADVISORS
TO THE MINISTRY OF FINANCE
FOR ISSUANCE OF
GOVERNMENT OF PAKISTAN
IJARAH SUKUK

EMPLOYEES AND
AMBASSADORS
OF ISLAMIC BANKING
10,000+



MOST CSAA QUALIFIED
PROFESSIONALS
AT ANY BANK IN PAKISTAN

STRONG
SOCIAL
MEDIA
PRESENCE

OVER 1.5 MILLION
FACEBOOK FANS
(81% GROWTH VS. 2016)
2nd LARGEST FOLLOWING IN
PAKISTAN'S BANKING INDUSTRY



LEADING THE BANKING INDUSTRY
OF PAKISTAN WITH
LARGEST FOLLOWING
ON LINKEDIN
& INSTAGRAM!

Key Figures at a Glance

	2017	2016	2015	2014	2013	2012
Profit and Loss Account						
Return on financing, investments and placements	36,087	30,761	32,628	28,452	22,893	21,592
Return on deposits and other dues expensed	15,273	12,873	14,897	15,440	12,526	11,385
Net Spread earned before provisions	20,814	17,888	17,731	13,012	10,367	10,207
(Provision) / reversal against non performing Islamic financing and related assets	(733)	120	(442)	(551)	(126)	(395)
(Provision) / reversal for diminution in the value of investments and impairment	(587)	65	(121)	84	33	(56)
Net Spread after provisions	19,494	18,073	17,168	12,545	10,274	9,756
Fee, commission, forex and other income	5,576	4,035	3,626	3,323	1,962	1,413
Dividend income and capital gain / (loss) on investments	2,001	1,622	971	1,432	1,539	986
Income before expenses	27,071	23,730	21,765	17,300	13,775	12,155
Administrative and operating expenses	16,819	14,787	13,313	10,402	8,128	6,925
Profit before Taxation	10,252	8,943	8,452	6,898	5,647	5,230
Taxation	3,939	3,381	3,429	2,328	1,690	1,722
Profit after Taxation	6,313	5,562	5,023	4,570	3,957	3,508
Statement of Financial Position						
Islamic Financing and Related Assets	420,029	311,530	207,569	175,712	127,623	88,678
Total Assets	781,699	657,767	531,850	437,510	329,725	274,437
Total Deposits	673,188	564,024	471,821	380,422	289,811	230,426
Share Capital	10,629	10,027	10,027	10,027	10,027	9,034
Sub-ordinated sukuk	7,000	7,000	-	-	-	-
Total Shareholders Equity	34,338	28,149	25,557	23,275	17,908	15,494
Market Capitalization	71,321	67,422	45,875	47,129	39,488	27,147
Number of Staff	9,551	9,168	8,581	7,429	6,248	5,953
Number of Branches	601	571	551	428	351	310
Ratios						
Break up Value (Rs)	32.31	28.07	25.49	23.21	17.86	17.14
Market Value per Share (Rs)	67.10	67.24	45.75	47.00	39.38	30.05
Price to Book Value Ratio	2.08	2.40	1.79	2.02	2.20	1.75
Cash Dividend (%)	30.00	30.00	30.00	27.50	20.00	15.00
Stock Dividend (%)	-	-	-	-	-	11.00
Right Shares (%) at Premium of Rs 40 / par	6.00	-	-	-	-	-
Price Earning Ratio	10.95	12.34	9.13	10.31	9.97	8.59
Earning per Share (Rs)	6.13	5.45	5.01	4.56	3.95	3.50
Net Spread to Gross Return (%)	57.68	58.15	54.34	45.73	45.28	47.27
Net Profit Before Tax to Gross Income (%)	23.48	24.56	22.71	20.77	21.39	21.80
Net Profit After Tax to Gross Income (%)	14.46	15.27	13.49	13.76	14.99	14.62
Admin Expenses to Income before provisions (%)	59.24	62.80	59.62	58.55	58.61	54.93
Financing / Advances to Deposit Ratio - ADR (%)	62.4	55.2	44.0	46.2	44.0	38.5
Investment to Deposit Ratio - IDR (%)	17.71	23.08	31.01	29.99	52.31	66.21
Capital Adequacy Ratio (%)	12.89	12.91	10.98	11.88	12.48	14.08
Return on Average Assets (%)	0.88	0.94	1.04	1.19	1.31	1.48
Return on Average Equity (%)	20.20	20.71	20.57	22.19	23.69	24.35

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

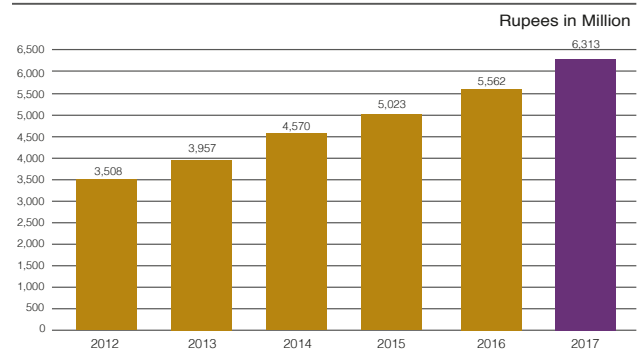
Rupees in Million

2011	2010	2009	2008	2007
17,809	12,094	9,911	6,605	4,416
8,666	6,606	4,970	3,088	2,452
9,143	5,488	4,941	3,517	1,964
(1,424)	(1,450)	(1,443)	(428)	(435)
35	(47)	(89)	(289)	(1)
7,754	3,991	3,409	2,800	1,528
1,347	2,056	1,332	802	742
1,158	419	266	(95)	606
10,259	6,466	5,007	3,507	2,876
5,903	4,340	3,267	2,515	1,607
4,356	2,126	1,740	992	1,269
965	477	715	371	306
3,391	1,649	1,025	621	963

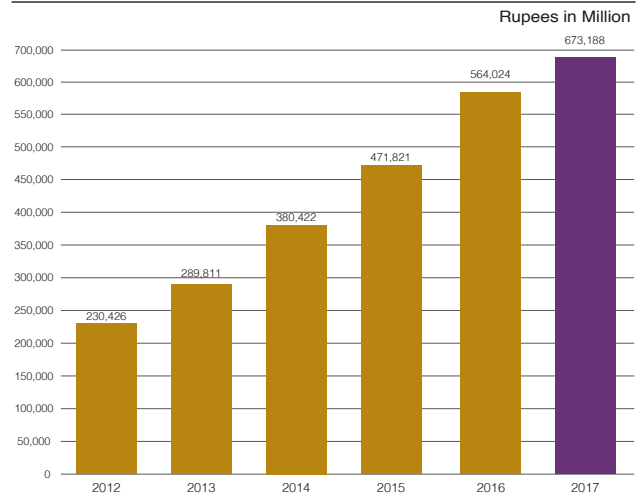
70,377	60,265	46,985	41,521	36,053
200,550	154,752	124,169	85,276	67,179
170,030	131,070	100,333	70,234	54,582
8,030	6,983	6,650	4,926	3,780
-	-	-	-	-
13,324	10,740	9,091	6,341	5,720
13,956	11,801	10,467	10,581	14,572
4,900	4,364	3,669	3,170	2,205
275	222	201	166	100

16.60	15.38	13.67	12.87	15.13
17.38	16.90	15.74	21.48	38.55
1.05	1.10	1.15	1.67	2.55
10.00	-	-	-	-
12.50	15.00	5.00	8.60	20.00
-	-	-	35.00	-
4.63	8.24	9.72	17.61	19.67
3.75	2.05	1.62	1.22	1.96
51.34	45.38	49.85	53.25	44.47
21.44	14.59	15.12	13.57	22.02
16.69	11.32	8.91	8.49	16.71
50.68	54.50	49.96	59.54	48.52
41.4	46.0	46.8	59.1	66.1
57.92	41.94	23.21	20.68	19.30
14.89	12.41	12.77	9.58	10.71
1.91	1.18	0.98	0.82	1.70
28.18	16.63	13.28	10.30	18.37

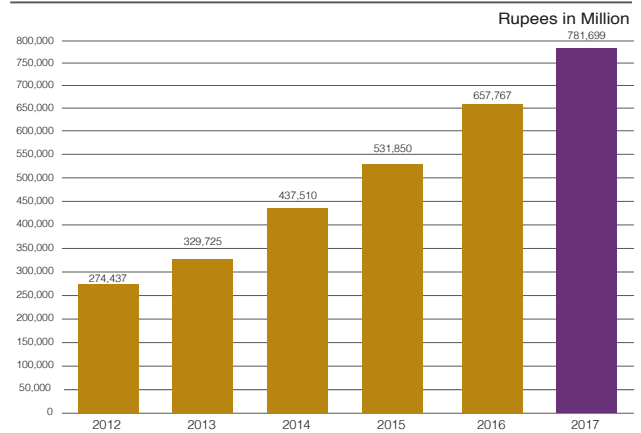
Profit After Taxation



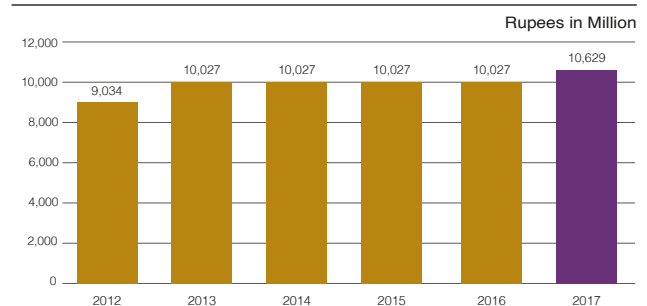
Total Deposits



Total Assets



Share Capital



Six Years' Horizontal Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11
		%		%		%		%		%		%
Assets												
Cash and balances with treasury banks	64,556	15	56,037	28	43,686	47	29,729	4	28,583	49	19,125	15
Balances with other banks	4,896	(59)	12,021	8	11,175	103	5,501	55	3,554	(8)	3,851	64
Due from financial institutions	147,229	14	129,115	28	101,079	11	90,766	1,120	7,443	1,389	500	(88)
Investments	119,238	(8)	130,156	(11)	146,305	28	114,089	(25)	151,614	(1)	152,460	55
Islamic financing and related assets	420,029	35	311,530	50	207,569	18	175,712	38	127,623	44	88,678	26
Operating fixed assets	11,876	33	8,925	11	8,057	28	6,273	12	5,595	14	4,898	23
Deferred tax asset	-	-	-	-	-	(100)	815	522	131	(76)	546	(32)
Other assets	13,875	39	9,983	(29)	13,979	(4)	14,625	182	5,182	18	4,379	14
	781,699	19	657,767	24	531,850	22	437,510	33	329,725	20	274,437	37
Liabilities												
Bills payable	11,168	22	9,131	39	6,560	17	5,620	55	3,615	18	3,059	34
Due to financial institutions	36,813	15	32,006	135	13,610	(12)	15,465	36	11,375	(38)	18,461	100
Deposits and other accounts	673,188	19	564,024	20	471,821	24	380,422	31	289,811	26	230,426	36
Sub-ordinated Sukuk	7,000	-	7,000	100	-	-	-	-	-	-	-	-
Deferred tax liabilities	8	(99)	1,362	247	393	100	-	-	-	-	-	-
Other liabilities	18,445	34	13,770	5	13,119	8	12,113	102	6,011	1	5,928	14
	746,622	19	627,293	24	505,503	22	413,620	33	310,812	21	257,874	38
Net Assets	35,077	15	30,474	16	26,347	10	23,890	26	18,913	14	16,563	20
Represented by:												
Share capital	10,629	6	10,027	-	10,027	-	10,027	-	10,027	11	9,034	12
Reserves	13,369	38	9,700	13	8,588	18	7,289	105	3,551	29	2,760	34
Unappropriated profit	10,340	23	8,422	21	6,942	17	5,958	38	4,330	17	3,700	14
Surplus on revaluation of investments	739	(68)	2,325	194	790	28	616	(39)	1,005	(6)	1,069	133
	35,077	15	30,474	16	26,347	10	23,890	26	18,913	14	16,563	20
Profit & Loss Account												
	2017	17 Vs 16	2016	16 Vs 15	2015	15 Vs 14	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11
		%		%		%		%		%		%
Return on financing, investments and placements	36,087	17	30,761	(6)	32,628	15	28,452	24	22,893	6	21,592	21
Return on deposits and other dues expensed	(15,273)	19	(12,873)	(14)	(14,897)	(4)	(15,440)	23	(12,526)	10	(11,385)	31
Net spread earned	20,814	16	17,888	1	17,731	36	13,012	26	10,367	2	10,207	12
(Provision) / reversal	(1,320)	(814)	185	(133)	(563)	21	(467)	402	(93)	(79)	(451)	(68)
Net spread after provision/ reversal	19,494	8	18,073	5	17,168	37	12,545	22	10,274	5	9,756	22
Fee, commission, forex and other income	5,576	38	4,035	11	3,626	9	3,323	69	1,962	39	1,413	5
Dividend income and capital gain	2,001	23	1,622	67	971	(32)	1,432	(7)	1,539	56	986	(15)
Income before operating expenses	27,071	14	23,730	9	21,765	26	17,300	26	13,775	13	12,155	16
Administrative and operating expenses	(16,819)	14	(14,787)	11	(13,313)	28	(10,402)	28	(8,128)	17	(6,925)	13
Profit before taxation	10,252	15	8,943	6	8,452	23	6,898	22	5,647	8	5,230	20
Taxation	(3,939)	17	(3,381)	(1)	(3,429)	47	(2,328)	38	(1,690)	(2)	(1,722)	78
Profit after taxation	6,313	14	5,562	11	5,023	10	4,570	15	3,957	13	3,508	3

Six Years' Vertical Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
Assets	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Cash and balances with treasury banks	64,556	8	56,037	9	43,686	8	29,729	7	28,583	9	19,125	7
Balances with other banks	4,896	1	12,021	2	11,175	2	5,501	1	3,554	1	3,851	1
Due from financial institutions	147,229	19	129,115	20	101,079	19	90,766	21	7,443	2	500	-
Investments	119,238	15	130,156	20	146,305	27	114,089	26	151,614	46	152,460	56
Islamic financing and related assets	420,029	54	311,530	47	207,569	39	175,712	40	127,623	39	88,678	32
Operating fixed assets	11,876	1	8,925	1	8,057	2	6,273	1	5,595	2	4,898	2
Deferred tax asset	-	-	-	-	-	-	815	-	131	-	546	-
Other assets	13,875	2	9,983	1	13,979	3	14,625	4	5,182	1	4,379	2
	781,699	100	657,767	100	531,850	100	437,510	100	329,725	100	274,437	100
Liabilities												
Bills payable	11,168	1	9,131	-	6,560	1	5,620	1	3,615	1	3,059	1
Due to financial institutions	36,813	5	32,006	5	13,610	3	15,465	4	11,375	3	18,461	7
Deposits and other accounts	673,188	86	564,024	86	471,821	89	380,422	87	289,811	88	230,426	84
Sub-ordinated Sukuk	7,000	1	7,000	1	-	-	-	-	-	-	-	-
Deferred tax liabilities	8	-	1,362	-	393	-	-	-	-	-	-	-
Other liabilities	18,445	3	13,770	3	13,119	2	12,113	3	6,011	2	5,928	2
	746,622	96	627,293	95	505,503	95	413,620	95	310,812	94	257,874	94
Net Assets	35,077	4	30,474	5	26,347	5	23,890	5	18,913	6	16,563	6
Represented by:												
Share capital	10,629	1	10,027	2	10,027	2	10,027	2	10,027	3	9,034	3
Reserves	13,369	2	9,700	2	8,588	2	7,289	2	3,551	1	2,760	1
Unappropriated profit	10,340	1	8,422	1	6,942	1	5,958	1	4,330	2	3,700	2
Surplus on revaluation of investment	739	-	2,325	-	790	-	616	-	1,005	-	1,069	-
	35,077	4	30,474	5	26,347	5	23,890	5	18,913	6	16,563	6
Profit & Loss Account												
	2017	%	2016	%	2015	%	2014	%	2013	%	2012	%
Return on financing, investments and placements	36,087	83	30,761	84	32,628	88	28,452	86	22,893	87	21,592	90
Return on deposits and other dues expensed	(15,273)	(35)	(12,873)	(35)	(14,897)	(40)	(15,440)	(46)	(12,526)	(47)	(11,385)	(47)
Net spread earned	20,814	48	17,888	49	17,731	48	13,012	40	10,367	40	10,207	43
(Provision) / reversal	(1,320)	(3)	185	-	(563)	(2)	(467)	(1)	(93)	-	(451)	(2)
Net spread after provision / reversal	19,494	45	18,073	49	17,168	46	12,545	39	10,274	40	9,756	41
Fee, commission, forex and other income	5,576	13	4,035	12	3,626	10	3,323	10	1,962	7	1,413	6
Dividend income and capital gain	2,001	4	1,622	4	971	3	1,432	4	1,539	6	986	4
Income before operating expenses	27,071	62	23,730	65	21,765	59	17,300	53	13,775	53	12,155	51
Administrative and operating expenses	(16,819)	(39)	(14,787)	(41)	(13,313)	(36)	(10,402)	(32)	(8,128)	(32)	(6,925)	(29)
Profit before taxation	10,252	23	8,943	24	8,452	23	6,898	21	5,647	21	5,230	22
Taxation	(3,939)	(9)	(3,381)	(9)	(3,429)	(9)	(2,328)	(7)	(1,690)	(6)	(1,722)	(7)
Profit after taxation	6,313	14	5,562	15	5,023	14	4,570	14	3,957	15	3,508	15

Financial Analysis

Statement of Financial Position

During the year under review, the total assets of the Bank grew by 19% to reach Rs 781 billion (\$7.1 billion) as at December 31, 2017 as compared to Rs 658 billion as at December 31, 2016.

In 2017, the Bank successfully completed a 6% Right Issue of shares to the existing shareholders at a price of Rs 50 per share (inclusive of Rs 40 as premium per share) approved by the Board which increased the Bank's equity by Rs 3 billion. The Bank's Capital Adequacy Ratio (CAR) now stands at 12.89% - well above the minimum mandatory level of 11.28% for the year 2017 and this Right Issue will support the future growth plans of the Bank. The return on average equity on enhanced capital stood at 20.20%.

The financing portfolio of the Bank has increased by Rs 109 billion to register growth of 35% during the year and closed at Rs 420 billion. Financing in Corporate segment, SME/Commercial segment and Consumer segment (primarily Car Ijarah and Easy Home) grew by 29%, 53% and 48% respectively. In the Corporate segment, major disbursements were made to entities backed by Sovereign Guarantee which carry lower risk weight for CAR purposes. To further enhance its exposure in SME and Commercial segment, the Bank has engaged International Finance Corporation (IFC) to provide advisory and technical services to revamp existing SME financing segment into a more robust SME Banking Model.

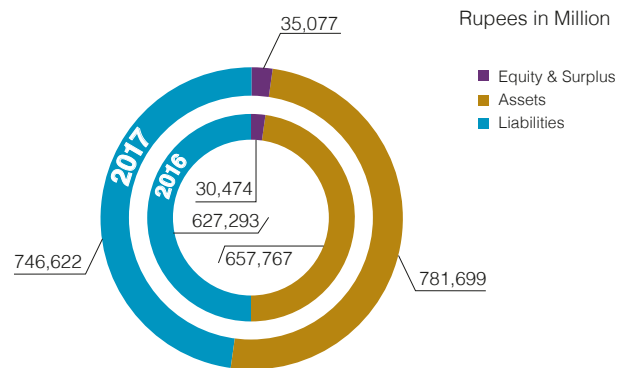
The Bank has one of the lowest infection ratio of 1.54% in the Banking industry which bears testimony to the fact that the Bank maintains a high quality financing portfolio. The Banking industry average portfolio infection ratio is 9%. However, recognizing some stresses in select sector exposures and prudent banking practices historically adopted by the Bank, an additional general provision of Rs 850 million against potential non-performing financing was approved by the Board during the year. This increase in General Provision also takes into account the aggressive growth in financing portfolio over the last few years.

The Bank's non-performing (NPL) coverage ratio stood at 133% in 2017 - one of the highest in the Banking industry in Pakistan. Advance to deposits ratio (ADR) of the Bank now stands at 62%.

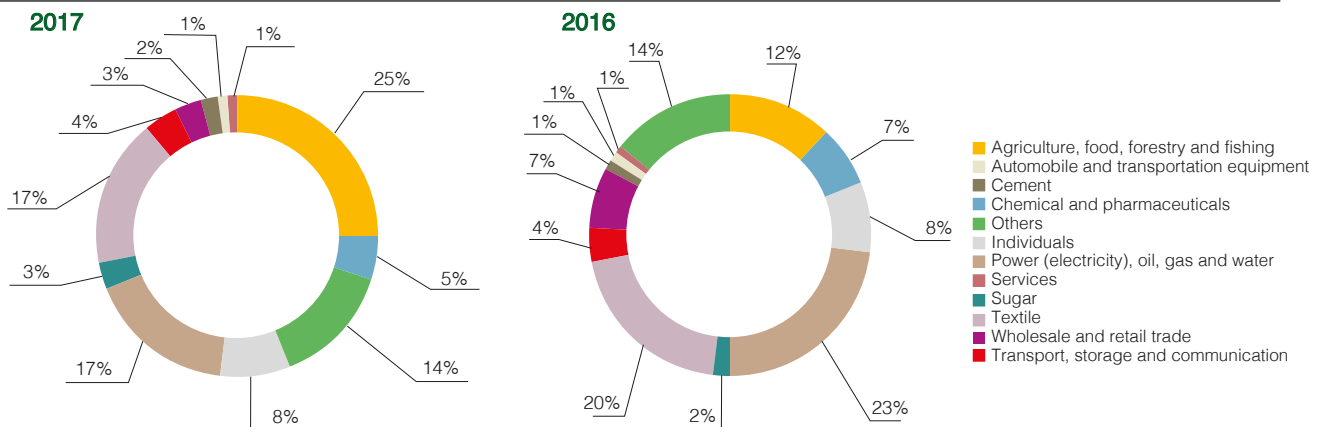
The availability of Government of Pakistan (GoP) Ijarah Sukuk to deploy surplus liquidity continues to be a challenge for Islamic Banks. Only one auction of GoP Ijarah Sukuk was held during the year but unfortunately the issue size was small as compared to the demand for such instrument which led to a price war and the cut-off price was significantly lower than the equivalent instruments available to conventional banks. The Investments and Placements under Bai Muajjal increased slightly to Rs 266 billion from Rs 259 billion last year.

On the liability side, the Bank maintained its current and savings accounts (CASA) ratio at 75% despite intense competition for mobilization of low cost deposits in the industry and achieved a growth of 19% to close total deposits at Rs 673 billion. The Bank's market share amongst the full-fledged dedicated Islamic Banks operating in Pakistan is approximately 58% and 35% for the Islamic Banking industry as a whole including Islamic Banking windows of conventional banks in Pakistan.

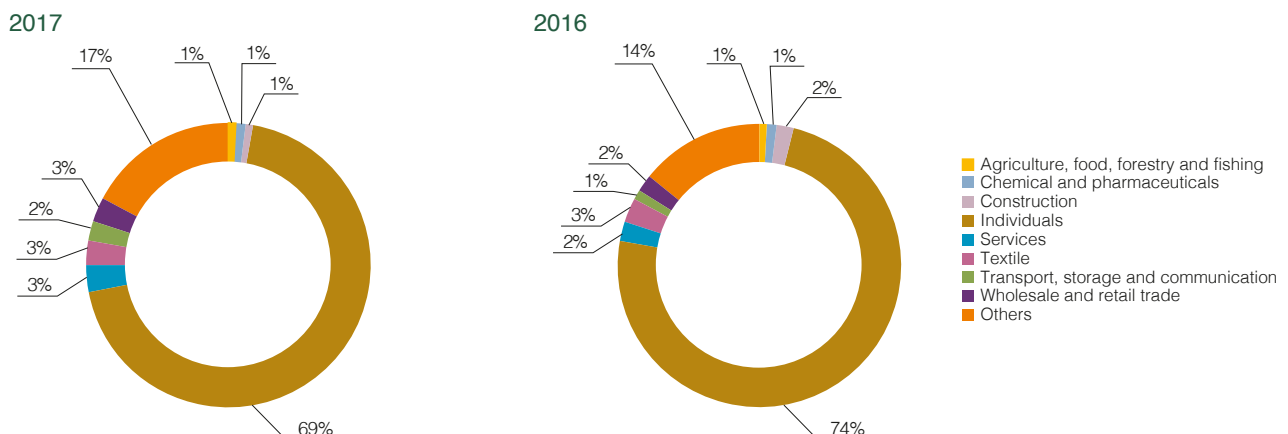
Statement of Financial Position



Islamic Financing and Related Assets (Gross)



Deposits



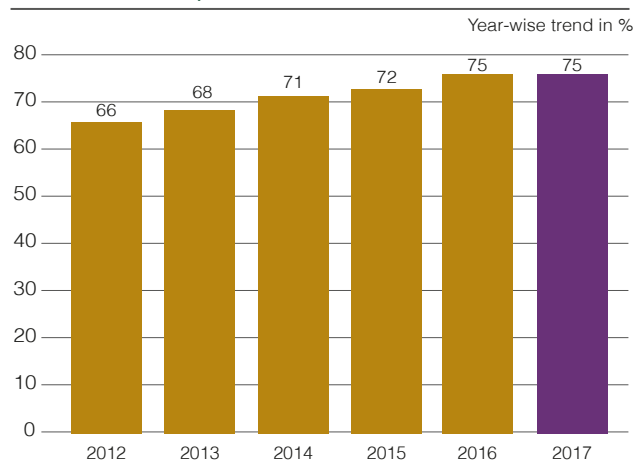
Profit and Loss Account

The Bank posted profit after tax of Rs 6.31 billion as compared to Rs 5.56 billion, an increase of 14% over the previous year. Earnings per share increased to Rs 6.13 per share from Rs 5.45 per share on enhanced capital after right issue. Notwithstanding the lower Discount Rate scenario and despite intense competition in the banking industry, the Bank's net spread before provisions increased by 16% from Rs 17.9 billion to Rs 20.8 billion primarily due to rise in financing portfolio and continued focus on maintaining optimal cost of funds through strong relationship management and better customer experience.

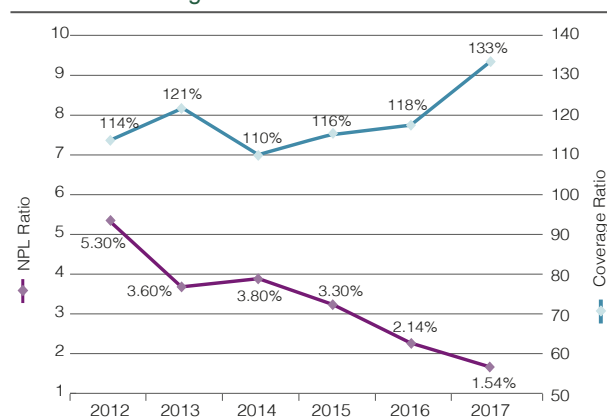
Growth in fee and commission income of 59% over last year stems from growth in trade finance business and other banking channels. The trade finance business handled by the Bank, crossed Rs 700 billion milestone and recorded growth of 29% over preceding year. This growth in trade business is supported by the Bank's growing network of correspondent banking relationships around the world and better customer experience.

Administrative and operating expenses increased to Rs 16.8 billion from Rs 14.8 billion – an increase of 14% primarily due to increase in staff expenses, rent and costs associated with new branches – an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years. The Bank maintained the distinction of being the fastest growing bank in the industry with the branch network of over 600 branches in 159 cities.

CASA to Total Deposit

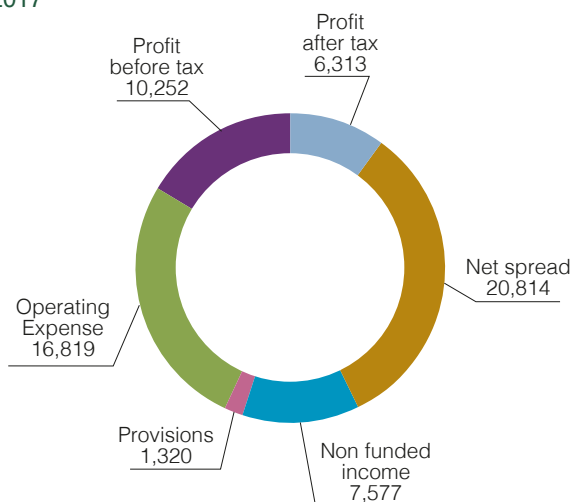


NPL and Coverage Ratios

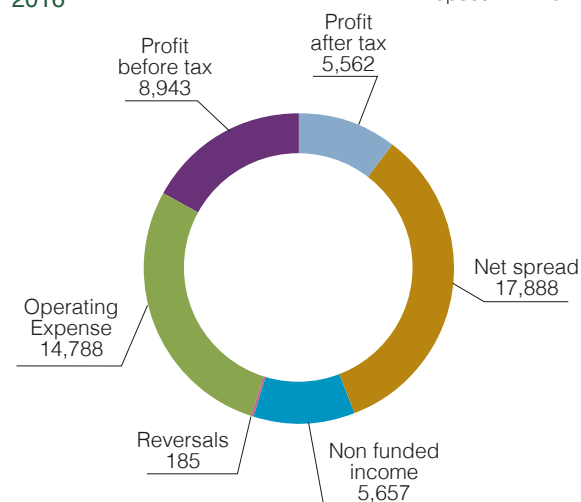


Profit and Loss

2017



2016



DuPont Analysis

Description	2017	2016	2015	2014	2013	2012
Profit Margin - %	14.5%	15.3%	13.5%	13.8%	15.0%	14.6%
Asset Turnover	0.06	0.06	0.08	0.09	0.09	0.10
Equity Multiplier - Times	23.04	22.15	19.85	18.63	18.09	16.48
Return on Equity (ROE) - %	20.20%	20.71%	20.57%	22.19%	23.69%	24.35%

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

2017

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

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	March 28, 2017

Details of the Board meetings held outside Pakistan

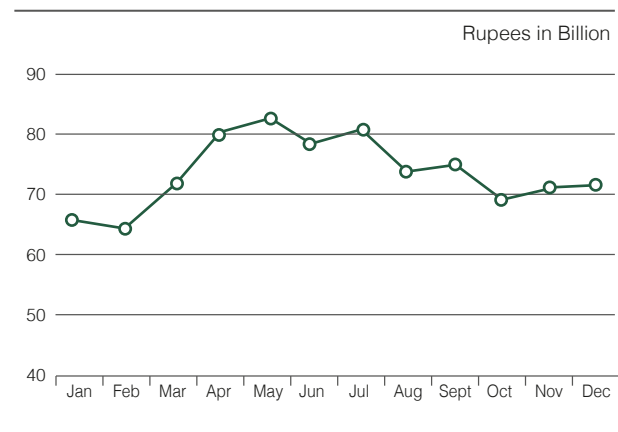
A total of four meetings were held during the year 2017, and all were held in Pakistan.

Issues raised in last AGM

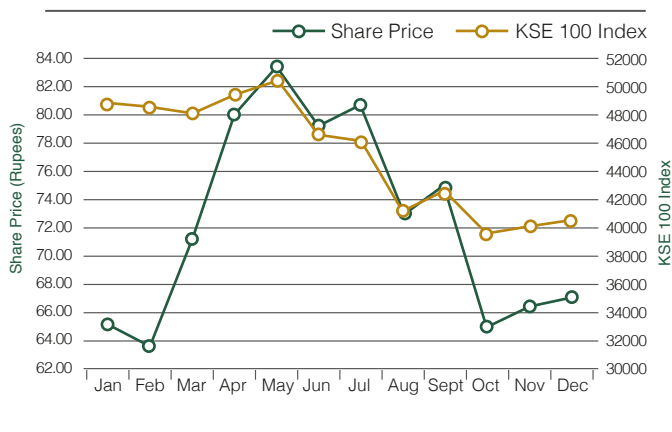
The Annual General Meeting was held on March 28, 2017 at Meezan House, the Bank's Head Office in Karachi. None of the participants raised any issues, and as such, there was no need for any further action in this matter.

Monthly Market Statistics of Meezan Bank's Share during 2017

Market Capitalisation



Share Price Sensitivity



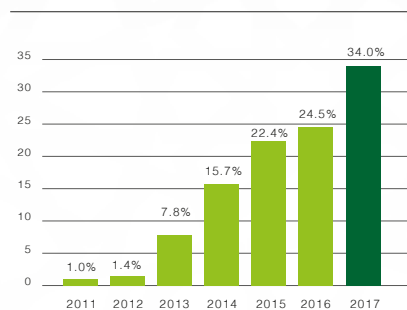
DID YOU KNOW

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

Through Running Musharakah the Bank participates in the operating activities of the customer and shares profit and loss as per the actual performance of the business. During 2017, the Bank partnered with more than 140 companies, ranging from manufacturing to the service sector on the basis of profit and loss sharing.

Running Musharakah was 1% of the Bank's total financing portfolio when it was launched in 2011 - it now stands at 34% of the Bank's total financing. The Bank ranks among the top banks globally in terms of percentage of financing through Shirkat-ul-Aqd.

Running Musharakah Portfolio Over Time



REGULATION OF ISLAMIC BANKING INDUSTRY BY THE STATE BANK OF PAKISTAN

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

Islamic Banking Department of the State Bank of Pakistan works under its Shariah Board, which comprises of renowned and reputed Shariah Scholars including Justice (R) Mufti Muhammad Taqi Usmani, Mufti Muhammad Zubair Usmani and Dr. Muhammad Qaseem. Some of the key regulations under which Islamic Banking industry operates are:

- Shari'ah Governance Framework for Islamic Banking Institutions – 2015
- Instructions for Profit & Loss Distribution and Pool Management for Islamic Banking Institutions – 2012
- Guidelines on Islamic Financing for Agriculture – 2008
- Risk Management Guidelines for Islamic Banking Institutions – 2008
- Guidelines for Islamic Microfinance Business by Financial Institutions – 2007
- Six AAOIFI standards adopted by State Bank of Pakistan. AAOIFI is the premier standard setting organization for Islamic Financial Institutions globally





Our Institution

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Corporate Profile

Founded with the Vision of establishing 'Islamic banking as banking of first choice', the Bank commenced operations in 1997 as Al Meezan Investment Bank Limited. It converted to Meezan Bank Limited, a full-fledged Islamic commercial bank in 2002, when the State Bank of Pakistan issued it Pakistan's first Islamic Commercial Banking license. Concurrently, the Bank acquired the Pakistan operations of Societe Generale, and started commercial banking with a small network of four branches, that has now grown to become one of the largest banking networks in the country with more than 600 branches in over 150 cities.

Meezan Bank is a publicly listed company sponsored by leading financial institutions from Pakistan and the Middle East. The Bank offers a complete range of Islamic banking products and services through a retail banking network which is 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

	2017	2016
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.

Shareholders

Shareholding Structure	Rs. in Million	%
Noor Financial Investment Co. Kuwait	5,220	49.11
Pakistan Kuwait Investment Company (Pvt.) Ltd	3,189	30.00
Islamic Development Bank Jeddah	991	9.32
Others	1,229	11.57
Paid up Capital	10,629	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 57 member countries. The Bank participates in equity capital and grants loans for productive projects and enterprises besides providing financial assistance in other forms for economic and social development.

Awards and Recognition

2017

Pakistan Banking Awards

Best Islamic Bank

Pakistan Stock Exchange Limited

Top 25 Companies of the Year, 2016

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

Best Islamic Retail Bank - Global Award

Pakistan Deal of the Year

CFA Society Pakistan

Islamic Bank of the Year

Corporate Finance House - Fixed Income

Mastercard MENA Acquirer Forum

Most Innovative Solution Deployed for Cash

Displacement

World Islamic Banking Conference

Country Level Award for the Banks Based In

Pakistan

Global Finance – World's Best Bank Awards

Best Bank in Asia-Pacific Region

Global Finance - World's Best Islamic Financial Institutions

Best Islamic Financial Institution in Pakistan

Asset Triple A Islamic Finance Awards

Islamic Bank of the Year, Pakistan

Best Islamic Retail Bank, Pakistan

Best Islamic Trade Finance Bank, Pakistan

Best Islamic Investment Bank, Pakistan

Sukuk House of the Year, Pakistan

Best Supply Chain Finance Programme, for

Meezan Bank and Karandaaz Pakistan

Asset Triple A Asia Infrastructure Awards

Transport deal of the year, Pakistan for Swat Expressway

The Banker - United Kingdom

Islamic Bank of the Year, Pakistan

Global Islamic Finance Awards

Shariah Authenticity Award

Islamic Finance Forum of South Asia (IFFSA) Awards

Gold Awards

Best Islamic Bank Of The Year (Fully Fledged)

Islamic Finance Entity Of The Year

Islamic Finance Education Provider

Islamic Finance Advisory Services Provider

Islamic Finance Capital Markets Service Provider

Islamic Investment Bank Of The Year

Silver Award

Islamic Finance Deal –For Syndicated Project Finance Facility

Pakistan Society of Human Resource Management

Best Place to Work in Top 10 Best Place to Work Category

Best Place to Work in Financial Services

Industry Category

Employers Federation of Pakistan (EFP)

1st Position - Best HRM Practices

3rd Position - Employer of the Year 2016

PMI Karachi Pakistan Chapter

PMO of the Year

ICAP and ICMAP

3rd Position - Best Corporate Reports Awards - Banking sector

South Asian Federation of Accountants (SAFA)

Certificate of Merit in the 'Private Sector Banks' category of Best Presented Accounts Award

2016

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

Best Islamic Bank for Treasury Management

- Global award

Runner-up 'Most Innovative Islamic Bank'

- Global award

Pakistan Deal of the Year

Global Finance - New York

Best Islamic Bank in Pakistan

The Innovators - 'Innovator in

Islamic Finance 2016'

Asset Triple A – Hong Kong

Best Islamic Bank in Pakistan

Best Bank for Digital Innovation

Best Digital Banking Product Meezan UPaisa

Best Retail Bank

Best Trade Finance Bank

Best Investment Bank

Sukuk House of the Year

Best Deal, Pakistan

Islamic Finance Forum of South Asia (IFFSA)

Gold Award for 'Islamic Bank of the Year

- Pakistan'

Capital Markets Service Provider of the Year

Islamic Microfinance Company/

Project of the Year

Advisory Services Provider of the Year

The Banker - United Kingdom

Islamic Bank of the Year, Pakistan

Pakistan Banking Awards

Best Islamic Bank

CFA Society of Pakistan

Islamic Bank of the Year

South Asian Federation of Accountants (SAFA)

'Certificate of Merit' - Best Presented Annual Report Awards

ICAP & ICMAP

2nd Position - Best Corporate Reports Awards - Banking sector

Employers Federation of Pakistan

1st Prize - Best HRM Practices 2016

PakWheels.com - People's Choice Awards

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

RTC-3 Potentials of Islamic Banking Forum

Largest Islamic Bank in Pakistan

2015

Global Islamic Finance Awards (GIFA)

Shariah Authenticity Award

Islamic Finance News (IFN) - Malaysia

Best Islamic Retail Bank - Global Award

3rd Best Overall Islamic Bank

- Global Award

Best Islamic Bank in Pakistan

Pakistan Deal of the Year

Asset Triple A - Hong Kong

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Investment Bank

Best Sukuk House in Pakistan

Best Islamic Trade Finance Deal

Global Finance - New York

Best Islamic Financial Institution in Pakistan

AsiaMoney

Best Islamic Bank in Pakistan

The Banker - United Kingdom

Top Islamic Bank in Pakistan



South Asian Financial Disclosure Index Rankings

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

CFA Society of Pakistan

Islamic Bank of the Year
Corporate Finance House of the Year

MasterCard Innovation Forum 2015

Best Shariah Compliant Product
– MasterCard, Titanium Debit Card

South Asian Federation of Accountants (SAFA)

Best Presented Accounts Award – Private Sector Bank

ICAP & ICMAP

3rd Position - BCR Awards - Banking sector

Pakistan Observer

Largest Islamic Bank

2014

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan
Musharakah Deal of the Year

AsiaMoney

Best Islamic Bank in Pakistan

CFA Society of Pakistan

Islamic Bank of the Year

Asset Triple A – Hong Kong

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

Highly Commended - Best Islamic

Structured Trade Finance

Highly Commended Best Deal – Pakistan

ICAP & ICMAP

3rd Position - BCR Awards - Banking sector

South Asian Federation of Accountants (SAFA)

Best Presented Accounts Award
- Private Sector Banks

The Banker - United Kingdom

Top Islamic Bank in Pakistan

Rozee.pk

Top Employer in the Islamic Banking Industry

2013

AsiaMoney

Best Islamic Bank in Pakistan

CFA Society of Pakistan

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

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

Ijarah Deal of the Year

Pakistan Deal of the Year

Global Islamic Finance Awards (GIFA)

Best Research and Development in
Islamic Finance

Global Finance - New York

Best Islamic Financial Institution in Pakistan

Asset Triple A - Hong Kong

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

ICAP & ICMAP

3rd Position - BCR Awards - Banking sector

2012

CFA Association Pakistan

Islamic Bank of the Year

Asset Triple A – Hong Kong

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

Global Finance - New York

Best Islamic Financial Institution in Pakistan

Islamic Finance News (IFN) - Malaysia

Best Deals of the Year

AsiaMoney

Best Islamic Bank in Pakistan

ICAP & ICMAP

4th Position - BCR Awards - Banking sector

2011

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan
Best Deal of the Year

Asset Triple A – Hong Kong

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

Global Finance - New York

Best Islamic Financial Institution in Pakistan

2010

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan

AsiaMoney

Best Islamic Bank in Pakistan

Global Finance - New York

Best Islamic Financial Institution in Pakistan

2009

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan
Best Deal of the Year

Global Finance - New York

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

5th Position - BCR Awards - Banking sector

2008

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan
Best Deal of the Year

Global Finance - New York

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

4th Position - BCR Awards - Banking sector

2007

Islamic Finance News (IFN) - Malaysia

Best Islamic Bank in Pakistan





مِيزَان

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



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

Islamic Finance news Awards

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

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

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

2006



BANKING introduced for the first time in Pakistan

Deposit base grows to Rs. 34 billion

Number of branches reaches 62 in 21 cities



Corporate Report Award

Islamic Finance news Awards

Best Islamic Bank in Pakistan

Internet Banking launched



2007



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



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

Best Islamic Bank in 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



Corporate Report Award

Best Islamic Financial Institution in Pakistan

Best Islamic Bank in Pakistan
Best Deal of the Year

Islamic Finance news Awards

Launch of first Government of Pakistan Ijarah Sukuk

2009



Deposit base crosses Rs.100 billion

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



Meezan VISA Debit Cards launched

ASIAMONEY

Best Islamic Bank in Pakistan



Islamic Bank of the Year



Corporate Report Award

Best Islamic Financial Institution in Pakistan

Best Islamic Bank in Pakistan

Islamic Finance news Awards

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

Launched Meezan Kids Club

Implementation of new core banking application T24



2010



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

Best Islamic Financial Institution in Pakistan

Best Islamic Bank in Pakistan

Islamic Finance news Awards

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

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

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

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

2011



9th largest bank in Pakistan in terms of branch network



Meezan House inaugurated

Total assets cross Rs. 200 billion

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

Launch of 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



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



Islamic Bank of the Year



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

Meezan Kids Club & Meezan Teens Club 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 news 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



Best Research and Development in Islamic Finance

Launch of SMS Banking

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

2014

428 Branches 117 Cities



Meezan Bank acquires HSBC Pakistan

Total deposits reach Rs. 380 billion

ASIAMONEY

Best Islamic Bank in Pakistan



Islamic Bank of the Year

Islamic Finance news 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



Launch of



Meezan Titanium MasterCard Debit Card Launched

2015

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

Meezan Bank acquires Pakistan operations of HSBC Oman



Agreement Signing with Karandaaz Pakistan

Total deposits reach Rs. 472 billion



Meezan Upaisa - World's First Islamic Branchless Banking Service



Shariah Authenticity Award



Islamic Bank of the Year Corporate Finance House of the year



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

Best Islamic Financial Institution in Pakistan



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

Best Shariah-compliant Product Award



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

Meezan Bank's First Hajj booths at Hajj Camp

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



Online Account Opening Form Launched

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

The **Banker**

Islamic Bank of the Year Pakistan



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



Islamic Bank of the Year



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



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



Best Islamic Bank in Pakistan Innovator in Islamic Finance 2016

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



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

Launch of New Corporate Website



Official **facebook** Page crosses 1 Million Fans

2017

Over 600 Branches Over 150 Cities



Islamic Finance news Awards

Best Islamic Retail Bank in the world



Best Bank in Asia-Pacific Region

Best Islamic Bank in Pakistan



Pakistan Banking Awards



The **Banker**



PAKISTAN STOCK EXCHANGE LIMITED

Top 25 Companies of the Year, 2016



Most Innovative Solution Deployed for Cash Displacement



Launch of EMV Chip & NFC enabled Debit Card

PSHRM Pakistan Society of Human Resource Management

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



Best HRM Practices Employer of the Year 2016



PMO of the Year



Launch of secure online shopping with 3D secure

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

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

Launch of e-IPO service for investors with CDC

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

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 was also the Chairman of Human Resources and Remuneration Committee of the Bank till 14th February, 2018, upon which date, Independent Director Mr. Talal S. A. Al Shehab took over as Chairman of the Committee to fulfil the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2017. Mr. Riyadh has also previously served as the Vice Chairman of Meezan Bank's Board.

Mr. Riyadh S.A.A. Edrees holds a B.Sc. degree in Chemical Engineering from Newcastle Upon Tyne University, U.K. and M.Sc. in Chemical Engineering from Kuwait University.

His skills and experience encompass a wide range of industries and various roles including Executive Manager for Industrial Investments & Development Div. at National Industries Group Holding - (Kuwait), Assistant Lecturer at Kuwait University, Vice Chairman at Gas & Oil Fields Services Co. - (Kuwait), Board member at Kuwait Rock Company - (Kuwait), Vice Chairman at Eastern United Petroleum Services - (Kuwait), Kuwait Ceramic Company - (Kuwait), Director at Sajaa Gas Private Limited Co.(UAE), Board member at K-Electric Pakistan, United Gas Transmissions Company Limited Co. - (UAE).

Directorships and other recent offices held:

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

Faisal A. A. Al-Nassar

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

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

Directorships and other recent offices held:

- Deputy Chief Executive Officer, Finance and Administration 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
- Chairman, Director, Noor Al Salehia Real Estate
- Director, Noor Financial Investment Company
- Director, Noor Audit Committee
- Director, Noortel
- Director, Investment Committee and Arabic Investment Group, Egypt
- General Manager, Ikarus Real Estate - Dubai

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 14 years. He was involved in establishing the Real Estate Investment Department at Noor Financial Investment Company and served as the Chairman at Arab Investment, Real Estate and Agricultural Development Group, Egypt.

Directorships and other recent offices held:

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

Mansur Khan

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

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

Mr. Mansur Khan has served as President/CEO of Zarai Taraqtiati Bank Limited (ZTBL), SME (Small and Medium

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

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

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

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

Alaa A. Al-Sarawi

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

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

Saad Fazil Abbasi

Mr. Saad Fazil Abbasi joined the Board of Directors of Meezan Bank in February 2018.

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

Mr. Saad Fazil Abbasi holds an LLM degree in International Economic & Business Law from Kyushu University, Japan. He has served as the Joint Secretary to the Government of Pakistan (Privatization Division)/ Director General (Privatization Commission). Apart from Government of Pakistan he also has worked with Multilateral agencies such as the Asian Development Bank and the DFID as a consultant. Among his Government experience he has served in all major Ministries at the Federal level and on the Provincial Government level has remained an Aide to the Chief

Minister of KPK. He has also worked with Regulators such as PEMRA and PPRA where he drafted Pakistan's first law on procurement. Presently he is heading the Regulation Wing in the Finance Division.

Muhammad Zarrug Rajab

Mr. Muhammad Zarrug Rajab has been a Director of Meezan Bank since 2015. He is also a member of the Audit Committee of the Board.

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

Mohammad Abdul Aleem has been a Director on the Board of Meezan Bank since October 2010. He is the Chairman of the Audit Committee of the Board and also of the Information Technology Committee of the Board.

Mr. Mohammad Abdul Aleem is a Fellow member of ICAP and has the honour of achieving Gold Medal for standing first in Pakistan in 1970. He is also a Fellow member of the Institute of Cost and Management Accountant. He started his career with A. F. Ferguson and then worked for National Refinery Ltd., before moving on to a Senior Executive role in Exxon Chemicals Pakistan, which is now known as Engro Corporation. During his 16 years with Exxon/ Engro he served both in Pakistan and in Singapore.

Mr. Mohammad Abdul Aleem joined Pakistan Tobacco Co. in 1991 as its CFO before being elevated in 1995 as the CEO of British American Tobacco subsidiaries overseas based in Cambodia and subsequently in Mauritius looking after the Indian Ocean region. On return to Pakistan in 2004, he was inducted in leadership positions for leading GOP owned corporations, Pakistan Telecommunication Company and PIA before moving on in 2008 as Managing Director, Pakistan State Oil Company. Currently he is the CEO and Secretary General of Overseas Investors Chamber of Commerce and Industry.

Mr. Mohammad Abdul Aleem has been active also on the corporate governance front and has in the past been a board member of LUMS and Pakistan Refinery and Chairman of Telephone Industries of Pakistan and Faysal Asset Management Company. Currently, he is the Board member and Chairman Audit Committee of Engro Corporation, Meezan Bank and Dawood Hercules Corporation. He is also the Chairman of Meezan Bank's Board Information Technology Committee. He also gives his time to non-profit organizations in the field of education and is currently the Vice Chairman of Professional Education Foundation and Chairman of Intellect School Board.

Noorur Rahman Abid

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

Mr. Noorur Rahman Abid is a Fellow Chartered Accountant from Institute of Chartered Accountants in England and Wales and has held several senior management positions including Assurance Leader for Ernst & Young Middle East and North Africa, Engagement Partner for audits of large wholesale bank based in Bahrain as well as the largest Investment bank based in Bahrain, Chairman of Auditing Standards Committee and Deputy Chairman of Accounting and Auditing Standards Board of AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions). He played an instrumental role in promoting several successful initiatives, including the Islamic Banking Center of Excellence in Bahrain and was declared winner of the World Islamic Banking Conference 2012 Industry Leadership Award in recognition of his contribution to Islamic Banking.

Directorships and other recent offices held:

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

Talal S. A. Al-Shehab

Mr. Talal S. A. Al-Shehab has been a Director of Meezan Bank since November 2015. He is also a member of the Board Human Resources and Remuneration Committee of the Bank.

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:

- CEO, Al-Masar Leasing and Investment Company
- Chairman and Acting CEO, Priority Automobile Company
- Chairman, National Information Technology Company
- Chairman, 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. Having articulated with Coopers & Lybrand, London from 1975-1979, Mr. Irfan Siddiqui qualified as a Chartered Accountant from the Institute of Chartered Accountants in England and Wales. He has held several senior management positions including Chief Executive Officer at Al-Meezan Investment Bank Limited, General Manager at Pakistan Kuwait Investment Company, Advisor to the Managing Director at Kuwait Investment Authority, Manager Finance and Operation at Abu Dhabi Investment Company and Senior Business Analyst at Exxon Chemical (Pakistan) Ltd.

Directorships and other recent offices held:

- Member of Board of Trustees, Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain
- Member, IBA CEIF Board of Management, Centre for Excellence in Islamic Finance (CEIF), IBA
- Member of Government of Pakistan Steering Committee for 'Promotion of Islamic Banking in Pakistan' (2013 – 2016)
- Member of Government of Pakistan sub-committee on awareness, training and capacity building for 'Promotion of Islamic Banking in Pakistan'
- Member of the PBA Sub-Committee on Islamic Banking
- President of the Islamic Finance Association of Pakistan

Ariful Islam Executive Director & Deputy CEO

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 including Board Information Technology Committee 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
- Member 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-in-Chief of the magazine Albalagh (a weekly publication of Jamia Darul Uloom, Karachi) as well as an active contributor of articles in leading Pakistani newspapers.

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

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

Current Board Memberships:

- 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(AAOIFI), Bahrain.
- Permanent Member International Islamic Fiqh Academy, Jeddah, sponsored by OIC
- Member, Islamic Fiqh Academy of Rabita-al-'Alam-e-Islami, Makkah
- Fellow of the Royal Aal al-Bayt Academy, Jordan
- Chairman Centre for Islamic Economics Pakistan since 1991
- Chairman Shariah Board Abu Dhabi Islamic Bank, U.A.E.
- Chairman Shariah Board Meezan Bank Ltd., Karachi, Pakistan
- 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
- Chairman 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
- Tamweel Africa Holding, Senegal
- Investment Dar Bank, Bahrain
- Eco Islamic Bank, Kyrgyzstan

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

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

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

- Faculty Member – Jamia Darul Uloom
- Director – Hira Foundation School
- Resident Shariah Board Member – Meezan Bank Ltd
- Research Faculty Member – Department of Economics Karachi University
- President & Founder Trustee – Ihsan Trust
- Committee Member – Implementation Committee For Promotion of Islamic Banking By Ministry of Finance
- Academic Committee Chairman / Board Member / Faculty Member – Centre for Excellence In Islamic Finance CEIF (IBA)
- Member Central Board – Center for Islamic Economics (CIE)
- Shariah Board Member – Chairman Shariah Board NBP Fullerton Asset Management Company (NAFA)
- Shariah Board Member – Al Meezan Mutual Funds
- Shariah Advisor – PMEX
- Chairman – Islamic Index Pakistan Stock Exchange (PSX)
- Shariah Board Member – Observer
- Shariah Advisor / Shariah Board Secretary – Guidance Financial Group USA
- Member Central Shariah Supervisory Board – AIG Charity Takaful Company (Global)
- Shariah Board Member – Sarasin Bank Switzerland
- Shariah Board Member – AAOIFI Dubai
- Shariah Board Member – International Islamic Financial Market Bahrain IIFM

- Board Member – International Islamic Rating Agency Bahrain
- Shariah Board Member – Amanah Islamic Finance (AIFA) Australia
- Chairman Shariah Supervisory Council – Amanah Bank Sri Lanka

Corporate Information

Board of Directors

Riyadh S. A. A. Edrees
Faisal A.A.A. Al-Nassar
Bader H.A.M.A. Al-Rabiah
Mansur Khan
Alaa A. Al-Sarawi
Muhammad Zarrug Rajab
Mohammad Abdul Aleem
Noorur Rahman Abid
Talal S.A. Al-Shehab
Irfan Siddiqui
Ariful Islam

Chairman (Non-Executive Director)
Vice Chairman (Non-Executive Director)
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Independent Director
Independent Director
Independent Director
President & CEO
Executive Director & Deputy CEO

Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani
Sheikh Esam Mohamed Ishaq
Dr. Muhammad Imran Ashraf Usmani

Chairman
Member
Resident Shariah Board Member

Auditors

EY Ford Rhodes, Chartered Accountants

Chief Financial Officer

Shabbir Hamza Khandwala

Company Secretary

Muhammad Sohail Khan

Registered Office

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

Shares Registrar

THK Associates (Pvt.) Ltd.
1st Floor, 40-C, Block-6,
P.E.C.H.S., Karachi-75400, Pakistan.
Ph: (92-21) 111-000-322,
Fax: (92-21) 34168271
Email: secretariat@thk.com.pk
Website: www.thk.com.pk

Contacts

PABX: (92-21) 38103500
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. Talal S. A. Al-Shehab

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

Board Risk Management Committee

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

Board Information Technology Committee****

Mr. Mohammad Abdul Aleem (Chairman)
Mr. Mansur Khan
Mr. Ariful Islam (Deputy CEO)

Terms of Reference

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

Dates and Attendance of Board Committees during 2017

Name of Director	No. of Meetings Attended	Board Human Resources and Remuneration Committee				Board Risk Management Committee				Board Audit Committee			
		14-Feb-17	18-Apr-17	25-Jul-17	25-Oct-17	14-Feb-17	18-Apr-17	25-Jul-17	24-Oct-17	14-Feb-17	18-Apr-17	25-Jul-17	24-Oct-17
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)*	2/2	P	P	N/A	N/A	-	-	-	-	-	-	-	-
Mr. Talal S.A. Al-Shehab**	2/2	N/A	N/A	P	P	-	-	-	-	-	-	-	-
Mr. Faisal A.A.A. Al - Nassar	4/4	-	-	-	-	P	P	P	P	-	-	-	-
Syeda Azra Mujtaba***	4/4	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Ariful Islam (Deputy CEO)	4/4	-	-	-	-	P	P	P	P	-	-	-	-
Mr. Mohammad Abdul Aleem	4/4	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Noorur Rahman Abid	4/4	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Alaa A.Al Sarawi	4/4	-	-	-	-	-	-	-	-	P	P	P	P
Mr. Muhammad Zarrug Rajab	4/4	-	-	-	-	-	-	-	-	P	P	P	P

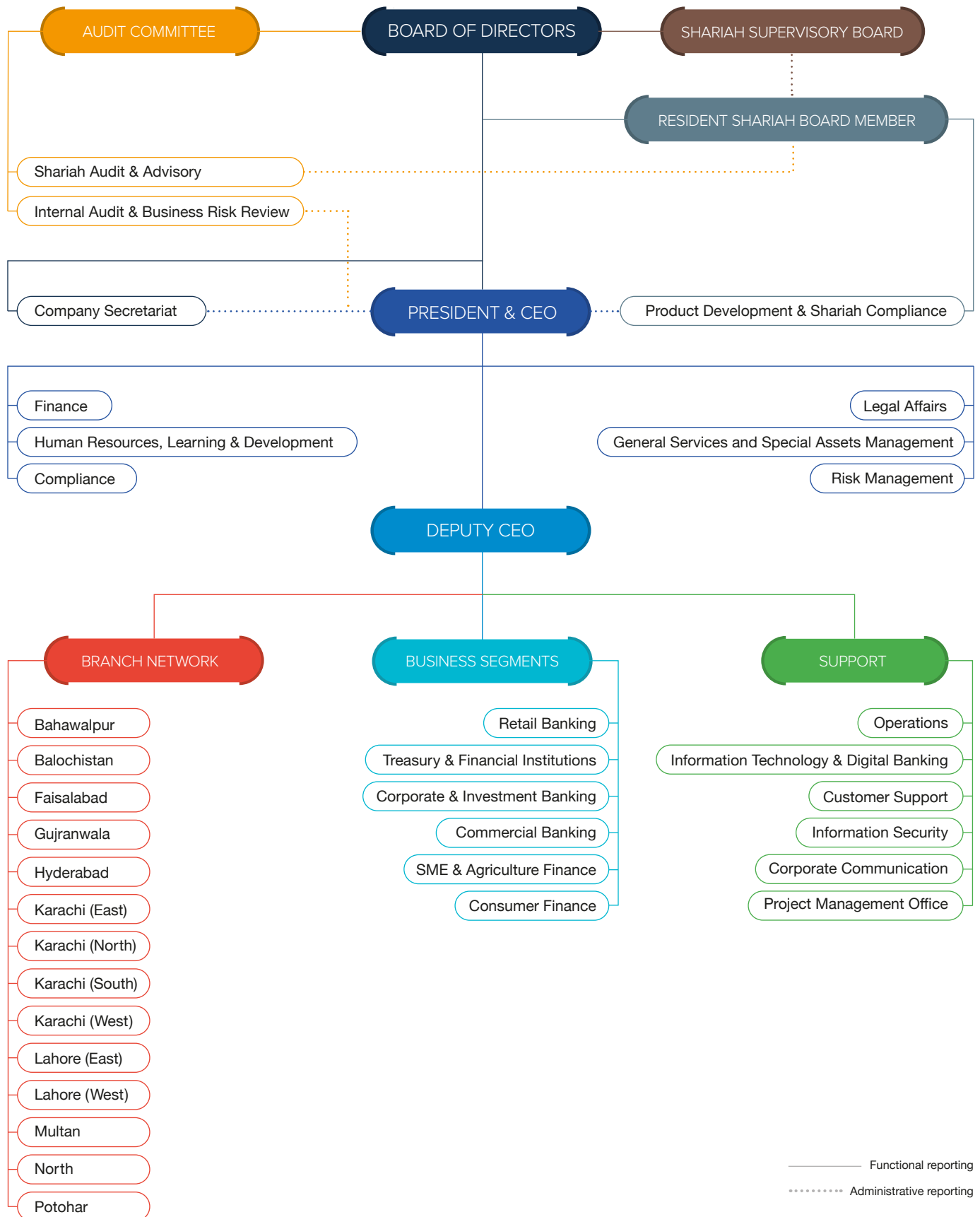
* Mr. Irfan Siddiqui was replaced by Mr. Talal S.A. Al-Shehab on April 18, 2017 (2nd meeting held in 2017) due to reconstitution of Board Human Resources and Remuneration Committee.

** Mr. Talal S.A. Al-Shehab was appointed as Member of Human Resources and Remuneration Committee on April 18, 2017 (2nd meeting held in 2017).

*** Syeda Azra Mujtaba resigned on January 25, 2018.

**** Board IT Committee was constituted on October 25, 2017 and no meeting of the Committee was held in 2017.

Organization Structure



Management Team

Head Office

Irfan Siddiqui	President & CEO
Ariful Islam	Executive Director & Deputy CEO
Arshad Majeed	Consumer Finance
Faiz Ur Rehman	Information Technology & Digital Banking
Ijaz Farooq	Retail Banking, Commercial, SME & Agriculture
Muhammad Abdullah Ahmed	Treasury & Financial Institution
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	General Services and Special Assets Management
Syed Tariq Hassan	Risk Management
Khalid Zaman Khan	Human Resources, Learning & Development
Muhammad Ismail	Compliance
Muhammad Sohail Khan	Company Secretary
Ebrahim Yakoob	Internal Audit & Business Risk Review
Muhammad Farhan Ul Haq Usmani	Shariah Audit & Advisory
Muhammad Umar Khan Fareedy	Legal Affairs

Regions

Muhammad Saleem Khan	General Manager – North & Potohar Regions
Anwar Ul Haq	General Manager – Lahore East Region
Kazi Muhammad Aamir	General Manager – Karachi East Region
Syed Salman Ahmed	General Manager – Lahore West Region
Kamran Zafar	Regional Manager – Karachi West Region
Mateen Mahmood	Regional Manager – Karachi North Region
Aamir Ali Durrani	Regional Manager – Balochistan Region
Abid Hussain Abid	Regional Manager – Gujranwala Region
Khalid Masood	Regional Manager – Bahawalpur Region
Mashkoo A.G. Khan	Regional Manager – Karachi South Region
Moazzam Saeed Khan	Regional Manager – Faisalabad 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 Consumer Finance
Group Head Corporate & Investment Banking
Group Head Risk Management
Group Head Treasury & Financial Institutions

Terms of Reference

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

Business Continuity Steering Committee

Deputy CEO - Chairman
CRO & Group Head Risk Management
Group Head Operations
Group Head Retail, Commercial,
SME & Agriculture Finance
Group Head General Services &
Special Assets Management
Head of Compliance
Manager IT Disaster Recovery
Head Enterprise Risk Management

Terms of Reference

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

Management Committee*

Group Head Information Technology & Digital Banking
Group Head Retail, Commercial, SME & Agriculture Finance
Group Head Treasury & Financial Institutions
Group Head Consumer Finance
Chief Financial Officer & Group Head Finance
Group Head Corporate & Investment Banking
Group Head Operations
Head of Product Development & Shariah Compliance
Group Head Customer Support
Group Head General Services &
Special Assets Management
CRO & Group Head Risk Management
Head of Human Resources, Learning & Development
Company Secretary
Head of Internal Audit & Business Risk Review
Head of Compliance
Head of Shariah Audit & Advisory
Head of Legal Affairs

** The Business Review Committee was merged into the Management Committee during the year. The rationale for this merger was to promote cross-functional synergy for enhancing operational efficiency as well as achieving the Bank's strategic objectives through a more comprehensive platform comprising representation of all business and support units.*

Terms of Reference

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

Credit Risk Management Committee

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

Terms of Reference

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

Management Committees

Disciplinary Action Committee

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

Terms of Reference

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

Disciplinary Action Review Committee

Deputy CEO - Chairman
Company Secretary
Head of Legal Affairs

Terms of Reference

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

Compliance & Operational Risk Management Committee*

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

** This Committee was earlier called Internal Control and Operational Risk Committee. In order to meet SBP guidelines on Compliance Risk Management, ICORC has been reconstituted as Compliance & Operational Risk Management Committee in line with regulatory requirements.**

Terms of Reference

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

IT Steering Committee

Deputy CEO - Chairman
Group Head Information Technology
Group Head Operations
Group Head Consumer Finance
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.

Corporate Governance

Evaluation of the Board of Directors

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

The Board of Directors discusses strategic objectives, budgetary expenses and projected national and international macroeconomic indicators to ensure that the Bank's business strategy stays aligned with the macroeconomic indicators. The Board of Directors and its 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.

During the self-evaluation exercise, the Board evaluates itself from the following perspectives:

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

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

Performance Review of the President & CEO

The President & CEO of Meezan Bank is responsible for supervising and leading the strategic and managerial affairs of the Bank. Various elements of the President & CEO's performance are monitored continuously and discussed periodically by the Board. As leader of the organization and executor of the strategy approved by the Board to further the interests of all stakeholders of the Bank, the President & CEO is evaluated on parameters such as financial performance and profitability, budget allocation and utilization of resources,

organizational expansion, sustainability of product lines, credit ratings and inculcation of the desired organizational culture which is conducive to professional and ethical excellence.

Roles and Responsibilities of the Chairman

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

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

Roles and Responsibilities of the President & CEO

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

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

- 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 principles of Shariah.
- Ensure Shariah-compliance of all aspects of the Bank by virtue of having unhindered access to all books of accounts, records and documents.
- Guide and direct the Bank through rigorous deliberation on issues placed before the Shariah Supervisory Board.
- Monitor the Shariah-compliance of the Bank through Shariah Audit and Shariah-compliance reviews and prescribe appropriate enforcements whenever needed.

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. The Directors had attended a Directors Certification program as required under Code of Corporate Governance that the Bank had arranged in 2016. Accordingly, the Bank is in compliance with respect to training requirements of its Directors.

Code of Conduct & Ethical Standards for Directors

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

Directors' Profiles and their Involvement / engagement in other companies

This information has been incorporated in the Directors' profile.

Non-Executive Directors

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

Independent Directors and their Independence

The Board has 03 (three) Independent Directors and they meet the criteria of independence under Code of Corporate Governance.

Statement of Compliance with the Code of Corporate Governance

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

Accessibility of Annual Report

Annual Report 2017 and other information of the Bank are accessible on Bank's website: www.meezanbank.com.

Investors' Relations section on the Corporate Website

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

Investor Grievances

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

To ensure that the stakeholders may register their complaints conveniently, a multitude of online forms 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.

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 decrease in foreign exchange reserves, modest growth in the inflation rate, volatility in global oil prices, widening trade deficit, pressure on exchange rate flexibility along with rising external deficit, low level of fiscal discipline, delaying privatization process, dwindling performance of stock exchange market and increase in power sector receivables will have their bearings on economy including banking sector of the country. No change in discount rate that remained on the lowest side has its implications on profitability of banking sector as a whole. An upward increase in the interest rate scenario will ease the pressure on performance of banks. However, improved security condition, energy supply and infrastructure investments have their positive impacts. This is reflected in the private sector credit take-off and improved recoveries of non-performing financing. Enhanced realization for financial inclusion in the form of branchless and digital banking, need for efficient alternate distribution channels with increasing types of facilities and security features, inadequate focus on small and medium financing, search for new channels to upscale fee based income and outreach of fintechs in embracing wide range of activities put pressure on banking sector to think and act out of the box. Lot of futuristic objectives also depend on materialization of strategic initiatives under China Pakistan Economic Corridor (CPEC) considered as game changer under global plan of Road Belt Initiative. However, CPEC has its own challenges in terms of its regional context, political polarization within and financial & feasibility intricacies of projects involved. Several opportunities can be created under CPEC which include infrastructure project financing and share of Pakistani banks in those projects. The fruition of this corridor strengthens Pakistan's long-term economic prospects and with it the public sector financing is expected to rise. In the context of Islamic banks, deployment of excess liquidity leads to uncertainty as there seems no offering of fresh Government of Pakistan Sukuks.

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 risk appetite of the Bank. New business opportunities are supported through state of the art data centre, successful implementation of new version of core banking system, broad spectrum of alternate distribution channels with enhanced security environment, increased focus on personalized banking and high standards of service quality. While searching for new business opportunities and 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. Risk management in banking has been transformed over the past decade, largely in response to regulations that emerged from the global financial crisis, technological innovations and cyber crimes. The Bank continuously improves upon its Risk Management Framework established by the Board of Directors by enhancing oversight by the Board, its Board Risk Management Committee and Management Committees. The Bank implements an entity wide 'Three Lines of Defence' model for risk management. Business lines/ front offices serve as first line of defence and are primarily responsible for managing risks on day-to-day basis. Risk management and other control functions being the second line of defence are responsible for assisting business lines for designing and implementing adequate controls to manage risks. The internal audit function is responsible for providing independent assurance on adequacy of Bank's risk management environment. The Bank vigorously improves upon its risk policies, procedural manuals, systems, tools and techniques, management information systems and human resources capacity. The Bank has enhanced its collaboration with solution providers for strengthening its control profile. Risk management tools 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 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. This enables the transformation of 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 typically managed through transfer and outsourcing strategy. The Bank manages all its critical operations on its own. The Bank defines its risk appetite at 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 expectations of stakeholders. The Bank emphasizes on diversified risk assessment tools and techniques and risk mitigates to better deal with the opportunities that it comes across. Integrated efforts help the Bank in significantly expanding its deposit base, financing portfolio and branch network without exposing itself to unwarranted risks. The Bank will continue to explore new 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 life cycle with the objective of ensuring organizational resilience during crisis situations. In Meezan Bank the business continuity is managed at strategic, tactical and operational level. It involves documented plans and effective decision making, coordinated efforts and operational continuity. The Bank has in place a comprehensive business continuity framework with clear set of governance structure, business continuity and information technology disaster recovery plans, clearly defined roles and responsibilities of individuals and teams for disaster response, recovery, resumption and restoration of activities to a pre-defined level of operation following disruption. The BCM program is in line with the guidelines issued by the regulator and industry standards and is subject to periodic reviews. It sets out the agreed arrangements for bringing disaster events under control and ensures availability of necessary resources for maintaining critical business functions. Having a BCM framework in place helps the Bank to ensure safety of human resources, protection of critical assets and resumption of mission critical activities from alternate processing site(s) in case the primary site(s) are not accessible or available. In Meezan Bank, the first priority is always is to ensure the safety of human life in case of any disaster. Detailed business continuity including information disaster recovery plans have been established with the approval of the Board of Directors. 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. During the year, the Bank continued testing the effectiveness of business continuity arrangements through periodic drills, performance of critical operations from alternate sites, information technology disaster management activities as well as evacuation exercises. Branch evacuation procedures have been further refined and emergency response teams have been streamlined. The Bank conducted evacuation drills for its entire branch network that enables the Bank to test the resilience against unforeseen hazardous eventualities. Outcomes of drills are documented and necessary improvements are an on-going process. 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 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 onwards. 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 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 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.



Meezan Bachat Account

Meezan Bachat Account is targeted towards individuals including housewives, retired and salaried customers who desire a high profit rate. 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 Kafalah

Meezan Kafalah is a savings plan 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. The Bank also provides maximum Takaful coverage of upto Rs 15 million. Plans are available from 3 to 15 years.



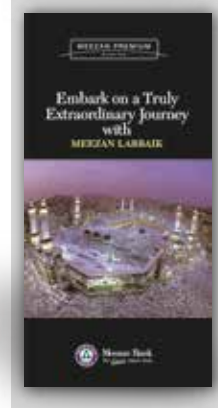
Karobari Munafa Account

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 Labbaik

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



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. Meezan Asaan Account Holder can withdraw maximum Rs 500,000 from his account, during the month and can maintain a maximum credit balance of Rs 500,000.



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. Meezan Asaan Account Holder can withdraw maximum Rs 500,000 from his account, during the month and can maintain a maximum credit balance of Rs. 500,000.



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.

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.



Takaful Coverage

In line with its customer focused strategy, Meezan Bank is offering Takaful coverage to individuals and sole propertiership 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 maximum Rs 1 million. In addition, ATM cash withdrawal Takaful Coverage, on the amount withdrawn from any ATM, is offered to all the account holders, in case money is snatched within the radius of 1.5 kms and 30 minutes.*

* (conditions apply, please refer to the Bank's website)



Online Branches

Meezan Bank offers free Online Banking facility on all Pak Rupee Accounts to its customers. This enables the Bank's customers to access their accounts and conduct banking transactions from any of Meezan Bank's 600+ 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 Store. Compatible with all major Android and iOS versions, the App allows customers to check debit card discounts as well as to view account activity, pay bills, top-up mobile phone credits, transfer funds and block/unblock cards in a fast, convenient and secure way.



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 MasterCard Platinum Debit Card - a very prestigious card, offering discounts at selected retail outlets and restaurants across the country.
- Access to International CIP lounges at selected airports in Pakistan and Middle East.
- 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.



Secure e-Commerce Payments

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



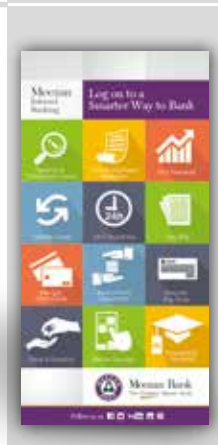
Fonepay

Meezan Bank has partnered with Mastercard and Fonepay to launch the latest award winning innovation in payments based on QR technology. Meezan Bank customers can now simply scan the QR image displayed at shops to make the payment at over 50,000 merchants in Pakistan.



Internet Banking

Meezan Bank's Internet Banking facility provides customers global access to their account 24 hours a day, 7 days a week. The Internet Banking facility offers a suite of features such as account statement views, payment of utility bills with QuickPay service, funds transfer facility, cheque status inquiry, complaint logging, chequebook requisition, pay order request and stop payment marking. Customers can also invest and redeem funds from AI-Meezan Mutual Funds.



Meezan ATM Network

Meezan Bank offers a nationwide network of over 580 ATMs located at its branches and at prominent off-site locations across the country. Meezan Bank ATMs offer Funds Transfer, Bill Payment, Mutual Funds Investment and Redemption, Instant Debit Card Activation, Debit Card PIN generation and PIN change facilities in addition to cash withdrawals.



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. The new NFC based payment capability on Meezan VISA Debit Card allows customers to pay for any transaction on the go by just tapping the card at the merchant counters accepting NFC payments. Moreover, EMV Chip ensures advanced security available to counter skimming frauds.



SMS Alerts

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



Meezan MasterCard Debit Card

Meezan MasterCard Titanium Debit Card is the first Titanium debit card launched in Pakistan. The debit card comes packed with benefits for the frequent traveller offering free access to airport lounges across the Middle East, coupled with a wide array of exclusive offers and discounts within Pakistan and worldwide. Moreover, Meezan MasterCard Platinum Debit Card caters to exclusive needs of Premium Banking customers with even more features and benefits.



Commercial Vehicles Ijarah

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



Meezan PayPak Debit Card

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



Meezan Consumer Ease Durable Goods

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



SMS Banking

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



Car Ijarah

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



Bike Ijarah

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



Easy Home

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



Financing Products

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

Murabaha

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

Musawamah

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

Istisna

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

Commodity Salam

This is a working capital financing solution whereby Bank and Customer enter into a sale contract in which sale price is paid by the Bank in advance and Customer delivers the commodity/goods on deferred basis. Upon delivery, Bank sells the goods in the market.

Tijarah

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

Ijarah

Meezan Bank provides Ijarah based products to provide flexible solution for meeting long term financing requirements of the customers. Ijarah technically means to give something on rent. The Bank uses this product for medium and long term financing purposes where the Bank acquires the asset required by the customer and then leases it to the customer for a fixed period. This product is used for the financing of 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 sukuk 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 payments
- Advance level customized reports and e-alerts (email, SMS, SFTP)
- Online real time account statement and MIS which can be downloaded into multiple formats for auto-reconciliation

Pakistan's Most Innovative & Powerful Debit Cards

MAKING SHOPPING QUICK, EASY & SECURE



CHIP BASED CARD

The EMV chip on your card is encrypted, making your card secure because the data cannot be copied.

Verified by **VISA** Mastercard **SecureCode**

SECURE ONLINE USAGE

When you use your card online, a one-time unique code is sent to you via SMS or email. The transaction will be processed when you enter this code.



TAP TO PAY

Based on NFC technology which allows you to make payments by simply tapping your card on the card machine wherever it is accepted globally.



DEALS & DISCOUNTS

Enjoy a wide variety of exclusive deals and discounts at retailers and restaurants nationwide, including online retailers.



Meezan Bank
The Premier Islamic Bank



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Chairman's Review

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Alhamdulillah, it gives me great pleasure to present the Annual Report of Meezan Bank for the year 2017.

Meezan Bank has now completed 15 years of Islamic commercial banking in Pakistan, starting from humble beginnings with a network of 4 branches in 2002 to close the year 2017 with 601 branches. On behalf of the Board of Directors of the Bank I would like to congratulate and thank the management team for their excellent performance and for establishing Meezan Bank as the clear leader in Islamic Banking in Pakistan. The achievements of Meezan Bank have been recognized by numerous international and local awards including the prestigious IFN award for 'Best Islamic Retail Bank' in the world, and the 'Top 25 Companies for 2016' award by the Pakistan Stock Exchange.

Going forward, it will be our endeavor to maintain Meezan Bank's leadership position and we remain committed to growing our branch network and increasing our investment in technology. At the same time, we believe that the SME sector plays a pivotal role in Pakistan's economy and we will increase our exposure to this sector in the coming years. For this purpose we are working with the International Finance Corporation, the private sector arm of the World Bank, to develop various new products for SME customers and implement a comprehensive SME Banking model. We are confident that this initiative will contribute positively towards strengthening the backbone of Pakistan's economy.

We are also investing in building our 'Branchless Banking' capability so as to take Islamic Banking to the grassroots of the country and ensure that the large 'unbanked' segment of the population can get access to formal financial services. This also supports the Government of Pakistan's Financial Inclusion objectives and we are fully committed to this endeavor.

“It will be our endeavor to maintain Meezan Bank's leadership position and we remain committed to growing our branch network and increasing our investment in technology.”



بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

During 2017 Meezan Bank successfully completed a 6% Rights Issue amounting to Rs. 3 billion to further strengthen the capital base of the Bank. The shareholders of the Bank stand fully committed to its future capital needs so as to ensure that we can maintain our growth trajectory.

Islamic Banking now represents 14% of the total banking sector, and its market share is increasing every year. As the industry grows, the shortage of Shariah-compliant securities (GoP Sukuks) is of some concern and we would urge the State Bank of Pakistan and the Ministry of Finance to address this important need of the Islamic Banking industry.

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

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

I would also like to thank our valuable shareholders, members of the Shariah Supervisory Board and my fellow Board members as well as all Meezan Bank staff for their hard work and dedication that has made it possible for the Bank to achieve such heights of success. Finally, and most importantly, I would like to thank our customers for their support and trust in Islamic Banking, which is the single most important factor in driving the success of Islamic Banking in Pakistan.



Riyadh S. A. A. Edrees
Chairman

February 14, 2018

الحمد للہ، مجھے سال ۲۰۱۷ کی سالانہ رپورٹ آپ کے سامنے پیش کرتے ہوئے بے انتہا مسرت ہو رہی ہے۔
سن ۲۰۰۲ میں ۴ شاخوں کے چھوٹے سے نیٹ ورک سے آغاز کرنے کے بعد ۲۰۱۷ کے اختتام پر ۶۰۱ شاخوں کے ساتھ میزبان بینک نے پاکستان میں اسلامی بینکاری کے ۱۵ سال مکمل کر لئے ہیں۔ بینک کے بورڈ آف ڈائریکٹرز کی جانب سے میں بینک کی انتظامی ٹیم کا ان کی بہترین کارکردگی اور میزبان بینک کو پاکستان کا بہترین اسلامی بینک بنانے کے لئے شکر یہ ادا کرتا ہوں اور انہیں مبارکباد پیش کرتا ہوں۔
میزبان بینک کی کامیابیوں کا اعتراف متعدد بین الاقوامی ایوارڈز کے ذریعے کیا گیا جس میں مؤثر آئی ایف این ایوارڈ برائے دنیا کا بہترین اسلامی ریٹیل بینک اور پاکستان اسٹاک ایکسچینج کی جانب سے ۲۵ بہترین کمپنیاں برائے ۲۰۱۶ ایوارڈز شامل ہیں۔

مزید برآں، ہماری کوشش ہوگی کہ ہم میزبان بینک کی قائدانہ حیثیت برقرار رکھیں اور ہم اپنے برانچ نیٹ ورک میں توسیع اور ڈیٹا لوجی میں سرمایہ کاری بڑھانے کے لئے پرعزم ہیں۔ اس کے ساتھ ساتھ، ہم اس بات پر یقین رکھتے ہیں کہ چھوٹے اور درمیانے درجے کے کاروبار (SME) کا شعبہ پاکستان کی معیشت میں مرکزی کردار کا حامل ہے اور ہم آئندہ سالوں میں اس شعبے پر زیادہ توجہ مرکوز کریں گے۔ اس مقصد کے حصول کے لئے ہم عالمی بینک کی ٹی جی شعبہ کی شاخ، انٹرنیشنل فنانس کارپوریشن کے ساتھ مل کر ایس ایم ای صارفین کے لئے نئی سہولیات کی تیاری اور ایک جامع ایس ایم ای بینکنگ ماڈل کی تشکیل کے لئے کام کر رہے ہیں۔ ہم پراعتماد ہیں کہ یہ اقدام پاکستان کی معیشت کو مزید استحکام عطا کرے گا۔

ہم اپنی برانچ لیس بینکاری کی استعداد میں اضافے کے لئے بھی سرمایہ لگا رہے ہیں تاکہ اسلامی بینکاری کو ملک کے ہر فرد تک لے جایا جاسکے اور اس بات کو یقینی بنایا جائے کہ بینکاری سہولیات سے استفادہ نہ کر پانے والا آبادی کا بڑا حصہ باقاعدہ مالیاتی خدمات تک رسائی حاصل کر سکے۔ ہمارا یہ عمل حکومت پاکستان کے مالیاتی شمولیت کے مقاصد میں بھی معاون ہوگا اور ہم اس مقصد پر مکمل طور پر کاربند ہیں۔

۲۰۱۷ کے دوران میزبان بینک نے ۳ ارب روپے کے ۶ فیصد رائٹس کا اجراء کامیابی سے مکمل کیا جس سے بینک کی سرمایہ جاتی بنیاد کو استحکام حاصل ہوا۔ بینک کے شیئرز ہولڈرز اس کی مستقبل کی مالی ضروریات کو پورا کرنے کی ذمہ داری پر قائم ہیں تاکہ بینک اپنی ترقی کی رفتار برقرار رکھ سکے۔

پاکستان میں اسلامی بینکاری مجموعی بینکاری صنعت کا ۱۳ فیصد ہے اور اس کے مارکیٹ شیئر میں ہر سال اضافہ ہو رہا ہے۔ جیسے جیسے یہ صنعت ترقی کر رہی ہے، شریعہ کمپلائٹ سکیورٹیز (حکومت پاکستان کے صکوک) کی کمی کا مسئلہ پیدا ہو رہا ہے اور ہم اسٹیٹ بینک آف پاکستان اور وزارت تجارت سے درخواست کرتے ہیں کہ اسلامی بینکاری کی صنعت کی اس اہم ضرورت کو پورا کیا جائے۔

میں اس موقع پر اسٹیٹ بینک آف پاکستان کو اسلامک فنانس نیوز۔ ملائیشیا کی جانب سے 'بہترین مرکزی بینک برائے فروغ اسلامی فنانس' قرار دیئے جانے پر مبارکباد پیش کرتا ہوں۔ یہ ایوارڈ اسٹیٹ بینک کی پاکستان میں اسلامی بینکاری کے نفاذ کے مقصد سے وابستگی کی واضح عکاسی کرتا ہے۔

میں یہاں اسٹیٹ بینک آف پاکستان، وزارت تجارت اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا ملک میں ایک فعال اسلامی مالیاتی نظام کے قیام کے لئے ان کے عزم مسلسل کا شکر یہ ادا کرنا چاہوں گا۔

میں اپنے قابل قدر شیئرز ہولڈرز، شریعہ سپروائزرز اور بورڈ کے ممبران اور اپنے ساتھی بورڈ ممبران کے ساتھ ساتھ بینک کے تمام ملازمین کا ان کی اس محنت اور لگن کے لئے شکر یہ ادا کرنا چاہوں گا جس نے بینک کو کامیابی کی ان بلندیوں سے ہمکنار کیا۔ آخر میں، میں ہمارے صارفین کے تعاون اور اسلامی بینکاری پر ان کے اعتماد کا شکر یہ ادا کرنا انتہائی ضروری سمجھتا ہوں، جو پاکستان میں اسلامی بینکاری کی کامیابی کے لئے سب سے اہم عنصر ہے۔



ریاض ایس. اے. اے. اور لیس
چیئرمین

14 فروری، 2018

Directors' Report to the Members

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

On behalf of the Board of Directors, we are pleased to present the twenty-first Annual Report setting out the detailed financial results of the Bank for the year ended December 31, 2017.

Alhamdulillah, Meezan Bank has completed fifteen 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 of the Islamic Banking Industry in Pakistan with a branch network of 601 branches in more than 150 cities.

Economic Overview

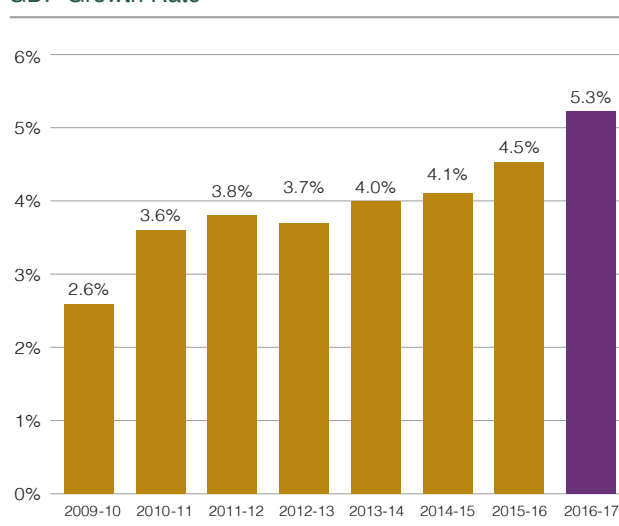
Pakistan's economy performed well during the year 2017. Real GDP growth maintained its upward trajectory and increased to 5.3% for fiscal year 2016 – 2017 which is the highest in a decade. Pakistan has been ranked the third fastest growing economy in the world as per IMF world outlook database. The Government's efforts to address the chronic power shortage in the country has finally started to bear fruit with 2,873 MW additional capacity coming on line. This has reduced the disruption faced by industry due to power 'black-outs'. Overall improvement in business sentiment, historic low interest rate and increased infrastructure spending with a big push from projects under China Pakistan Economic Corridor (CPEC) has boosted private sector credit off-take during the year. Another positive development was the improvement in the law and order situation in the country and this has been one of the factors that has increased business confidence.

The high growth of the economy has also brought its fair share of challenges, particularly on external and fiscal account. Renewed pressure on external account finally gave way to a much-needed adjustment in currency as Pakistan Rupee was depreciated in early December 2017,

however, the same has been relatively stabilized since then. A major achievement in second half of 2017 was simultaneous launch of USD 2.5 billion Pakistan's international Sukuk and Euro Bond for 5/10 year tenure where the country obtained both favorable pricing and participation (with bids of around USD 8 billion).

Benign movement in oil prices in early 2017, better food supplies and no major budgetary implication on inflation led CPI to clock in at 4.5%. The State Bank of Pakistan (SBP) maintained the policy rate at 5.75% in 2017 as inflationary expectation appears well-anchored. The Pakistan Stock Exchange experienced a volatile year, as the first half of the year embraced optimism on account of Pakistan's inclusion in MSCI Emerging Markets Index while the latter half observed deteriorating sentiments on the back of political uncertainties.

GDP Growth Rate



Our Performance

Alhamdulillah, the year 2017 was a year of notable achievements for Meezan Bank. Despite low discount rates, as mentioned above, the Bank recorded excellent results and maintained its position as the leading Islamic bank in Pakistan. Meezan is also ranked as the fastest growing bank in the country.

The key business results achieved in 2017 are as under:

Key Business Results	2017	2016	Growth
Financing	Rs 420 Billion	Rs 312 Billion	35% ↑
Branch Network	601 Branches	571 Branches	5% ↑
Presence	159 Cities	146 Cities	9% ↑
Deposits	Rs 673 Billion	Rs 564 Billion	19% ↑
Total Assets	Rs 782 Billion	Rs 658 Billion	19% ↑
Profit After Tax	Rs 6.31 Billion	Rs 5.56 Billion	14% ↑
6% Right Issue to Existing Shareholders	Rs 3 Billion	-	100% ↑
Equity	Rs 34.3 Billion	Rs 28.1 Billion	22% ↑
Trade Business (Imports and Exports)	Rs 710 Billion	Rs 552 Billion	29% ↑

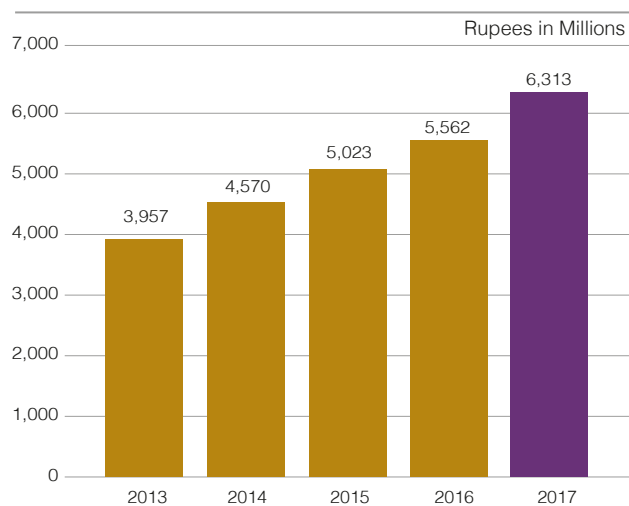
Financial Results

Rs in Millions

PROFIT AND LOSS ACCOUNT	2017	2016
Profit / return earned on islamic financing, investments and placements	36,087	30,761
Return on deposits and other dues expensed	(15,273)	(12,873)
Net spread before provisions	20,814	17,888
(Provision) / reversal against non-performing islamic financing and investments	(1,320)	185
Net spread after provisions / reversals	19,494	18,073
Fee, commission and brokerage income	4,166	2,620
Income from dealing in foreign currencies	1,140	1,208
Dividend income	1,176	744
Capital gain on investments	825	878
Other income	270	208
Income before expenses	27,071	23,731
Administrative and other expenses	(16,819)	(14,788)
Profit before taxation	10,252	8,943
Taxation	(3,939)	(3,381)
Profit after taxation	6,313	5,562

The Bank posted a profit after tax of Rs 6.31 billion compared to Rs 5.56 billion in the previous year, showing a healthy growth of 14%. The Bank's net spread before provisions also increased by 16%, primarily due to the Bank's continued focus to increase its financing portfolio while maintaining a low cost of funds.

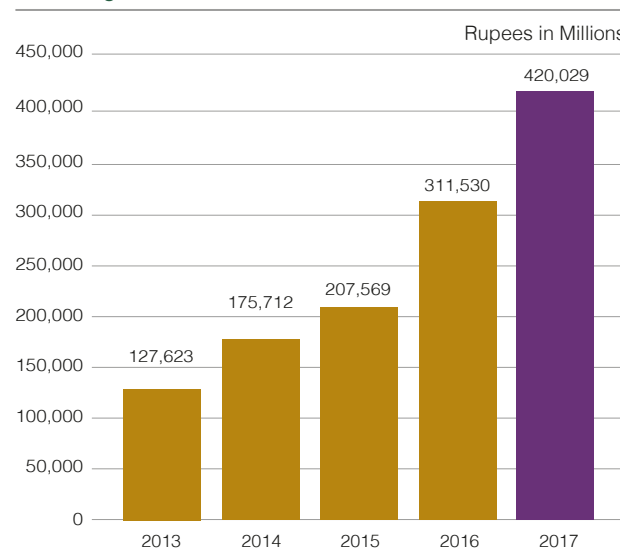
Profit After Tax



A significant achievement during the year was the impressive increase in the financing portfolio of the Bank that increased by 35% to reach Rs 420 billion from Rs 312 billion in 2016. The Bank increased its financing exposure in all sectors while simultaneously maintaining quality of its portfolio and ensuring that all the risk parameters are met. The Bank aims to enhance its exposure in Small and Medium Enterprise (SME) and Commercial segment and has engaged International Finance Corporation (IFC) to provide advisory and technical services to revamp existing SME financing segment into a more robust SME Banking Model. The focus remains on building a high quality financing portfolio targeting top notch corporate, commercial and retail clients. Financing in Corporate

segment, SME / Commercial segment and Consumer segment (primarily Car Ijarah and Easy Home) grew by 29%, 53% and 48% respectively over the previous year. The Advance to Deposits Ratio (ADR) of the Bank now stands higher at 62%, as compared to 55% in 2016.

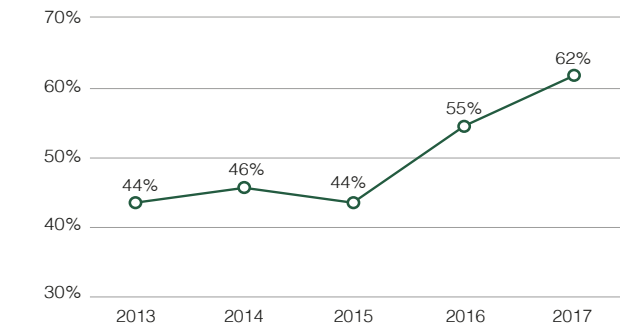
Financing



Notwithstanding the high growth in the financing portfolio, it is commendable that the Bank has one of the lowest non-performing financing ratios in the Banking Industry of 1.5%, down from 2.1% in 2016 as compared to an average of 9% for the Banking Industry as a whole - a testimony to the stringent risk acceptance parameters of the Bank. Recognizing some stresses in select sector exposures and prudent banking practices historically adopted by the Bank, an additional general provision of Rs 850 million against potential non-performing financings was approved by the Board during the year under review. This increase in General Provision also takes into account the aggressive growth in financing over the last few years. The Bank maintains a comfortable level of provisions against its

non-performing financing with coverage ratio of 133%. With a diversified product base, the Bank is well positioned to cater to all financing needs of our customers in a Shariah compliant manner.

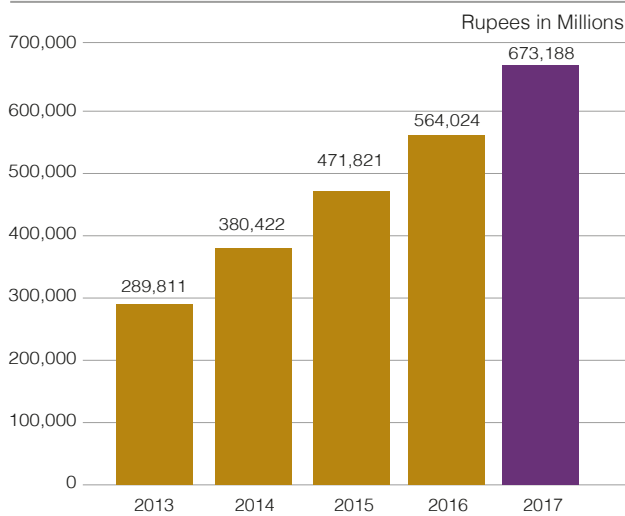
Advances to Deposits Ratio - ADR



The availability of Government of Pakistan (GoP) Ijarah Sukuk to deploy surplus liquidity continues to be a challenge for Islamic Banks. Only one auction of GoP Ijarah Sukuk was held during the year but unfortunately the issue size was small, relative to the demand for such instruments, which led to a price war and the cut-off price was significantly lower than the equivalent instruments available to conventional banks. However, efficient liquidity management ensured that Meezan Bank was able to increase placements with other top-rated Financial Institutions from Rs 129 billion to Rs 147 billion.

Robust deposit growth of 19% was achieved during the year, closing the year at Rs 673 billion up from Rs 564 billion. Despite intense competition in the industry, the Bank not only expanded its deposit base but also maintained an optimal cost of funds through strong relationship management and better customer experience. An extensive branch network of over 600 branches in 159 cities gives the Bank excellent coverage throughout the country and has contributed to the consistent growth of the Bank. This 'brick & mortar' network is well supplemented by the comprehensive array of digital services, such as Internet Banking, Mobile App and Branchless Banking, and ensures that customers enjoy a seamless and efficient banking experience.

Deposits



Another milestone achieved during the year was the healthy growth in the trade business volume handled by the Bank, that increased by 29%, to Rs 710 billion compared to Rs 552 billion last year. This was made possible due to the extensive branch network and efficient Treasury management of the Bank.

Fee and commission income maintained its strong momentum and grew by 59% from last year with major contribution from trade finance income and other banking channels. On expenses side, administrative and operating expenses increased to Rs 16.8 billion from Rs 14.8 billion primarily due to increase in staff expenses, rent and costs associated with new branches – an investment which has reaped fruits for the Bank, as is evident from the strong growth in deposits and profits over the years.

Technology

An important milestone achieved during the year was the successful upgrade of the Bank's core banking system Temenos (T24) to its new release of R16. The upgrade was achieved through a well-coordinated effort between all stakeholders, overseen by the Project Management Office, and ensured the Go-live was achieved on schedule in a seamless manner without any business disruption. All Alternate Delivery Channels (ADC) services remained fully functional during the entire period of upgrade, a first in the Banking Industry in Pakistan. This upgrade, besides enhancing system efficiencies, has enabled the Bank to offer new services such as Digital Banking, quick development of new products and integration with Fintechs and other digital channels.

Right Shares and Capital Adequacy Ratio

The Bank successfully completed a 6% Right Issue of shares to the existing shareholders during the year at a price of Rs 50 per share (inclusive of Rs 40 as premium per share) approved by the Board in its meeting held on July 26, 2017. As a result the Bank's equity (including share premium) increased by Rs 3 billion and has further strengthened the Bank's Capital Adequacy Ratio ("CAR"). The Bank's CAR now stands at 12.89% - well above the minimum mandatory level of 11.28% for the year 2017 and this will support the future growth plans of the Bank. The return on average equity – on enhanced capital stood at 20.20%.

Earnings per Share and Dividend

Due to increase in profitability, the Earnings per Share increased from Rs 5.45 to Rs 6.13 per share, reflecting an increase of 13%.

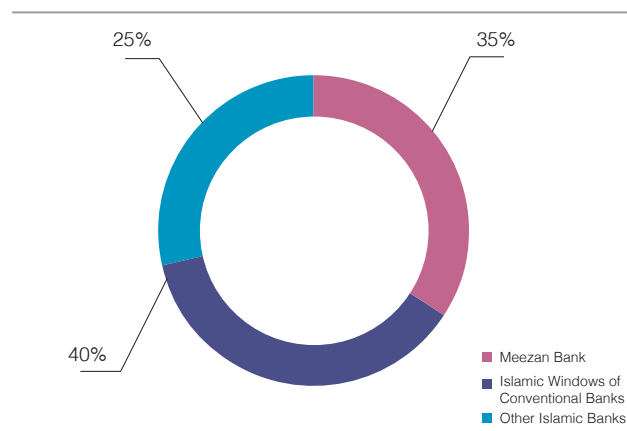
The Board has recommended the final cash dividend of Rs 1.25 per share (12.5%) for the year 2017. This declaration, together with the earlier interim cash dividend of 17.5% paid in the third quarter of 2017, brings the total payout for the year to Rs 3.00 per share (30%). The Bank has maintained its unbroken payout record since the date of listing on the Stock Exchange.

Islamic Banking Industry

Islamic Banking has taken strong roots in Pakistan with Meezan Bank as a market leader offering a complete range of Islamic banking products and services. Islamic Banking Industry deposit accounts for almost 14% of the total Banking Industry deposits. The Bank's market share

amongst the full-fledged dedicated Islamic Banks operating in Pakistan is approximately 58%. Meezan's market share for the Islamic Banking Industry as a whole including Islamic Banking windows of conventional banks in Pakistan is 35%.

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



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 JCR-VIS Credit Rating Company Limited has also reaffirmed Sub-ordinated (Tier II) sukuk rating at AA- (Double A minus). These ratings indicate sound performance 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 Retail Bank - Global Award
- Best Islamic Bank in Pakistan
- Pakistan Deal of the Year

Asset Triple A - Islamic Finance Awards

- Islamic Bank of the Year
- Best Retail Bank
- Best Trade Finance Bank
- Best Investment Bank
- Sukuk House of the Year
- Best Supply Chain Finance Program
- Transport deal of the year, Pakistan

CFA Society of Pakistan

- Islamic Bank of the Year
- Corporate Finance House - Fixed Income

World Islamic Banking Conference

- Country Level Award for the Banks based in Pakistan

Pakistan Banking Awards

- Best Islamic Bank

Global Finance

- Best Islamic Financial Institution in Pakistan – World's Best Islamic Financial Institutions Awards
- Best Bank in Asia-Pacific Region – World's Best Bank Awards

ICAP & ICMAP

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

Pakistan Stock Exchange Limited

- Top 25 Companies of the Year, 2016

Islamic Finance Forum of South Asian (IFFSA) Awards

- Gold Award for Best Islamic Bank of the Year
- Gold Award for Islamic Finance Entity of the Year
- Gold Award for Islamic Finance Education Provider
- Gold Award for Islamic Finance Advisory Services Provider
- Gold Award for Islamic Finance Capital Markets Service Provider
- Gold Award for Islamic Investment Bank of the Year
- Silver Award for Islamic Finance Deal – For Syndicated Project Finance Facility

The Banker

- Islamic Bank of the Year, Pakistan

Global Islamic Finance Awards

- Shariah Authenticity Award

South Asian Federation of Accountants (SAFA)

- 'Certificate of Merit' in the 'Private Sector Banks' category of Best Presented Accounts Award

MasterCard MENA Acquirer Forum

- Most Innovative Solution Deployed for Cash Displacement

Pakistan Society of Human Resource Management

- Best Place to Work in Top 10 Best Place to Work Category
- Best Place to Work in Financial Services Industry Category

Employers Federation of Pakistan

- Best HRM Practices – 1st Prize
- Employer of the Year 2016 – 3rd Position

PMI Karachi Pakistan Chapter

- PMO of the Year

Corporate Social Responsibility

Charity is one of the most important constituents of a healthy society. Keeping this and the Islamic principles of Ihsan in mind, Meezan Bank recognizes its responsibility as a conscientious corporate citizen and keeps 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. 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. The Directors of the Bank are in compliance with respect to training requirements.
8. There has been no material departure from the best practices of Corporate Governance as detailed in the rule book of Pakistan Stock Exchange.
9. Key operating and financial data for the last six years in summarized form, categories and pattern of shareholding is included in this annual report.
10. The value of investments of the Bank's recognized Provident Fund and Gratuity Fund as at December 31, 2017 are as under:
 - Staff Provident Fund Rs 2,314.8 million
 - Staff Gratuity Fund Rs 855.9 million
11. The purchase and sale of shares by the Directors,

Chief Executive, Chief Financial Officer, Head of Internal Audit and Company Secretary during the year and pattern of shareholding is included in the report.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in the rule book of Pakistan Stock Exchange relevant for the year ended December 31, 2017 have been adopted by the Bank and have been duly complied with. A statement to this effect is included in this Annual report.

Risk Management Framework

Risk Management Framework in Meezan Bank encompasses sound governance and organizational structure, policy & procedural framework, risk assessment techniques, tools, systems and reporting structure closely aligned with the Bank's strategy set by its Board of Directors and commensurate with size of the Bank. The Bank implements an entity wide 'Three Lines of Defence' model for risk management. Business lines / front offices serve as first line of defence and are primarily responsible for managing risks on day-to-day basis. Risk management and other control functions being the second line of defence are responsible for assisting business lines for designing and implementing adequate controls to manage risks. The internal audit function is responsible for providing independent assurance on adequacy of Bank's risk management environment.

Risk Management activities broadly take place simultaneously at different hierarchy levels i.e. strategic, macro and micro. The overall responsibility for risk management rests with the Board of Directors and it has constituted Board Risk Management Committee comprising of Board members with clear terms of reference. Under the guidance of the Board, the scope of Risk Management Group (RMG) has been continuously refined since its inception, mainly focusing on establishing & improving upon risk management policies, procedural manuals, limit structure, systems and controls. It also includes risk assessment techniques, periodic monitoring, multilevel reporting of risk profile, generating early warning signals and enhancing level of awareness about risk management principles and practices at all levels of the organization. These developments are in line with applicable Shariah guidelines, regulatory framework including but not limited to Basel accord, industry benchmarks and nature of Bank's businesses.

Specialized committees comprising of senior management team members with relevant experience and expertise perform their functions a per their approved terms of reference so as to ensure that risk exposures are within tolerable level and in line with strategic and business goals. The committees include:

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

The CRMC ensures that credit risk activities are in line with approved policies, regulatory requirements, Bank's risk appetite and industry norms. Credit Committee, the

sub-committee of CRMC is the highest level body for approval of financing transactions. ALCO reviews market, liquidity and country risk exposures, assets and liabilities mix and maturity profile, sets pricing and takes decisions for sound liquidity management. The Bank has established the Compliance and Operational Risk Management Committee (CORMC) replacing Internal Controls & Operational Risk Management Committee (ICORC) that will focus on compliance risk issues in addition to operational risk and control issues previously covered under ICORC. The Committee will also facilitate in implementation of compliance program and oversee money laundering and financing terrorism risk.

Credit risk is being managed through comprehensive financing policies and detailed procedures, well-defined credit approval mechanism, prudently delegated financing approval authorities, optimal risk-reward trade off, concentration limits, adequate collateral coverage, documentation and hindsight 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 risk by applying various shocks under different scenarios.

Market risk is managed through the Board approved market risk policy; approval of market risk limits, counterparty and dealer limits and regular review and monitoring of the investment portfolio by the Bank's ALCO. The Bank applies value at risk techniques for market risk measurement. Day-to-day liquidity management is done through cash flow matching, bank placements, deposit mix, meeting regulatory reserve requirement and maintaining adequate liquid assets. Further, the Bank has also implemented the SBP Basel Liquidity guidelines which also strengthen the liquidity risk framework. Country risk exposures are managed through policy parameters and limits establishment. Contingency funding plan is in place to address liquidity management in times of crisis situations. Operational risk is managed through standing operating procedures, deployment of necessary human resources, training and development, segregation of duties, strengthening maker and checker and approving mechanism, risk indicators, system based reports, business continuity and disaster recovery plans.

Under RMG, capacity building both in terms of hiring of additional fresh and experienced human resources and participation in variety of training and development program is a continuous process. Full-fledged credit risk function caters corporate, investment banking, commercial & SME, agriculture and consumer business segments. The coverage of RMG in credit assessment of individual and group customers has been enhanced through four-eye principle, limits structuring and deployment of risk officers in the field. During the year, the Bank automated its financing approval process by implementing "Financing Origination System" for corporate and commercial customers.

Enterprise Risk Management (ERM) setup is in place under RMG catering market, liquidity, financial institutions, operational, business continuity risks, Basel implementation, hindsight reviews of financing cases, their monitoring and

risks related policy framework. The role of ERM has been closely integrated into formulating capital strategy of the Bank. The role of market risk function in monitoring of treasury activities has been strengthened with limits structuring, their monitoring, reporting and system improvements. Operational losses reporting, risk and control self-assessment, enhanced coverage of key risk indicators and improvements in processes through risk identification, mitigates and awareness sessions reflects upon continuous improvements in operational risk management framework. Coverage of business continuity plans has been further strengthened at branch level by conducting evacuation drills. Enhanced coverage of information reports from risk perspective, close coordination with other stakeholders to view risk profile at enterprise level and risk modules will further strengthen the role of RMG 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 this Annual Report.

Pattern of Shareholding

The pattern of Shareholding as at December 31, 2017 is included in this Annual 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. Mansur Khan	4	4
Mr. Alaa A. Al - Sarawi	4	4
Syeda Azra Mujtaba*	4	4
Mr. Muhammad Zarrug Rajab	4	4
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 - DCEO	4	4

* Syeda Azra Mujtaba resigned on January 25, 2018.

The Board wishes to place on record its appreciation for the valuable services rendered by Syeda Azra Mujtaba during her association with the Bank.

The attendance in meetings of the Committees formed by the Board held during the year is included in this 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, EY Ford Rhodes, Chartered Accountants retire and being eligible offer themselves for reappointment. As required under Code of Corporate Governance, the Board and the Audit Committee has recommended the appointment of EY Ford Rhodes, Chartered Accountants as auditors of the Bank for the year ending December 31, 2018.

Al Meezan Investment Management Limited – Subsidiary

We acknowledge the excellent performance of our subsidiary, Al Meezan Investment Management Limited (Al Meezan). Al Meezan is the leading asset management company in Pakistan with the distinction of having exclusive mandate of providing Shariah-compliant investment solutions to its investors. Al Meezan offers a comprehensive product suite of 13 mutual funds and multiple investment plans spanning from basic equity and income funds to commodity funds, dedicated equity fund and aggressive asset allocation funds. Al Meezan also manages the largest Voluntary Pension Fund in Pakistan. With Assets under Management (AUMs) of Rs 93 Billion as at December 2017, it is the largest Shariah compliant asset management company of the country with healthy investor base of over 70,000 investors.

Future Outlook and Strategy

In January 2018, the SBP reversed the monetary policy stance and increased the policy rate (Target rate) by 25 basis points to 6 percent in the light of recent Rupee depreciation, increase in international oil prices and growing inflationary pressures. However, 2018 will still be a challenging year for the Banking industry in the back-drop of the uncertain economic scenario amidst general elections in 2018. The increasing cost of business, primarily due to increase in rent and oil prices will keep the inflation graph upwards.

Our focus will be on maintaining the growth momentum and asset quality. At the same time, recognizing the importance of the SME segment, the Bank engaged IFC Advisory services to help the Bank develop new SME Banking products and will Insha'Allah launch a full-fledged SME Banking Model in 2018. To support growth plans in the SME segment, the Bank plans to add more head count in the SME business Team.

Meezan Bank is committed to bringing Islamic Banking to the large unbanked population in the country and plans are afoot to expand its Branchless Banking. This will also support the Government's initiative on Financial Inclusion.

Despite the challenging external environment, the Bank intends to continue its branch expansion strategy and will add more branches during the year to further increase its

geographical presence across the country. The Bank's priority is to ensure that Islamic banking products and services are made available across the length and breadth of Pakistan through an extensive branch network duly supported by new technologies that is critical for effective market penetration.

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

Meezan Bank remains committed to its Vision to 'establish Islamic banking as banking of first choice' and will continue to play its pioneering role in Islamic banking to contribute to the growth of Islamic banking in Pakistan. The Board is confident that the Bank will Insha'Allah continue to play its leadership role in evolving Islamic Banking Industry in Pakistan.

Acknowledgement

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

We would like to express our gratitude to the State Bank of Pakistan, Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the country. We also congratulate the State Bank of Pakistan (SBP) for being voted as the 'Best Central Bank for promoting Islamic finance' by a poll conducted by 'International Finance News' – an arm of Red Money Group, Malaysia. We are hopeful that with the continued efforts of the Ministry of Finance, SBP's Islamic Banking Department and Implementation Committee for promotion of Islamic Banking, there will be more Sukuk issues in the future.

We would also like to thank our Board members, shareholders, holders of Sub-ordinated Sukuk (Tier II) and the members of the Shariah Supervisory Board for their unrelenting efforts towards establishing Meezan Bank as the premier Islamic bank. May Allah Almighty give us the strength and wisdom to further expand our Vision of 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 14, 2018

پاکستان میں اسلامی بینکاری کا مستقبل روشن ہے اور ملک کی بینکاری صنعت میں اس کے حصے میں مسلسل اضافہ ہو رہا ہے۔ ہمیں یقین ہے کہ مستحکم اور متحرک اسلامی بینکاری صنعت ملک میں سیونگ کی شرح میں اضافے میں اہم کردار ادا کرے گی۔

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

اظہار تشکر

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

ہم اسٹیٹ بینک آف پاکستان، وزارت خزانہ اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان میں ان کی مسلسل کوششوں اور وابستگی کو ملک میں ایک قابل عمل اسلامی مالیاتی نظام کے قیام کے لئے خراج تحسین پیش کرتے ہیں۔ ہم اسٹیٹ بینک آف پاکستان (SBP) کو انٹرنیشنل فنانشل نیوز، ریڈمنٹی گروپ، ملیشیا کی جانب سے منعقدہ رائے شماری میں ’بیسٹ سینٹرل بینک فار پرموننگ اسلامک فنانش‘ کا اعزاز ملنے پر مبارکباد پیش کرتے ہیں۔ ہم امید کرتے ہیں کہ وزارت تجارت، SBP، کے اسلامی بینکاری شعبے اور اسلامی بینکاری کے فروغ کے لئے قائم آپٹیمائزیشن کمیٹی کی مسلسل کوششوں سے مستقبل میں مزید صکوک جاری کئے جائیں گے۔

ہم اپنے بورڈ ممبران، حصص یافتگان، ثانوی صکوک (Tier II) یافتگان اور شریعہ سپروائزرز بورڈ کا بھی شکریہ ادا کرنا چاہتے ہیں جنہوں نے میزان بینک کو اولین اسلامی بینک بنانے کے لئے مسلسل محنت کی ہے۔ اللہ سبحانہ تعالیٰ ہمیں حوصلہ اور دانائی عطا کرے کہ ہم اسلامی بینکاری کو بینکاری کا پہلا انتخاب بنانے کے اپنے خواب کو تعبیر کی بلند یوں تک پہنچا سکیں۔ آمین

منجانب بورڈ



عرفان صدیقی
صدر اور سی ای او



ریاض اہس اے اے ادریس
چیئر مین

کراچی: 14 فروری 2018

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، EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں اور اہل ہونے کی وجہ سے خود کو دوبارہ تقرر کے لئے پیش کر دیا ہے۔ کوڈ آف کارپوریٹ گورننس کے تحت آڈٹ کمیٹی اور بورڈ نے EY Ford Rhodes، چارٹرڈ اکاؤنٹنٹس کی 31 دسمبر، 2018 کو ختم ہونے والے سال کے لئے بطور بینک کے قانونی آڈیٹرز کے تقرر کی تجویز دی ہے۔

المیزان انوسٹمنٹ مینجمنٹ لمیٹڈ۔ ذیلی کمپنی

ہم اپنی ذیلی کمپنی، المیزان انوسٹمنٹ مینجمنٹ لمیٹڈ (المیزان) کی بہترین کارکردگی کو سراہتے ہیں۔ المیزان اپنے سرمایہ کاران کو اسلامی شریعہ کے مطابق انوسٹمنٹ سولوشنز فراہم کرنے کے خصوصی اختیار کا امتیاز رکھنے والی پاکستان کی سب سے بڑی ایسٹ مینجمنٹ کمپنی ہے۔ المیزان 13 میوچل فنڈز پر مشتمل مصنوعات کا مکمل مجموعہ اور بنیادی ایکویٹی اور انکم فنڈز سے لے کر کوڈ بیٹی فنڈز تک کے کثیر العنصر سرمایہ کاری منصوبے، مخصوص ایکویٹی فنڈ اور ایسٹ ایلوکیٹڈ فنڈز پیش کرتی ہے۔ المیزان پاکستان کا سب سے بڑا رضا کارانہ فنڈیشن فنڈ بھی منظم کرتی ہے۔ دسمبر 2017 تک 93 ارب روپے کے زیر انتظام اثاثوں (AUMs) اور 70,000 سے زائد سرمایہ کاروں کے ساتھ المیزان ملک کی سب سے بڑی شریعہ کمپلائنس ایسٹ مینجمنٹ کمپنی ہے۔

مستقبل کے آثار اور حکمت عملی

جنوری 2018 میں اسٹیٹ بینک آف پاکستان نے روپے کی قدر میں حالیہ کمی، بین الاقوامی سطح پر تیل کی قیمتوں میں اضافے اور افراط زر کے بڑھتے ہوئے دباؤ کے باعث مالیاتی پالیسی موقف میں تبدیلی کی اور پالیسی شرح (ٹارگٹ ریٹ) 25 پیسے پوائنٹس بڑھا کر 6 فیصد کر دی تاہم 2018 کے عام انتخابات کے درمیان غیر یقینی معاشی صورتحال کے پس منظر میں سال 2018 بھی پاکستان کی بینکاری صنعت کے لئے آزمائش کن ثابت ہوگا۔ کاروبار کی بڑھتی ہوئی لاگت (جس کی بنیادی وجہ کرائے اور تیل کی بڑھتی ہوئی قیمتیں ہیں) افراط زر کی شرح بلند رکھے گی۔

ہماری توجہ ترقی کی رفتار اور اثاثوں کا معیار برقرار رکھنے پر مرکوز رہے گی۔ اس کے ساتھ ساتھ، SME کے شعبے کی اہمیت کا ادراک کرتے ہوئے بینک نے نئی SME مصنوعات کی تشکیل کے لئے IFC ایڈوائزری خدمات حاصل کی ہیں اور انشاء اللہ 2018 میں بینک ایک مکمل SME بینکاری ماڈل متعارف کروائے گا۔ SME شعبے میں ترقی کے منصوبوں میں معاونت کے لئے بینک نے SME بزنس ٹیم میں مزید افرادی شمولیت کا ارادہ کیا ہے۔

میزان بینک اسلامی بینکاری کو ملک میں بینکاری سہولیات سے استفادہ نہ کر سکنے والی ایک بڑی آبادی تک پہنچانے کے لئے پرعزم ہے اور برانچ لیس بینکاری کو وسعت دینے کے لئے منصوبہ بندی جاری ہے۔ یہ عمل حکومت کے مالیاتی شمولیت کے اقدامات میں بھی معاون ہوگا۔

آزمائش کن بیرونی حالات کے باوجود بینک اپنی برانچوں میں توسیع کی حکمت عملی جاری رکھے گا اور ملک میں اپنی جغرافیائی موجودگی بڑھانے کے لئے مزید برانچیں کھولنے کا عمل جاری رکھے گا۔ بینک کی ترجیح ہے کہ اسلامی بینکاری مصنوعات اور خدمات جدید ٹیکنالوجی کے حامل وسیع برانچ نیٹ ورک کے ذریعے پاکستان کے طول و عرض میں دستیاب ہوں، جو مارکیٹ میں مؤثر نفوذ کے لئے انتہائی اہم ہے۔

برداشت سطح پر تزیرواتی اور کاروباری مقاصد کے مطابق ہوں۔ کمیٹیوں کی تفصیل درج ذیل ہے:

1- کریڈٹ رسک مینجمنٹ کمیٹی (CRMC)

2- ایسٹ لائبرٹی مینجمنٹ کمیٹی (ALCO)

3- کمپلائنس اینڈ آپریشنل رسک مینجمنٹ کمیٹی (CORMC)

CRMC اس بات کو یقینی بناتی ہے کہ کریڈٹ رسک سرگرمیاں بورڈ کی منظور کردہ پالیسیوں، قانونی تقاضوں، بینک کے رسک کے رجحان اور بینکاری صنعت کے معیارات سے مطابقت رکھتی ہوں۔ ALCO مارکیٹ، لیکویڈٹی اور ملک کے رسک ایکسپوزر، اثاثوں اور واجبات اور میچورٹی پروفائل کا جائزہ لیتی ہے، قیمتوں کا تعین کرتی ہے اور مستحکم لیکویڈٹی مینجمنٹ کے لئے فیصلہ سازی کرتی ہے۔ بینک نے انٹرنل کنٹرول اینڈ آپریشنل رسک مینجمنٹ کمیٹی (ICORC) کی جگہ کمپلائنس اینڈ آپریشنل رسک مینجمنٹ کمیٹی (CORMC) تشکیل دی ہے جو آپریشنل رسک اور کنٹرول کے معاملات (جو پہلے ICORC کے زیر نگرانی تھے) کے ساتھ ساتھ کمپلائنس رسک کے معاملات پر بھی توجہ دے گی۔ مزید برآں، کمیٹی کمپلائنس پروگرام کے اطلاق میں معاونت کے ساتھ مٹی لائڈ رنگ اور معاشی دہشت گردی کے خطرات کی بھی نگرانی کرے گی۔

کریڈٹ رسک کو جامع مالیاتی پالیسیوں اور تفصیلی طریقہ کار، بہترین انداز سے وضع کردہ کریڈٹ اپروول میکنزم، احتیاط سے مقرر کردہ فنانسنگ اپروول اتھارٹیز، بہترین رسک ریوارڈ ٹریڈ آف، موزوں کولیشنل کورٹج، دستاویزات سازی اور پس اندیش جائزوں کے ذریعے منظم کیا جاتا ہے۔ فنانسنگ میں اضافے کو جامع رسک اینالسس، پورٹ فولیو میں تنوع اور بہترین اراؤنڈ ٹائمنگ پر توجہ مرکوز کر کے یقینی بنایا جاتا ہے۔ بینک کریڈٹ، مارکیٹ لیکویڈٹی اور آپریشنل رسک کی اسٹریٹس ٹینٹگ مختلف صورت حالات میں متعدد شاکس (Shocks) کے اظہار کے ذریعے کرتا ہے۔

مارکیٹ رسک بورڈ کی مقرر کردہ مارکیٹ رسک پالیسی کے ذریعے منظم کیا جاتا ہے جس میں بینک کی ALCO کمیٹی کی جانب سے مارکیٹ رسک نمٹس کی منظوری، کاؤنٹر پارٹی اور ڈیل لمٹس اور سرمایہ کاری پورٹ فولیو کا باقاعدہ جائزہ اور نگرانی شامل ہے۔ بینک مارکیٹ رسک کی پیمائش کے لئے رسک تکنیک پر ویلیو کا اطلاق کرتا ہے۔ لیکویڈٹی کا روزمرہ انتظام کیش فلو میچنگ، بینک پلیسمنٹ، ڈپازٹ کس، زرمبادلہ کے ذخائر کی قانونی ضروریات کی تکمیل اور معقول نقد اثاثے برقرار رکھ کر کیا جاتا ہے۔ مزید برآں، بینک نے اسٹیٹ بینک آف پاکستان کی Basel لیکویڈٹی ہدایات کا بھی اطلاق کیا ہے جس سے لیکویڈٹی رسک کی بنیادی ساخت بھی مستحکم ہوئی ہے۔ بحرانی صورت حال میں لیکویڈٹی مینجمنٹ کے لئے غیر یقینی حالات کا فنڈنگ پلان بھی موجود ہے۔ آپریشنل رسک کو اسٹینڈنگ آپریشنل طریقہ کار، ضروری ہیومن ریورس کی فراہمی، تربیت اور ترقی، ذمہ داریوں کی تقسیم، بنانے، نگرانی کرنے اور منظور کرنے کے طریقہ کار کے استحکام، رسک انڈیکسٹرز، سسٹم میڈر پورٹس، کاروباری تسلسل اور حادثات سے بحالی کے منصوبوں کے ذریعے منظم کیا جاتا ہے۔

RMG کے تحت اضافی نئے عملے اور تجربہ کار ہیومن ریورس کی خدمات کے حصول اور تربیت و بہتری کے متعدد پروگرامز میں شرکت کے ذریعے استعداد میں اضافہ ایک مسلسل عمل ہے۔ مکمل کریڈٹ رسک کا عمل کارپوریٹ، انوٹنٹ بینکنگ، کمرشل اور SME، زراعت اور کنزیومر بزنس کے شعبوں کے امور کا احاطہ کرتا ہے۔ انفرادی اور اجتماعی صارفین کی کریڈٹ اسسمنٹ کے لئے RMG کا دائرہ کار فور آئی (Four-eye) اصول، لمٹس اسٹریکچرنگ اور فیلڈ میں رسک افسران کی تعیناتی کے ذریعے وسیع کیا گیا ہے۔ دوران سال، بینک نے اپنے کارپوریٹ اور کمرشل صارفین کے لئے فنانسنگ کی منظوری کے عمل کو ”فنانسنگ اور مینجمنٹ سسٹم“ کے نفاذ کے ذریعے خود کار بنایا ہے۔

RMG کے تحت قائم کردہ انٹرنل رسک مینجمنٹ (ERM) مارکیٹ، لیکویڈٹی، مالیاتی اداروں، آپریشن اور کاروباری تسلسل کے رسک، Basel کے اطلاق، مالیاتی کیسوں کے پس اندیش جائزوں، ان کی نگرانی اور رسکس سے متعلقہ پالیسی فریم ورک جیسے امور کا احاطہ کرتی ہے۔ بینک کی لیکویڈٹی اسٹریٹجی ERM کے کردار کو ملحوظ خاطر رکھتے ہوئے بنائی گئی۔ مالیاتی سرگرمیوں کی نگرانی میں مارکیٹ رسک فنکشن کا کردار لمٹ اسٹریکچرنگ، ان کی نگرانی، رپورٹنگ اور نظام میں بہتری کے ذریعے مزید مستحکم کیا گیا ہے۔ آپریشنل لاسز کی رپورٹنگ، رسک اور کنٹرول کی خود تشخیص، بنیادی رسک انڈیکسٹرز کی اضافی کورٹج اور رسک کی تشخیص، تخفیف اور آگاہی کی نشستوں کے ذریعے طریقہ عمل میں بہتری آپریشنل رسک مینجمنٹ کی بنیادی ساخت میں مسلسل بہتری کی عکاسی کرتی ہے۔ کاروباری تسلسل کے منصوبوں کی کورٹج کو برانچ کی سطح پر "Evacuation drills" کے انعقاد کے ذریعے مزید مستحکم کیا گیا ہے۔ رسک کے نکتہ نظر سے معلوماتی رپورٹس کی اضافی کورٹج، کاروباری سطح پر رسک پروفائل کے جائزے کے لئے دیگر حصہ داران کے ساتھ قریبی ارتباط اور رسک ماڈیول، رسک کی شناخت، تشخیص، رپورٹنگ اور انتظام میں RMG کے کردار کو مزید مستحکم کرنے کا باعث ہوں گے۔

اندرونی ضبط کا بیان

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

حصص یافتگی کا خاکہ

31 دسمبر، 2017 تک حصص یافتگی کا خاکہ سالانہ رپورٹ میں شامل ہے۔

ڈائریکٹرز

اس سال منعقد ہونے والے بورڈ کے اجلاس اور ان 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 ایس۔ چیئرمین	4	4
جناب فیصل اے اے اے انصر۔ وائس چیئرمین	4	4
جناب بدرالچاہا اے اے اے الریہ	4	4
جناب منصور خان	4	4
جناب علی اے السراوی	4	4
محترمہ سیدہ عذرا مجتبیٰ*	4	4
جناب محمد زورج	4	4
جناب محمد عبدالعلیم	4	4
جناب نور الرحمن عابد	4	4
جناب طلال ایس اے الشہاب	4	4
جناب عرفان صدیقی۔ صدر اوی ای او	4	4
جناب عارف الاسلام۔ ڈپٹی سی ای او	4	4

* سیدہ عذرا مجتبیٰ 25 جنوری 2018 کو استعفیٰ ہو گئیں۔

بورڈ سیدہ عذرا مجتبیٰ کو بینک کے ساتھ ان کی رفاقت کے دوران 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۔

ایمپلائرز فیڈریشن آف پاکستان

- بیٹ HRM بریکلیکسز فرسٹ پرائز
- ایمپلائرز آف دی ایئر 2016 - تیسری پوزیشن

PMI کراچی پاکستان چیمپٹر

- PMO آف دی ایئر

کارپوریٹ سماجی ذمہ داری

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 میزبان 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 غیر مالی انداز میں۔ لہذا بینک معاشرے کے لئے براہ راست یا بالواسطہ 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 انکشافی بیان 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 نظام کاری کے اعلیٰ معیار اور مسلسل تنظیمی بہتری سے اس کی وابستگی کا مظہر ہیں:

- 1- بینک کی انتظامیہ کی جانب سے تیار کردہ مالیاتی نکات غیر جانبدارانہ طور پر اس کے معاملات، عمل کاری کے نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلی پیش کرتے ہیں۔
- 2- بینک کے کھاتوں کی باقاعدہ دستاویزات مرتب کی گئی ہیں۔
- 3- مالیاتی نکات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا تسلسل سے اطلاق کیا گیا ہے۔ مالیاتی تخمینے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- 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 مؤثر نفاذ اور نگرانی کو یقینی بنایا گیا ہے۔ اندرونی ضبط کے نظام کو کارگر بنانے اور اس کی نگرانی کی ذمہ داری بورڈ پر عائد ہوتی ہے۔ اس مقصد کے حصول کے لئے ایک آڈٹ کمیٹی تشکیل دی گئی ہے جو انتظامیہ اور اس کے ساتھ ساتھ اندرونی اور بیرونی آڈیٹرز سے پورا سال وقتاً فوقتاً آزادانہ طور پر ملاقات کرتی ہے اور اندرونی ضبط کے نظام کی افادیت اور دیگر مالیاتی رپورٹنگ امور پر تبادلہ خیال کرتی ہے۔ مزید برآں، مالیاتی منصوبے اور بجٹ کنٹرول کے طریقہ کار بھی زیر بحث رہتے ہیں جن کا پورا سال جائزہ اور نگرانی کی جاتی ہے تاکہ بجٹ سے مفادرتعمیر 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- بینک کے ڈائریکٹرز تربیت کے تمام تقاضوں پر پورے اترتے ہیں۔

8- پاکستان اسٹاک ایکسچینج کے دستور کی کتاب میں بیان کی گئی تفصیل کے تحت کارپوریٹ نظام کے بہترین طریقوں سے کوئی مادی انحراف موجود نہیں ہے۔

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

10- بینک کے منظور شدہ پروویڈنٹ فنڈ اور گریجویٹی کے سرمائے کی مالیت 31 دسمبر 2017 تک درج ذیل ہے:

- عملہ کارپوریٹ فنڈ	2,314.8 ملین روپے
- عملہ کارگریجویٹی فنڈ	855.9 ملین روپے

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

کوڈ آف کارپوریٹ گورننس کی تعمیل

31 دسمبر 2017 کو ختم ہونے والے سال کے لئے پاکستان اسٹاک ایکسچینج کے دستور کی کتاب میں موجود پاکستان 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 سالانہ رپورٹ میں شامل ہے۔

رسک مینجمنٹ کی بنیادی ساخت

میزان بینک کے رسک مینجمنٹ کی بنیادی ساخت مستحکم تنظیمی اور ادارہ جاتی ڈھانچے، پالیسی اور لائحہ عمل کی ساخت، رسک اسسمنٹ کی تکنیک، ذرائع، نظام اور رپورٹنگ کے بنیادی ڈھانچے پر مبنی ہے جو بینک کے بورڈ آف ڈائریکٹرز کی جانب سے مقرر کردہ اس کی مجموعی حکمت عملی سے مکمل طور پر ہم آہنگ ہے۔ بینک نے نوعیت کے اعتبار سے رسک مینجمنٹ کے لئے "Three lines of Defence" کا ماڈل اختیار کیا ہے۔ برنس لائنز/فرنٹ آفس/فرسٹ لائن آف ڈیفنس کا کردار ادا کرتے ہیں اور روزانہ کی بنیاد پر رسک مینجمنٹ کی ذمہ داری ان پر عائد ہوتی ہے۔ رسک مینجمنٹ اور دیگر منضبط اعمال بطور سیکنڈ لائن آف ڈیفنس رسک مینجمنٹ کے لئے موزوں انضباط کی تشکیل اور اس پر عمل درآ مد کے لئے برنس لائنز کی معاونت کے ذمہ دار ہوتے ہیں۔ اندرونی آڈٹ کا عمل بینک کے رسک مینجمنٹ کے عوامل کی موزونیت کو آزادانہ طور پر یقینی بنانے کا ذمہ دار ہے۔

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

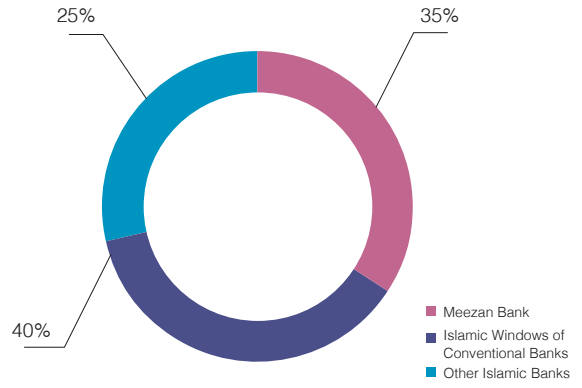
متعلقہ تجربے اور مہارتوں کے حامل اعلیٰ انتظامی ٹیم ممبران پر مشتمل خصوصی کمیٹیاں مقررہ اغراض و مقاصد کے مطابق افعال انجام دیتی ہیں تاکہ اس بات کو یقینی بنایا جائے کہ رسک ایکسپوزرز قابل

فیصد) ہو جائے گی۔ بینک نے اسٹاک ایکسچینج میں اندراج کے بعد سے بلا تعطل ادائیگیوں کا ریکارڈ برقرار رکھا ہے۔

اسلامی بینکاری صنعت

اسلامی بینکاری نے پاکستان میں اپنی بنیادیں مضبوط کر لی ہیں اور میزان بینک اسلامی بینکاری مصنوعات اور خدمات کی پیشکش کے ساتھ مارکیٹ میں سرفہرست ہے۔ اسلامی بینکاری صنعت کی جمع شدہ رقم کا بینکاری صنعت کی کل جمع شدہ رقم میں حصہ 14 فیصد ہے۔ پاکستان میں کام کرنے والے مکمل اسلامی بینکوں میں میزان بینک کا مارکیٹ شیئر 58 فیصد ہے۔ پاکستان کی مجموعی اسلامی بینکاری صنعت بشمول روایتی بینکوں کی اسلامی بینکاری شاخوں میں میزان بینک کا مارکیٹ شیئر 35 فیصد ہے۔

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



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۔ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے بینک کے ثانوی صکوک (Tier II) کی AA- (ڈبل اے مائنس) ریٹنگ کی بھی دوبارہ توثیق کی ہے۔ یہ ریٹنگز بینک کی اطمینان بخش کارکردگی کی نشاندہی کرتی ہے۔ میزان بینک پاکستان میں AA اور A1+ کریڈٹ ریٹنگ کا حامل واحد اسلامی بینک ہے۔

کارپوریٹ ایوارڈز اور اعزازات کا کردگی

میزان بینک نے اس سال درج ذیل موقر ایوارڈز حاصل کئے۔

اسلامک فنانس نیوز (IFN)

- بیسٹ اسلامک ریٹیل بینک - گلوبل ایوارڈ
- بیسٹ اسلامک بینک ان پاکستان
- پاکستان ڈیل آف دی ایئر

ایسٹ ٹرپل اے اسلامک فنانس ایوارڈز

- اسلامک بینک آف دی ایئر
- بیسٹ ریٹیل بینک
- بیسٹ ٹریڈ فنانس بینک
- بیسٹ انوسٹمنٹ بینک
- صکوک ہاؤس آف دی ایئر

- بیسٹ سپلائی چین فنانس پروگرام
- ٹرانسپورٹ ڈیل آف دی ایئر، پاکستان

CFA سوسائٹی آف پاکستان

- اسلامک بینک آف دی ایئر
- کارپوریٹ فنانس ہاؤس - گلسڈ انکم

ورلڈ اسلامک بینکنگ کانفرنس

- کسٹری لیول ایوارڈ فار دی بیٹنس میڈان پاکستان

پاکستان بینکنگ ایوارڈز

- بیسٹ اسلامک بینکنگ

گلوبل فنانس

- بیسٹ اسلامک فنانشل انسٹیٹیوشن ان پاکستان - ورلڈ بیسٹ اسلامک فنانشل انسٹیٹیوشنز ایوارڈ
- بیسٹ بینک ان ایشیا پیسیفک ریجن - ورلڈ بیسٹ بینک ایوارڈز

ICAP اور ICMAP

- بیسٹ کارپوریٹ رپورٹس ایوارڈ (تیسری پوزیشن) - بینکنگ کیلٹر

پاکستان اسٹاک ایکسچینج لمیٹڈ

- ٹاپ 25 گوبیز آف دی ایئر، 2016

اسلامک فنانس فورم آف ساؤتھ ایشین (IFFSA) ایوارڈز

- گولڈ ایوارڈ فار بیسٹ اسلامک بینک آف دی ایئر
- گولڈ ایوارڈ فار اسلامک فنانس ایٹیٹیوشن آف دی ایئر
- گولڈ ایوارڈ فار اسلامک فنانس ایجوکیشن پرووائیڈر
- گولڈ ایوارڈ فار اسلامک فنانس ایڈوانسری سروس پرووائیڈر
- گولڈ ایوارڈ فار اسلامک فنانس کپٹیل مارکیٹس سروس پرووائیڈر
- گولڈ ایوارڈ فار اسلامک انوسٹمنٹ بینک آف دی ایئر
- سلور ایوارڈ فار اسلامک فنانس ڈیل - فار سنڈیکیٹڈ پروجیکٹ فنانس فیسلٹی

دی بینکر

- اسلامک بینک آف دی ایئر - پاکستان

گلوبل اسلامک فنانس ایوارڈز

- شریعہ آٹھنٹیسٹیٹی (Authenticity) ایوارڈ

ساؤتھ ایشین فیڈریشن آف اکاؤنٹنٹس (SAFA)

- بیسٹ پریزیڈنٹ ایوارڈ اکاؤنٹنٹس ایوارڈ "پرائیویٹ بینکنگ کیلٹر" کی کیٹیگری میں "سرٹیفکیٹ آف میرٹ"

ماسٹر کارڈ IMENA میٹروپولیٹن فورم

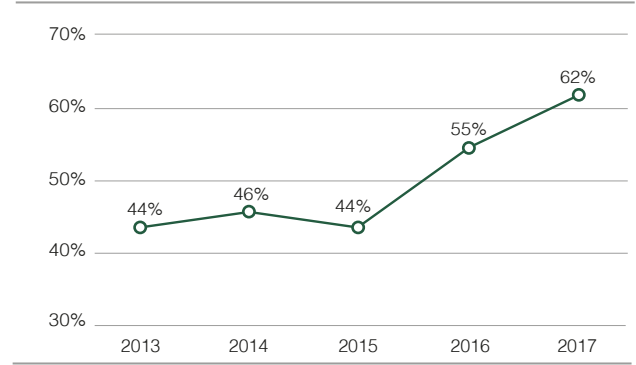
- موسٹ انوویٹیو سولوشن ڈیولپمنٹ فار کسٹمر سٹیسفیکشن

پاکستان سوسائٹی آف ہیومن ریسورس مینجمنٹ

- بیسٹ پلیننگ ٹورک ان ٹاپ 10 بیسٹ پلیننگ ٹورک کیٹیگری
- بیسٹ پلیننگ ٹورک ان فنانشل سروسز انڈسٹری کیٹیگری

ادراک کرتے ہوئے اور ماضی میں بینک کی جانب سے اختیار کئے جانے والے محتاط بینکاری عمل کو مد نظر رکھتے ہوئے زیر جائزہ سال میں بورڈ نے ممکنہ غیر فعال فائنانسنگز کی مد میں 850 ملین

Advances to Deposits Ratio - ADR

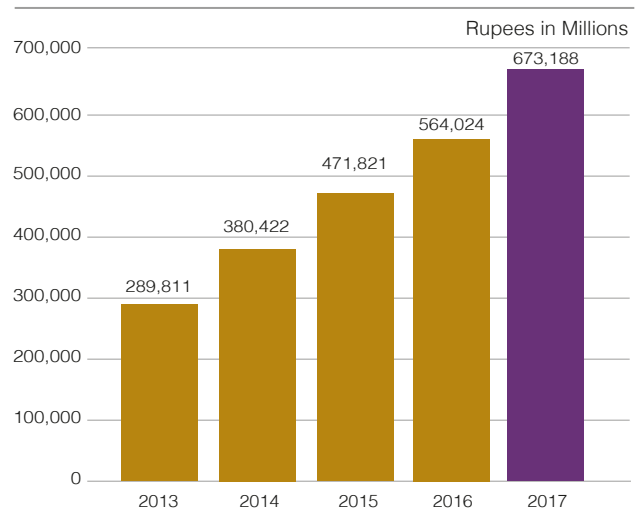


روپے کی اضافی عمومی پروویژن کی منظوری دی۔ عمومی پروویژن میں یہ اضافہ گزشتہ سال کے دوران فائنانسنگز میں زبردستی اضافے کو مد نظر رکھ کر بھی کیا گیا۔ بینک نے غیر فعال فائنانسنگز کی مد میں 133 فیصد کوریج ریشو پروویژن کی تسلی بخش شرح برقرار رکھی ہے اور متنوع پروڈکٹس کے ساتھ بینک شریعہ کے اصولوں کے مطابق اپنے صارفین کی تمام مالیاتی ضروریات کی تکمیل کی صلاحیت رکھتا ہے۔

اضافی لکویڈٹی کی تقسیم کے لئے حکومت پاکستان کے اجارہ سلوک کی دستیابی اسلامی بینکوں کے لئے بدستور ایک چیلنج ہے۔ سال کے دوران حکومت پاکستان کے اجارہ سلوک کا صرف ایک اجراء ہوا۔ تاہم بدستوری سے اس کا حجم انٹرومنٹ کی طلب کے مقابلے میں کم تھا۔ جس سے مقابلہ نرخ کا آغاز ہوا اور اس کی اختتامی قیمت بھی روایتی بینکوں کو دستیاب مساوی انٹرومنٹ سے نمایاں حد تک کم رہی۔ تاہم مؤثر لکویڈٹی مینجمنٹ نے اس بات کو یقینی بنایا کہ میزان بینک کی دیگر اعلیٰ درجہ کے مالیاتی اداروں کے ساتھ پیسٹنسٹس 129 ارب روپے سے بڑھ کر 147 ارب روپے ہو گئیں۔

اس سال کے دوران بینک کی جمع شدہ رقم میں 19 فیصد کا اضافہ ہوا اور اختتام سال پر کل جمع شدہ رقم 564 ارب روپے سے بڑھ کر 673 ارب روپے ہو گئیں۔ بینکاری صنعت میں زبردستی مسابقت کے باوجود بینک نے نہ صرف اپنے ڈپازٹس میں توسیع کی بلکہ مضبوط تعلقاتی انتظام کاری اور صارفین کو بہتر خدمات کی فراہمی کے ذریعے فنڈز کی موزوں لاگت بھی برقرار رکھی۔

Deposits



159 شہروں میں 600 سے زائد برانچوں کے وسیع نیٹ ورک نے میزان بینک کو ملک بھر میں صارفین کے لئے قابل رسائی بنایا اور بینک کی تسلسل کے ساتھ ترقی میں معاونت کی۔ برانچوں کے اس گھوس اور وسیع نیٹ ورک کو انٹرنیٹ بینکاری، موبائل ایپ اور بغیر برانچ کی بینکاری پر مشتمل ڈیجیٹل بینکاری کے جامع نیٹ ورک سے تقویت ملتی ہے جو اس بات کو یقینی بناتا ہے کہ صارفین کو بلا رکاوٹ اور مؤثر بینکاری سے استفادہ حاصل کرنے کے مواقع حاصل ہوں۔

اس سال ایک اور سنگ میل کا حصول بینک کے تجارتی کاروبار کے حجم میں صحت افزا اضافہ تھا، جو گزشتہ سال کے 552 ارب روپے کے مقابلے میں 29 فیصد بڑھ کر 710 ارب روپے ہو گیا۔ اس سنگ میل کا حصول بینک کے وسیع برانچ نیٹ ورک اور مؤثر ٹریڈری مینجمنٹ کی بدولت ممکن ہوا۔

فیس اور کمیشن کی مد میں ہونے والی آمدنی کی مستحکم رفتار برقرار رہی اور اس میں گزشتہ سال کے مقابلے میں 59 فیصد اضافہ ہوا جس میں بڑا حصہ تجارتی کاروبار کی آمدنی اور دیگر بینکاری کے ذرائع کا تھا۔ اخراجات کے ضمن میں، انتظامی اور عمل کاری اخراجات 14.8 ارب روپے سے بڑھ کر 16.8 ارب روپے ہو گئے، اخراجات میں اضافہ بنیادی طور پر عملے پر ہونے والے اخراجات، کرائے اور نئی برانچوں پر ہونے والے اخراجات کی وجہ سے ہے، جو کہ ایک سرمایہ کاری ہے جو بینک کے لئے شہر آ اور ثابت ہوئی ہے، جیسا کہ گزشتہ برسوں میں جمع شدہ رقم اور منافعوں میں زبردستی اضافے سے اس کی توثیق ہوتی ہے۔

ٹیکنالوجی

سال 2017 کے دوران عبور کیا گیا ایک اور سنگ میل بینک کے مرکزی بینکاری نظام Temenos (T24) کو اس کے نئے متعارف کردہ R16 میں اپ گریڈ کرنا تھا۔ اپ گریڈ کرنے کا یہ عمل بینک کے تمام شعبوں کے باہمی تعاون کے ساتھ کی گئی کاوشوں کے نتیجے میں انجام پایا جس کی نگرانی پروجیکٹ مینجمنٹ آفس نے کی اور اس بات کو یقینی بنایا کہ اس پر عمل درآمد بغیر کسی رکاوٹ اور کاروباری تعطل کے مقررہ وقت پر انجام پائے۔ پاکستان میں بینکاری کی تاریخ میں پہلی بار ایسا ہوا کہ اپ گریڈیشن کے عمل کے دوران تمام متبادل ترسیلی ذرائع (ADC) کی خدمات مکمل طور پر فعال رہیں۔ اپ گریڈ کے اس عمل سے نہ صرف سسٹم کی فعالیت میں اضافہ ہوا بلکہ یہ بینک کے لئے نئی خدمات جیسے کہ ڈیجیٹل بینکاری، نئی مصنوعات کی فوری تیاری اور Fintechs اور دیگر ڈیجیٹل چینلز کے ساتھ مطابقت میں بھی مددگار ثابت ہوا۔

رائٹ شیئرز اور کیپٹل ایڈیکویسی ریشو

بینک نے اس سال موجودہ حصص یافتگان کو 50 روپے فی حصص (بشمول 40 روپے فی حصص بطور پریمیم) کی قیمت پر 6 فیصد رائٹ شیئرز کا اجراء کامیابی سے مکمل کر لیا ہے جس کی منظوری بورڈ نے اپنے گزشتہ اجلاس منعقدہ 26 جولائی 2017 کو دی تھی۔ رائٹ ایٹو کے بعد بینک کی ایکویٹی (بشمول شیئرز پریمیم) 3 ارب روپے سے بڑھ گئی ہے جس سے بینک کے کیپٹل ایڈیکویسی ریشو (CAR) کو مزید استحکام حاصل ہوا ہے۔ 2017 کے لئے بینک کا CAR اب 11.28 فیصد کی لازمی شرح سے کافی زیادہ یعنی 12.89 فیصد پر ہے اور یہ بینک کے مستقبل کی ترقی کے منصوبوں میں معاون ثابت ہوگا۔ اضافہ شدہ سرمائے پر اوسط ایکویٹی پر منافع 20.20 فیصد پر برقرار ہے۔

فی حصص آمدنی اور ڈیویڈنڈ

منافع میں اضافے کے باعث فی حصص آمدنی 5.45 روپے سے بڑھ کر 6.13 روپے ہو گئی جو 13 فیصد اضافے کی عکاسی کرتی ہے۔

بورڈ نے سال 2017 کے لئے 1.25 روپے فی حصص (12.5 فیصد) حتمی نقد ڈیویڈنڈ کی تجویز دی ہے۔ 2017 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 3.00 روپے فی حصص (30)

مالیاتی نتائج

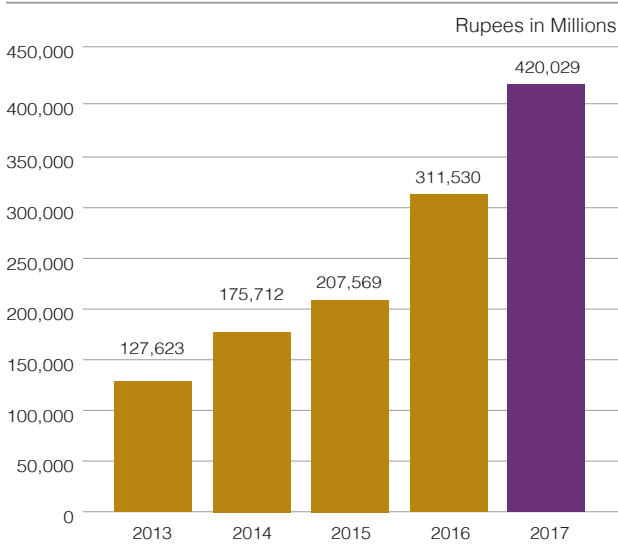
روپے ملین میں

2016	2017	نفع اور نقصان کھاتے
30,761 (12,873)	36,087 (15,273)	مالیات، سرمایہ کاری اور انتظامات سے حاصل شدہ منافع / آمدنی جمع شدہ رقوم اور دیگر واجب الادا مصارف پر خرچہ
17,888 185	20,814 (1,320)	پروویژن سے قبل خالص منافع غیر فعال مالیات اور سرمایہ کاریوں کے عوض (پروویژن) / ریورسل
18,073 2,620 1,208 744 878 208	19,494 4,166 1,140 1,176 825 270	پروویژن 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
23,731 (14,788)	27,071 (16,819)	اخراجات سے قبل کی آمدنی انتظامی اور دیگر اخراجات
8,943 (3,381)	10,252 (3,939)	منافع قبل از ٹیکس ٹیکس
5,562	6,313	منافع بعد از ٹیکس

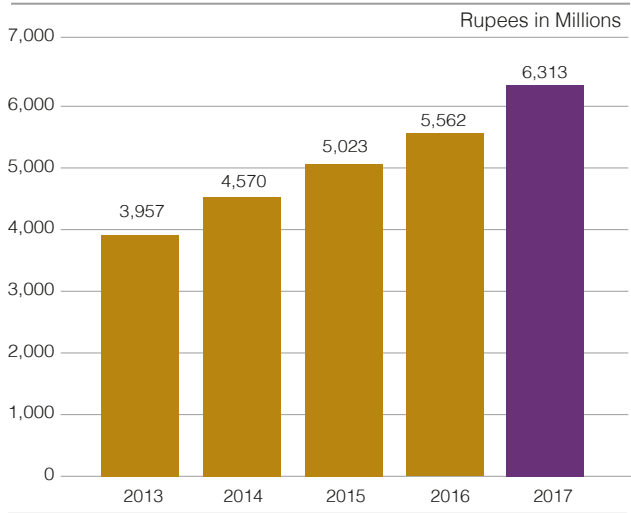
اسے ایک زبردست SME بینکنگ ماڈل میں تبدیل کیا جاسکے۔ بینک کی توجہ بدستور ایک اعلیٰ معیار کا فنانسنگ پورٹ فولیو قائم کرنے پر مرکوز ہے جس کا ہدف اعلیٰ درجہ کے کاروباری، تجارتی

بینک نے 14 فیصد اضافے کے ساتھ گزشتہ سال کے 5.56 ارب روپے کے مقابلے میں 6.31 ارب روپے کا بعد از ٹیکس منافع ظاہر کیا۔ بینک کی پروویژن سے قبل خالص آمدنی میں بھی

Financing



Profit After Tax



اور خردہ صارفین ہوں گے۔ گزشتہ سال کارپوریٹ شعبے، SME / تجارتی شعبے اور صارفین کے شعبے (بالخصوص کاراجارہ اور ایزی ہوم) میں فنانسنگ میں بالترتیب 29 فیصد، 53 فیصد اور 48 فیصد کا اضافہ ہوا۔ بینک کا ایڈوائس ٹوڈ پاؤز ریٹو (ADR)، سال 2016 کے 55 فیصد کے مقابلے میں 62 فیصد کی بلند سطح پر ہے۔

فنانسنگ پورٹ فولیو میں زبردست اضافے کے باوجود یہ بات قابلِ تحسین ہے کہ بینک کی غیر فعال فنانسنگ کی 1.5 فیصد شرح بینکاری صنعت کی کم ترین شرحوں میں سے ایک ہے جو 2016 کے 2.1 فیصد کے مقابلے میں مزید کم ہو گئی ہے جبکہ مجموعی طور پر بینکاری صنعت میں یہ شرح 9 فیصد ہے۔ اس سے بینک کے سخت رسک آپٹیمائزیشن (Risk Acceptance Parameters) کی تصدیق ہوتی ہے۔ منتخب شعبوں میں تحفظات کا

16 فیصد کا اضافہ ہوا جس کی بنیادی وجہ یہ تھی کہ بینک نے فنڈز کی کم لاگت برقرار رکھتے ہوئے اپنے فنانسنگ پورٹ فولیو میں اضافے پر مسلسل توجہ مرکوز رکھی۔

اس سال کی ایک امتیازی کامیابی بینک کے فنانسنگ پورٹ فولیو میں ہونے والا متاثر کن اضافہ تھی جو 2016 کے 312 ارب روپے کے مقابلے میں 35 فیصد اضافے کے ساتھ 420 ارب روپے ہو گیا۔ بینک نے تمام شعبہ جات میں اپنی فنانسنگ میں اضافہ کیا جبکہ اس کے ساتھ ساتھ اپنے پورٹ فولیو کا معیار برقرار رکھتے ہوئے تمام رسک پیرامیٹرز پر پورا اترنے کو بھی یقینی بنایا۔ بینک چھوٹے اور درمیانے درجے کے کاروبار (SME) اور کمرشل شعبے میں اپنا دائرہ کار وسیع کرنے کا ارادہ رکھتا ہے اور مشاورتی اور تکنیکی خدمات کے لئے انٹرنیشنل فنانس کارپوریشن (IFC) کی خدمات حاصل کی گئی ہیں تاکہ موجودہ SME فنانسنگ کے شعبے کی تعمیر نو کر کے

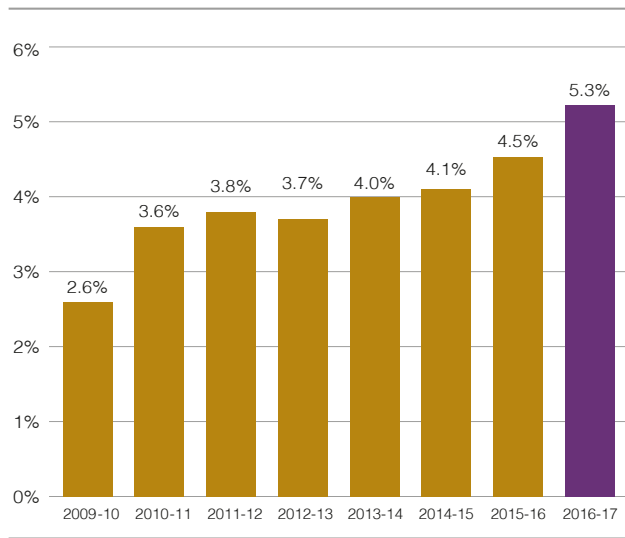
ڈائریکٹرز کی رپورٹ برائے ممبران

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

مالیت کے پاکستان کے بین الاقوامی صلکوں اور یورو بانڈ کا 5/10 سالہ مدت کے لئے بیک وقت اجراء ایک بڑی کامیابی تھی جس میں ملک کو کمزور قیمت اور شمولیت (8 ارب امریکی ڈالر کی بولیوں کی پیشکش) حاصل ہوئی۔

2017 کے اوائل میں تیل کی قیمتوں میں معمولی تبدیلی، خوراک کی فراہمی کی بہتر صورت حال اور افراط زر پر بجٹ کے کوئی بڑے اثرات نہ ہونے کی وجہ سے کنزیومر پرائس انڈیکس %4.5 کی سطح پر رہا ہے۔ متوقع افراط زر مستحکم نظر آنے کے باعث اسٹیٹ بینک آف پاکستان (SBP) نے پالیسی شرح %5.75 برقرار رکھی۔ پاکستان اسٹاک ایکسچینج دوران سال متغیر رہی، جب سال کے پہلے نصف میں پاکستان کی MSCI ایئر جیٹ مارکیٹس انڈیکس میں شمولیت کی وجہ سے مارکیٹ کا رجحان حوصلہ افزا رہا جبکہ دوسرے نصف میں سیاسی غیر یقینی صورت حال کے باعث گراؤ کا رجحان نظر آیا۔

GDP Growth Rate



پورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر، 2017 کو مکمل ہونے والے سال کے لئے تفصیلی مالیاتی نتائج پر مبنی 21 ویں سالانہ رپورٹ پیش کرنے میں مسرت محسوس کرتے ہیں۔

الحمد للہ، میزان بینک نے ایک مکمل اسلامی کمرشل بینک کے طور پر پندرہ سال مکمل کر لئے ہیں اور اس مدت کے دوران ملک کا سب سے تیزی سے ترقی کرنے والا بینک ہونے کا اعزاز بھی برقرار رکھا ہے۔ ہم اللہ ﷻ کی رحمت اور اپنی ٹیم کی قابل ستائش اجتماعی کاوشوں کے نتیجے میں شکر گزار ہیں جن کی بدولت ہمیں پاکستان کی اسلامی بینکاری صنعت میں 150 سے زائد شعبوں میں 601 برانچوں کے نیٹ ورک کے ساتھ ایک زبردست نمایاں مقام حاصل ہوا۔

معاشی جائزہ

سال 2017 کے دوران پاکستانی معیشت نے بہتر کارکردگی کا مظاہرہ کیا۔ حقیقی مجموعی ترقیاتی پیداوار (GDP) اضافے کی جانب گامزن رہی اور 2016-17 میں بڑھ کر %5.3 ہو گئی جو اس دہائی کی بلند ترین شرح ہے۔ عالمی مالیاتی فنڈ (IMF) کے ورلڈ آؤٹ لک ڈیٹا میں نے پاکستان کو دنیا کی تیسری سب سے زیادہ تیزی سے ترقی کرنے والی معیشت قرار دیا ہے۔ ملک میں بجلی کی شدید بحران پر قابو پانے کی حکومتی کوششیں ثمر آوری ثابت ہو رہی ہیں اور 2,873 میگا واٹ اضافی بجلی کی پیداوار قومی گڑ میں شامل ہو گئی ہے جس کی بدولت ملکی صنعت میں بجلی کے تقاضے سے پیدا ہونے والے انتشار میں کمی واقع ہوئی ہے۔ اس سال کے دوران مجموعی طور پر کاروباری رجحان میں بہتری، تاریخی کم شرح سود اور پاک چین اقتصادی راہداری (CPEC) کے تحت جاری منصوبوں کی بدولت انفراسٹرکچر کے اخراجات میں اضافے سے نجی شعبے کے قرضہ جات میں اضافہ دیکھنے میں آیا۔ ایک اور مثبت پیش رفت ملک میں امن و امان کی صورت حال میں ہونے والی بہتری تھی اور یہ ان عوامل میں سے ایک ہے جو کاروباری اعتماد میں اضافے کا باعث بنے۔

معیشت کی تیز رفتار ترقی بالخصوص بیرونی اور مالیاتی اعتبار سے اپنے ساتھ کئی آزمائشیں بھی لے کر آئی۔ بیرونی سطح پر پھر سے بڑھتے ہوئے دباؤ نے پاکستانی روپے میں اشد ضروری ایڈجسٹمنٹ کی راہ ہموار کی اور پاکستانی روپیہ دسمبر 2017 کے اوائل میں گراؤ کا شکار ہوا، تاہم اس کے بعد سے کرنسی قدر سے مستحکم رہی ہے۔ 2017 کے دوسرے نصف میں 2.5 ارب امریکی ڈالر

ہماری کارکردگی

الحمد للہ، سال 2017 میزان بینک کے لئے قابل ذکر کامیابیوں کا سال تھا۔ کم ڈسکونٹ ریٹ کے باوجود جیسا کہ اوپر ذکر کیا گیا، میزان بینک نے بہترین نتائج دیئے اور ملک کے سب سے بڑے اسلامی بینک ہونے کا اعزاز برقرار رکھا۔ میزان بینک کو ملک کا سب سے تیزی سے ترقی کرنے والا بینک ہونے کا اعزاز حاصل ہے۔

میزان بینک کے 2017 کے اہم کاروباری نتائج درج ذیل ہیں۔

اہم کاروباری نتائج	2017	2016	اضافے کی شرح
سرمایہ کاریاں	420 ارب روپے	312 ارب روپے	35% ↑
برانچ نیٹ ورک	601 شعبے	571 شعبے	5% ↑
موجودگی	159 شہر	146 شہر	9% ↑
جمع شدہ رقم	673 ارب روپے	564 ارب روپے	19% ↑
کل اثاثے	782 ارب روپے	658 ارب روپے	19% ↑
منافع بعد از ٹیکس	6.31 ارب روپے	5.56 ارب روپے	14% ↑
موجودہ حصص یافتگان کے لئے 6% رائٹ البٹو	3 ارب روپے	-	100% ↑
ایکویٹی	34.3 ارب روپے	28.1 ارب روپے	22% ↑
تجارتی کاروبار (درآمدات و برآمدات)	710 ارب روپے	552 ارب روپے	29% ↑

Annexure to the Directors' Report

For the year ended December 31, 2017

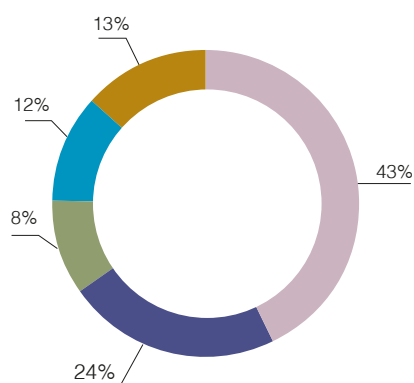
The purchase and sale of shares by the Directors, Chief Executive, Chief Financial Officer (CFO) and Company Secretary, their spouses and minor children during the year are given below:

	Number of Shares as at Jan. 01, 2017	Number of Shares purchased during the year	Number of Shares sold during the year	Bonus Shares allotted during the year	Right Shares Subscribed	Number of Shares as at Dec. 31, 2017
NAME OF DIRECTORS						
Mr. Mohammad Abdul Aleem	184,325	-	-	-	11,059	195,384
Mr. Noorur Rahman Abid	2,857,683	-	-	-	171,460	3,029,143
Mr. Irfan Siddiqui	3,218,067	-	-	-	193,083	3,411,150
Mr. Ariful Islam	1,796,393	-	-	-	107,783	1,904,176
CHIEF FINANCIAL OFFICER						
Mr. Shabbir Hamza Khandwala	554,131	-	-	-	33,247	587,378
HEAD OF INTERNAL AUDIT						
Mr. Ebrahim Yakoob	-	-	-	-	-	-
COMPANY SECRETARY						
Mr. Muhammad Sohail Khan	10,648	-	-	-	638	11,286

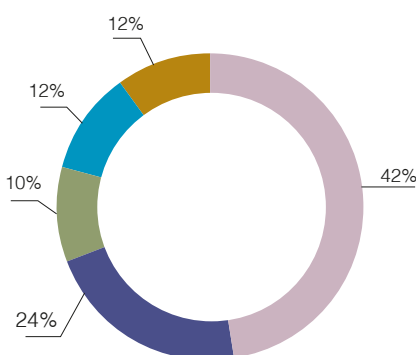
Statement of Value Added and Distributed

Value Added	2017 Rupees in '000	%	2016 Rupees in '000	%
Profit / return on Islamic financing, investments and placements - net of provision / reversal	34,766,800	97.0%	30,946,295	100.2%
Fee, commission and brokerage income	4,165,971	11.6%	2,619,769	8.5%
Dividend income	1,176,517	3.3%	744,090	2.4%
Income from dealing in foreign currencies	1,139,648	3.2%	1,207,563	3.9%
Capital gain on sale of securities and other income	1,094,520	3.1%	1,085,897	3.5%
	42,343,456		36,603,614	
Administrative and other expenses excluding salaries, depreciation, amortisation and workers welfare fund	(6,509,838)	(18.2%)	(5,715,311)	(18.5%)
	35,833,618	100%	30,888,303	100%
Value allocated as follows:				
To Depositors / Financial Institutions Profit on deposits and other dues expensed	15,272,792	43%	12,872,844	42%
To Employees Salaries, allowances & other benefits	8,431,392	24%	7,341,726	24%
To Shareholders Cash Dividend	3,008,213	8%	3,008,213	10%
To Government Workers Welfare Fund	241,377	1%	178,081	1%
Income tax	3,939,243	11%	3,381,225	11%
	4,180,620	12%	3,559,306	12%
To Expansion Depreciation & Amortisation	1,636,047	5%	1,552,816	5%
Retained in business	3,304,554	8%	2,553,398	7%
	4,940,601	13%	4,106,214	12%
	35,833,618	100%	30,888,303	100%

Statement of Value Added & Distributed 2017



Statement of Value Added & Distributed 2016



■ 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, 2017

	2017	2016
	Rupees in '000	
Income from financing activities	20,793,510	14,888,529
Income from investments	5,969,474	9,455,774
Income from placements with financial institutions	8,612,593	6,372,190
Other income attributable to pools	2,209,095	1,262,613
Total Income	37,584,672	31,979,106
Less: Directly attributable charges to pools including takaful (Note)	(959,646)	(650,841)
Less: Profit on assets allocated to IERS and other special pools	(5,035,426)	(3,921,857)
Less: Profit share allocated to bank's equity and other pools in Mudarabah pools	(9,249,421)	(6,195,117)
Gross distributable Income	22,340,179	21,211,291
Mudarib (Bank) share of profit before Hiba	11,323,001	10,200,347
Less: Hiba from Mudarib (Bank) share	(1,491,157)	(976,328)
Net Mudarib (Bank) share of profit	9,831,844	9,224,019
Rab-ul-Maal share of profit	12,508,335	11,987,272
Rab-ul-Maal share of profit is distributed as follows:		
Remunerative depositors' profit share in Mudarabah pools	12,508,335	11,987,272

The Bank maintain following four remunerative general pools:

	Net Income allocated to General Pool and bank's equity	Profit share allocated to bank's equity and other pools	Mudarib (Bank) share of profit	Hiba from Mudarib (Bank) share	Net Mudarib (Bank) share of profit	Remunerative depositors' share in Mudarabah pool
	2017					
	Rupees in '000					
Rupee deposit pool	30,903,519	9,158,057	10,872,732	1,491,157	9,381,575	12,363,887
Dollar deposit pool	644,561	78,055	424,879	-	424,879	141,627
Pound deposit pool	29,535	7,863	19,505	-	19,505	2,167
Euro deposit pool	11,985	5,446	5,885	-	5,885	654
	<u>31,589,600</u>	<u>9,249,421</u>	<u>11,323,001</u>	<u>1,491,157</u>	<u>9,831,844</u>	<u>12,508,335</u>
	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>

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

Statement of Inventory

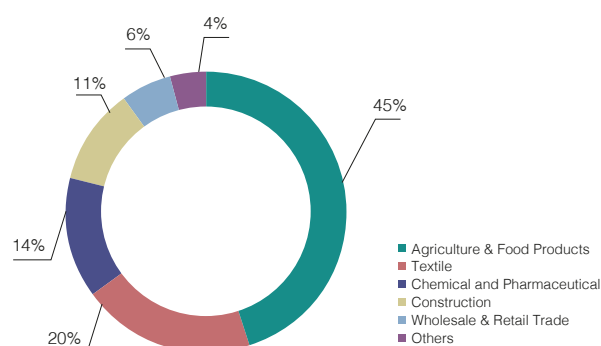
Meezan Bank provides financing through various sale-based modes including Murabaha, Musawamah, Istisna, Tijarah, Salam, etc. Under these modes, the Bank either purchases the goods to be financed or gets them manufactured. It then sells the goods to the customer on spot / deferred basis.

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

The goods lying unsold at the date of the financial statements are carried as inventory in the financial statements of the Bank. The sector wise detail of inventory held by the Bank as at December 31, 2017 is as follows:

Sector	Nature of Inventory	2017 Rs. in '000	2016 Rs. in '000
Agriculture & Food Products	Corn, Sugar, Soyabean, Canola, Rice (Grain, Paddy), Wheat, Spices, Syrups, Oil Cake	9,888,109	7,860,063
Chemical and Pharmaceutical	Chemicals, Medicines, Petroleum Products (HSD, LSFO, HSFO, PMG), Paints, Fertilizer	2,988,451	1,204,048
Construction	Iron & Steel, Sanitary items & Fittings, Pipes, Cement Bags	2,314,681	187,025
Footwear & Leather Garments	Wet Blue, Finished Leather	375	4,978
Paper, Packaging & Material	Packing Material, Chip Boards, Glass Vials, Glass Bottles	79,493	98,414
Textile	Cotton (Raw Cotton, Bales, Fabric, Yarn), Bed Sheets, Garments, Home Textile Products (Towels, Pillow Covers, etc)	4,241,682	3,200,391
Wholesale & Retail Trade	Rock Phosphate, Coal, Caps and Corks, Edible Oil, Dairy products, Juices, Confectionary Items, Baby Products, Toiletries, Medical Machinery	1,332,267	893,486
Others	Poultry Feed, Float Glass, Polypropylene, Olein Oil, Copper Wire, Bottle Caps, Ship Scrap, Battery Lead Panels, Electronic Components, Sport Goods, Cars, ATM Machines, Fans, Foam, Auto Spare Parts	937,754	2,334,297
Grand Total		21,782,812	15,782,702

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	2017		2016	
	Amount	%	Amount	%
Diminishing Musharakah	6,629	30.84%	6,004	40.21%
Running Musharakah	6,276	29.20%	2,652	17.76%
Ijarah	2,036	9.47%	1,860	12.46%
Istisna	1,989	9.25%	1,354	9.07%
Wakalah	1,753	8.16%	615	4.12%
Murabaha	1,072	4.99%	948	6.35%
Musawamah	907	4.22%	752	5.04%
Tijarah	449	2.09%	342	2.29%
Others	385	1.78%	404	2.70%
Total	21,496	100.00%	14,931	100.00%

Business and Operations Review

Business Review

Meezan Bank, in its sixteenth year of operations as a full-fledged Islamic Commercial Bank, maintained its growth momentum and recorded excellent results for the year 2017. Profit after tax increased to Rs 6.31 billion from Rs 5.56 billion in 2016 – a commendable growth of 14%. The Bank has the distinction of being the fastest growing bank in the industry with a branch network of over 600 branches in more than 150 cities and an asset base of Rs 781 billion. The Bank's variety of product offering serves the masses, mid-tier customers and premium banking customers.

Key achievements of the Bank during the year are as follows:

- 19% growth in the deposit base, which closed at Rs 673 billion
- Growth in financings by 35% with ADR improving to a historically high level of 62%
- Trade business volume surpassed Rs 700 billion
- Successful upgrade of core banking software Temenos (T24)

The Bank issued 6% Right shares to the existing shareholders at a price of Rs 50 per share (inclusive of Rs 40 as premium per share) enhancing the Bank's equity by Rs 3 billion and further strengthening its Capital Adequacy Ratio (CAR). The Bank's CAR now stands at 12.89%, well above the minimum mandatory level of 11.28% for the year 2017.

The Bank maintained its current and savings accounts (CASA) ratio despite intense competition in the industry for mobilization of low cost deposits. The Bank's excellent brand image, effective relationship management and extensive network of over 600 online branches in more than 150 cities enabled it to not only enhance its deposit base but also maintain optimal cost of funds. The Bank's extensive and well-distributed branch

network gives it excellent outreach throughout the country and has been a key contributor to its success.

Financing portfolio of the Bank grew by 35% in 2017. The Bank recorded a growth of 29%, 53% and 48% respectively in Corporate, SME/Commercial and Consumer segments. The Bank has also engaged with International Finance Corporation (IFC) and Karandaz Pakistan to further penetrate the SME and Commercial sector. The Bank's focus remains on building a high quality financing portfolio targeting the best corporate, commercial and retail clients. The financing portfolio is well-diversified by segments, with maturities comfortably balanced at 67% in short-term and 33% in long-term. The Advances to Deposit Ratio (ADR) of the Bank improved to 62% as compared to 55% in 2016. The Bank's non-performing financing ratio of 1.5% is one of the lowest in the Banking industry which reflects on the excellent asset quality of the Bank.

Trade business volume handled by the Bank achieved an impressive growth of 29% over the previous year. This achievement was the direct result of the Bank's customer centric approach supported by its extensive branch network and efficient Treasury management. The Bank considers trade finance as a core business activity as it not only brings trade related fees, forex and other ancillary income but also contributes to its current account balances, and thereby, to its overall profitability.

The Bank also successfully upgraded its core banking system Temenos (T24) to the new release of R16. All Alternate Distribution Channels (ADC) services remained fully functional during the entire upgrade period, a first in the banking industry in Pakistan. This upgrade, besides enhancing system efficiencies, has enabled the Bank to offer new services such as Digital Banking, facilitated quick development of new products and has enabled integration with Fintech and other digital channels.

Retains
Top Position as the
**Best
Islamic Bank**
at the
2nd Pakistan
Banking
Awards 2017

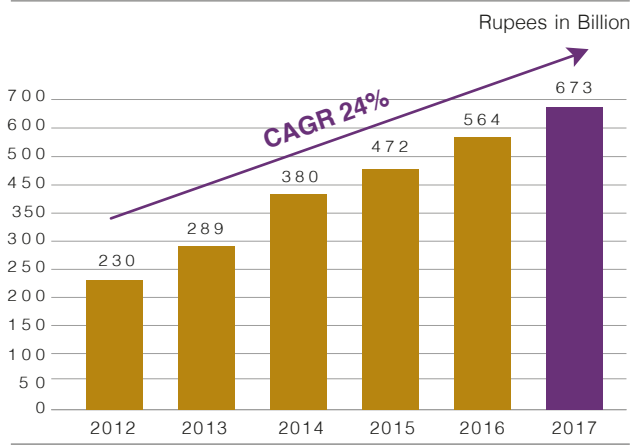


Retail Banking

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, 2017 stood at Rs 673 billion, increasing 19% over 2016. CASA mix remained stable at 74% enabling the Bank to minimize the impact of reducing spreads as a result of historically low rates.

Deposits



Meezan Bank has the largest Islamic banking customer base in the country. 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 (out of a total of 30 conventional and Islamic banks) in a short span of 15 years, which has only been possible due to the continuous support and patronage of its customers.

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

Meezan Bank's relentless focus on ease and convenience of access to its value-added products has led the Bank to offer the latest and best of cutting-edge secure technological solutions. The Bank offers a highly diverse portfolio of digital channels for accessing its products, thus providing convenient banking on-the-go.

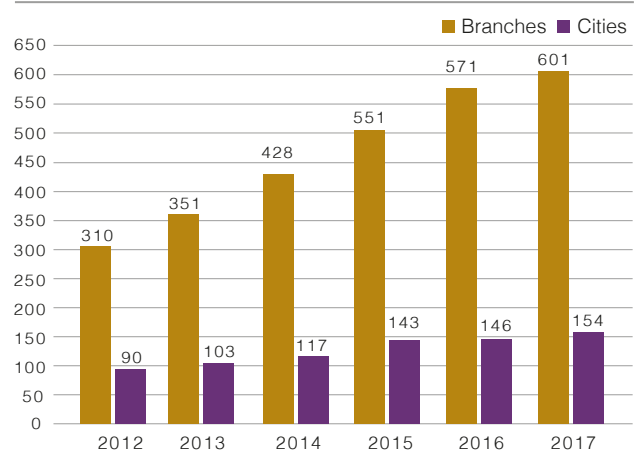
The Bank's customers now have multiple, always available touchpoints to access their financial information, ranging from ATMs to internet, mobile and SMS banking, in addition to tailored services provided

through branches. Meezan Bank's Call Center is only a single, convenient phone call away, ready to guide customers on issuing debit cards or obtaining Shariah-compliant house financing.

The rich and ever-expanding set of features on Meezan Bank's digital touchpoints mean that customers can transfer funds, pay bills, view the discounts available nearest to them and get detailed information on their account activity and financing offerings whenever and wherever they want.

Enriching customer journeys and expanding the array of branchless services is a key focus for 2018. At the same time, the Bank will continue its efforts to develop into a highly customer centric bank that offers personalized customer services.

Branch Network



Wealth Management

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

Meezan Kafalah

Meezan Kafalah is a Shariah-compliant alternative to Bancatakalul products. It is a simple and profitable savings plan with natural life Takaful coverage, along with many features that make it an attractive deposit product for customers. Meezan Kafalah has received a 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.

To date, the Bank has provided Takaful coverage to more than 22,000 customers.

Meezan Premium Banking

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

Premium Banking customers enjoy priority service at all branches and also have access to state-of-the-art Premium Banking Centers in major cities of the country. During the year, a new Premium Banking Desk at Tufail Road Branch – Lahore was also inaugurated to facilitate high net worth customers of the area.



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

- Meezan Mastercard Platinum Debit Card – the Bank’s most prestigious Debit Card, offering access to local and international lounges, discounts at selected retail outlets and restaurants across the country, along with higher transactional, withdrawal and fund transfer limits.
- Access to airport lounges at Karachi, Lahore, Islamabad, Multan and Sialkot and selected airports in Middle East through Meezan Mastercard Debit Card on international flights.
- Dedicated Premium Banking Centers at Karachi, Lahore, Islamabad, Faisalabad and Sialkot.
- Private conference rooms for short business meetings at Premium Banking Centers.
- Premium Phone Banking – a dedicated Call Center exclusively for Premium Banking customers.
- Fee waivers on selected banking and ADC Services.

Alternate Distribution Channels

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

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

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 digital innovation. The main focus of the Bank’s digital strategy is to provide customers with convenient and secure access to their accounts for all banking requirements, wherever and whenever they require.

Customers can use ADCs for all their basic banking

needs - cash withdrawal, shopping and payments, e-commerce i.e. online shopping, funds transfer, bill payments, balance and statement inquiries, product and services information and complaint registrations, among many other services 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.

Strengthening of Alternate Distribution Channels

The Bank further strengthened its Alternate Distribution Channels during 2017. Countrywide ATM Network was enhanced with an addition of 35 new ATMs, taking the total number of on-site and off-site ATMs to 580. Meezan Bank strives to maintain one of the best up-times for its ATM services and customers’ trust is evident in the increasing transaction volumes on the Bank ATMs which increased by 26% during the year.

Meezan Bank’s Mobile Banking App gives customers easy access to their accounts through their smart phones, providing them a wide range of banking services such as funds transfer, bill payment of over 46 utility companies, payment and top-up of phone credit and viewing account balance on a user-friendly and portable mobile interface. With over 270,000 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 more than doubled during the year.

The Bank’s in-house Call Centre is managed by a large team of phone banking professionals, facilitating customers and the general public nationwide for banking transactions and general banking or product enquiries.

The numbers of subscribers to the Bank’s SMS Alert Service grew by 31% while its Debit Cards also continue to gain popularity among customers by virtue of offering one of the finest features in the market i.e NFC & EMV Chip. The total number of Debit cards increased by 45% while the number of Point of Sale (POS) transactions also increased by 49% during 2017. Record growth was also achieved in the area of e-Commerce transactions that grew by almost seven fold during the year.

Meezan MasterCard Platinum and Visa Platinum cards contribute in serving the Bank’s Premium banking customers through unique propositions that include higher withdrawal limits, higher discounts, complimentary access to domestic and international airport lounges and other benefits.



The Bank also launched PayPak Debit Card during the year powered by Pakistan's first indigenous payment scheme managed by 1-Link, 'PayPak'. One of the key objectives of this scheme is to enhance the reach of affordable payment services across Pakistan.

Continuous focus on Innovation and Security

The Bank has recently launched the FonePay App, which is powered by MasterCard Masterpass. This App allows Meezan Bank's customers to pay by scanning the QR code at merchant outlets with their smart phones. Over 50,000 FonePay merchants were registered during 2017 to accept QR payments. In recognition of launching this innovative payment system in Pakistan, Meezan Bank was awarded Mastercard's 'The most innovative solution deployed to displace cash' award for the MENA Region.

Meezan Bank partnered with VISA and Mastercard and launched Pakistan's first contactless Debit Cards during the year. The EMV (Europay, Mastercard and VISA) embedded microchip based cards offer the most advanced security feature to the Bank's customers to prevent skimming frauds. Furthermore, the NFC (Near Field Communication) technology available in the cards allows customers to conveniently 'Tap n Pay' for their purchases at merchant outlets.

As a part of its continuous efforts to provide the most secure banking experience to its customers, Meezan Bank also signed up with Visa and MasterCard for their 3D Secure services known as 'Verified by Visa' and

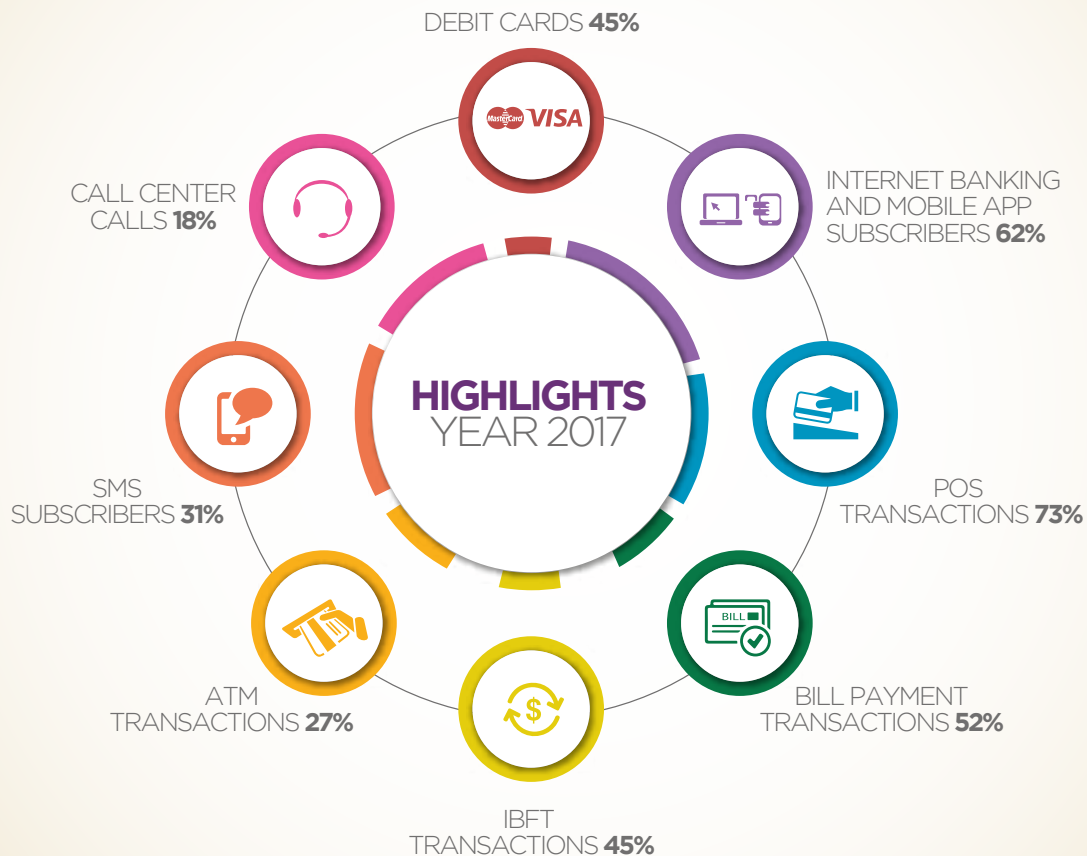
'MasterCard SecureCode' respectively to provide the ultimate standard of online security to its customers for their ever increasing e-commerce transactions.

A 24/7 Transaction Monitoring Unit was also setup to monitor all critical ADC transactions on real time basis in order to detect any suspicious transactions or patterns and take immediate steps to protect the Bank and its customers.



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

Growth% compared to 2016



Payments and Cash Management

The Bank offers two Cash Management products, Meezan eBiz and Meezan eBiz+. More than 1000 Corporate, Commercial and SME customers are availing the benefits of this electronic product suite to manage their collections, payments, MIS and reconciliation needs, resulting in increased business productivity.

Meezan eBiz

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



Meezan eBiz+

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



- Manage collections through branches as well as electronic and ADC channels
- Manage payment like funds transfer, Inter Bank Funds Transfer, Payorder issuance, RTGS, corporate cheques issuance as well as e-Dividend payments
- Real Time Information through online reporting for reconciliation and transactional alert through SFTP, email and SMS
- Host to host integration with customer ERP system for both collection and payments execution
- Dedicated Customer Service / Client Service Team

With excellent system integration capabilities, the Bank has not only received a very positive response from local companies but also from multinational companies, and acts as a trusted strategic partner for their transactional banking needs. The number of Cash Management mandates being handled by the Bank grew by over 80% during the year.

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 progressively grow this business segment.

In order to promote its home remittance business, Meezan Bank launched a two-month long marketing campaign in the month of Eid-ul-Adha, through which customers were encouraged to use banking channel for remittance. The campaign targeted Cash-Over-the-Counter (COC) beneficiaries in the local market which enabled the Bank to make inroads into the yet untapped market where the beneficiaries were already receiving funds via unofficial channels. The Bank also increased its outreach, expanding its market share in the UAE, and tapping new markets in Australia and Japan.



To facilitate its customers the Bank runs a dedicated Home Remittance Customer Support service. This unit directly resolves queries of Home Remittance customers in order to provide them better service and prompt resolution of complaints.

Branchless Banking

Almost 70% of Pakistan's population remains unbanked due to reasons such as lack of access to a physical branch network, hesitation to avail interest-based banking facilities, stringent KYC etc. Providing this section of the population access to Islamic banking is a major step towards realizing Meezan Bank's Vision of establishing 'Islamic banking as banking of first choice'.

There are over 140 million mobile phone subscribers in Pakistan while the total number of bank accounts is only around 35 million. At the same time, the total number of 'smart phones' in the country is now reported to have crossed 40 million and availability of 3G and 4G services means that mobile phone subscribers can now easily conduct banking transactions – namely payments (P2P, B2P, G2P, etc.), mobile top-ups, account transfers etc. The Bank is well positioned to serve this market segment, being one of twelve banks in the country that have a 'Branchless Banking' license – a prerequisite to this product offering.

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 traditional products required by companies for managing their working capital and trade finance needs to more sophisticated and innovative solutions for large-scale investments. By drawing on the expertise of in-house product specialists and Shariah scholars working under the guidance of 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 and deliver suitable value-added products that fulfil the diverse business needs of the Bank's corporate clients.

As a part of its efforts to efficiently satisfy the financing needs of its customers, the Bank recently up-graded its credit approval process and implemented 'BRisk', an automated Financing Origination and Approval System. The system is capable of electronically originating and processing Financing Proposals, Internal Risk Rating and Calculation of Risk Weighted Assets. Implementation of this system will not only monitor and improve turnaround time of financing approvals but will also lead to paperless processing and archiving of financing proposals.

Despite the business challenges faced during the year caused by uncertain political environment and declining exports as well as the increasing competition among banks, the Bank was able to perform well both in terms of Corporate Banking financing and trade.



MoU signing ceremony with Punjab Board of Investment and Trade

Corporate Financing

The Bank grew its corporate financing portfolio by 30% over the year. The focused business development strategy adopted by the Bank to vigilantly build a high quality and well diversified portfolio has enabled the Bank to grow its corporate financing book at a CAGR of 30% since 2013, with non-performing financing kept under 1.6%.

A detailed description of financing products offered by the Bank is on page 61.

Investment Banking

Meezan Bank provides a wide range of advisory services and financing solutions including on-and off-balance sheet structured finance, project finance, syndications and Sukuk to cater to both short and long term financing needs of its clientele through Shariah-compliant modes. With a team of highly qualified and experienced professional including ACAs, MBAs, ACCAs and CFA Charter holders, the Bank is well equipped to provide strategic advisory and creative financial solutions for raising equity and Shariah-complaint financing for its clients. During 2017, the Bank successfully led arrangement of over Rs. 232 billion in financing and capital market transactions, bringing the total volume of Investment Banking transactions arranged by the Bank to Rs. 780 billion.

The 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 clientele.

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

Investment Banking Awards 2017



Major Investment Banking Transactions



WAPDA – DASU – I

2,160 MW Hydel Power Project
Syndicated Project Finance Facility

Rs. 144 billion

Mandated Lead Arranger
& Advisor & Shariah
Structuring Agent



Power Holding Private Limited

Syndicated Islamic
Term Finance Facility

Rs. 20 billion

Mandated Lead Arranger



Sukh Chayn Valley Private Limited

Syndicated Islamic
Term Finance Facility

Rs. 2.275 billion

Mandated Lead Advisor &
Arranger, Investment Agent,
Shariah Structuring Agent



Cherat Cement Company Limited

Syndicated Islamic Finance Facility

Rs. 13 billion

Lead Advisor & Arranger,
Shariah Structuring Agent and
Investment Agent



Shifa International Hospitals Limited

Syndicated Islamic Finance Facility

Rs. 2 billion

Lead Advisor & Arranger,
Shariah Structuring Agent and
Investment Agent



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

Meezan Bank is cognizant of the fact that in order to achieve its Vision of establishing 'Islamic Banking as banking of first choice' it must increase the outreach of Islamic banking well beyond the blue-chip corporate sector. Accordingly, the Bank has developed a very clear focus on developing the SME and Agriculture sector, which represents the backbone of Pakistan's economy, and achieved a 56% growth of the total financing portfolio of this segment.

Small & Medium Enterprises

Small and Medium Enterprises represent more than 90% of business entities in Pakistan and growth and development of this sector is of vital importance for sustainable socio-economic development of the country. The Bank has employed a dedicated team to cater to the banking needs of this segment of the economy. The Bank closed its SME financing book at Rs 14.2 billion in 2017 against Rs 10.5 billion in 2016, registering a 35% growth.

One of the key challenges in making banking inroads in this sector is availability of trained human resources. Recognizing this challenge, the Bank is working with several universities in Punjab and Sindh to address the capacity building constraint in the SME segment.

The Bank engaged the International Finance Corporation (IFC) for providing advisory and technical services for revamping its exiting SME financing segment into a robust SME Banking Model. According to IFC, the Bank is well positioned to capitalize on the opportunities available in the industry.

The Bank has achieved significant growth in SME financing segment during last 3 years, and IFC feels that the Bank has the potential to grow this business to the next level through a focused growth strategy. The Bank is now working aggressively on developing new SME Banking products to launch a full fledged SME Banking Model in 2018.

Supply Chain Financing Program with Karandaaz

In 2015, the Bank partnered with Karandaaz Pakistan to initiate a program for providing financing to vendors and distributors operating in organized supply chains in Pakistan through structured financing programs otherwise also referred to as Value Chain Financing (VCF).

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.

The program entails partnering with key corporate customers to provide financing to their supply chain business partners. Towards this end the Bank has signed mandates with top tier corporate operating in Automotive, Fertilizer & FMCG sectors of the economy are in place. This initiative has successfully brought a large number of SMEs customers in the financing net through structured financing programs. The VCF program achieved good traction during 2017 and the portfolio more than doubled during the year.

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. 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. The Bank's Agriculture financing portfolio grew by 40% during the year.

Portfolio Mix

Meezan Bank has a diversified commodity financing mix, well-spread amongst Wheat, Edible Oil & Seed,

Cotton Ginning, Fertilizer, Coal, Sugar, Rice, Feed, and Steel sectors. Furthermore, the Bank is continuously exploring new and untapped sectors of the economy in order to enhance its portfolio and to diversify its risk.

Non Performing Finances

Despite the strong growth in asset numbers, the Bank has maintained strong credit screening and Risk Management criteria, since these form the backbone of any financing institution. Testimony to the effectiveness of the Bank's strong credit approval criteria is the fact that the Bank's NPL ratio for the Commercial Banking segment has improved from 3% to 2%

Commercial Vehicles Financing

Meezan Bank entered the Commercial Vehicles financing business in January 2016. The Bank provides financing for commercial vehicles' needs of the SME and Corporate sector such as Oil, Goods, Passenger, Logistics and Transportation Companies. Financing is offered for all types of Commercial Vehicles ranging from Heavy Trucks, Prime Movers and Buses to Light Commercial Vehicles.

The Bank has built a portfolio of Rs. 8.10 billion within a short span of two years, with an outstanding portfolio of Rs. 6.5 Billion as of December 31, 2017.



Trade Business

Islamic Banking is ideally suited to cater to the trade finance needs of customers and the Bank's trade business (Import & Export) performed very well in 2017, registering a 29% growth. The Bank, with excellent service delivery capabilities and well equipped teams of professionals, has been trusted both by local customers and multinational companies to be the strategic banking partner for their 360 degrees banking needs.

Consumer Finance

Meezan Bank is the pioneer in providing Shariah-compliant consumer financing in the country and offers various consumer asset products to its customers. Performance for 2017 is provided below:

Car Ijarah

The automobile industry of Pakistan grew by 26% in 2017 with car sales standing at 274,236 units compared to 217,679 units last year. A major reason



for this increase was high demand triggered by launch of new models by Toyota and Honda. Reduction in financing cost due to low SBP discount rate further incentivized customers to avail car financing.

Meezan Bank, 16 years after launching its Auto Finance business, is among the top three banks in the Auto Finance market of Pakistan with over 23,000 active contracts that comprise new, used and imported vehicles. The Auto Finance portfolio of the Bank grew by a healthy 45.6% during the year.

The Bank has remained active in implementing a number of changes to improve the infrastructure, product features and management of its Auto Finance business. The Bank follows a strategy of maintaining stringent credit criteria for the Consumer Finance segment.



Easy Home



Islamic banks have emerged as key financiers for the housing sector and Meezan Bank, the largest Islamic bank in Pakistan, stands amongst the leading Housing Finance providers in the country. Housing Finance portfolio of the Bank grew by 28% during the year, with the disbursement figure for 2017 being the highest ever Housing Finance disbursement in a single year.



Meezan Consumer Ease

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



Labbaik Hajj & Umrah



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

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

In its third year of enlistment i.e. 2017, the Bank collected over 45 thousand Hajj applications and retained its 4th position among the ten (10) banks on MORA's panel.

Highlights of the current season include allocation of reserved Hajj quota to Meezan Bank for widows, low income employees, ministers etc. Only the top four Banks were given this privilege. The purpose built Hajj booths in 10 cities of the country facilitated more than 15,000 pilgrims. Apart from special giveaways, Saudi Riyals were also available in ample quantity to the satisfaction of the pilgrims. Meezan Bank's Karachi Haji Camp pioneered to be the only bank booth (nationwide) which offered ATM facility to the pilgrims.

Labbaik also facilitates customers who wish to perform private Hajj or Umrah through packages of well-reputed travel agents on the Bank's panel and 400 pilgrims availed this facility. 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 Partners.

Labbaik Travel Asaan provides two payment alternates to customers i.e. Upfront Plan in which the customer pays the complete cost before travelling and the Instalment Plan in which the customer makes a down payment before travelling while the balance amount is paid in 12 equal monthly instalments without any additional charges.

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



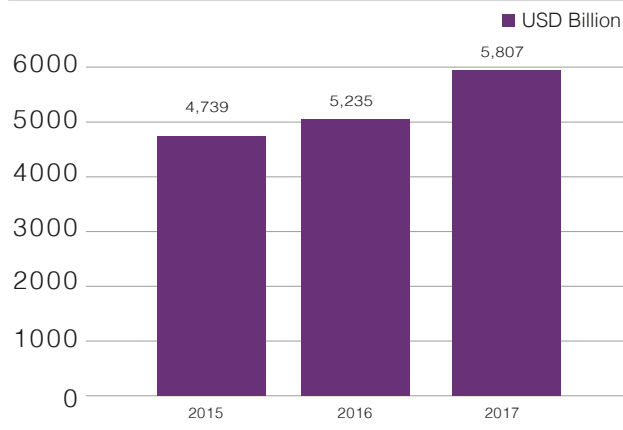
Treasury and Financial Institutions

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 serves the foreign exchange needs of its clients but also makes effective utilization of excess liquidity to generate profits that are paid as return to depositors.

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 the Bank, its trading desk has started facilitating other inter-bank counterparts in hedging their G7 exposure.

Over the past few years, the Bank has intensified its focus on developing its human resource, systems, processes and offerings. This well blended combination of people, process, products, and systems, coupled with the Bank's customer-centric approach has yielded great benefits for the organization. Notwithstanding stable exchange rates and a general lull in business activity and forward bookings, Treasury's sales team not only booked sizable trade volumes, increasing trade turnover by over 11% during the year, but also delivered on its target expectations for the year. The Bank's strong sales efforts and well-tailored products helped in not only deepening existing relationships but also forging new ones.

Volume of FX Business routed through Treasury



The FX Interbank Desk lent much support to the sales team due to its active presence in the market. Not only did they trade robust volumes on the USD PKR counter, but also increased their activity in the G7 markets, taking on substantial exposures backed by trade transactions.

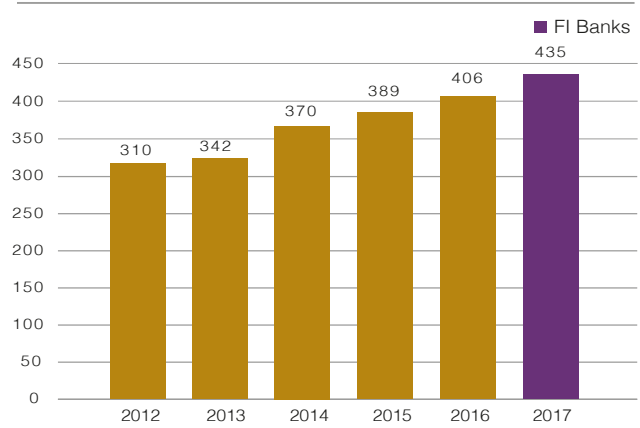
With the branch expansion strategy in motion and a steadily increasing deposit base, the treasury book also increased in quantum. The ALM Desk hence faced with the daunting task of effective deployment of excess liquidity, given the limited avenues for investment and placement available to Islamic banks. Enhancing the challenge, the Islamic money market also remained liquid due to maturities amounting to Rs 93 billion on account of Bai Muajjal and GOP Ijarah 15 issue with the State Bank of Pakistan. The ALM desk managed these inflows through successful participation in the Sukuk auction of GOP Ijarah 19 issue, as well as through successive Bai Muajjal transactions totaling Rs 150 billion, done on a secured basis, so as to ensure effective deployment of funds while incurring minimal capital charge. In addition, the ALM Desk capitalized on the market movements, realizing capital gains to the tune of Rs 291 million for the Bank, based on their firm grip and view on the market.

The Bank's Financial Institutions (FI) and correspondent banking network grew further keeping in view the Vision and Mission of the Bank. To provide wide area of service across the globe, relationships with a number of banks have been developed. The Bank's Correspondent Banking network now spreads to 86 countries with over 700 correspondents. The broadened network provides customers with one stop solution for their banking needs including export and import transactions, foreign remittances etc.

Back to back guarantee business has also expanded with an increased number of international banks and this reflects an improved image of the Bank internationally as well as an enhanced level of comfort of correspondent banks. The beneficiaries of these guarantees include government and private entities including SSGC, Pakistan Railways, CMA, Civil Aviation Authority and various others with applicants belonging to 18 countries.

In order to support the Bank's growing trade business the number of Correspondent Banking arrangements increased from 406 to 435.

Correspondent Banking Network



With an aim to provide better services to its customers for their international remittances involving trade and personal remittances, two new nostro accounts were opened with J.P. Morgan Australia and ICBC Pakistan for Australian Dollar and Chinese Yuan respectively. The Bank currently has 25 active nostro accounts in 17 currencies which enables its customers to carry out their banking transactions without facing onerous currency conversion charges.

DID YOU KNOW

ISLAMIC BANKS
MAINTAINING DEPOSITS
WITH THE STATE BANK

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



AI Meezan Investment Management Limited

Asset Management

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

AI Meezan, with a track record of over 22 years of Fund Management, 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 developed a healthy investor base of over 70,000 customers, who have entrusted the company with providing them unique investment options and competitive returns.

Since inception, the company has grown considerably and has added to its credit multiple achievements. The Company offers a comprehensive product suite of 14 mutual funds and multiple investment plans spanning from basic equity and income funds to commodity funds, dedicated equity fund and aggressive asset allocation funds. The company also manages the largest Voluntary Pension Fund in Pakistan. With Assets Under Management (AUMs) crossing the Rs. 100 billion mark in December 2017 (including Separately Managed Accounts), AI Meezan is the largest Shariah-compliant Asset Management company in the country. It has a market share of 16% in mutual funds industry and 40% in the Shariah-compliant mutual funds segment.

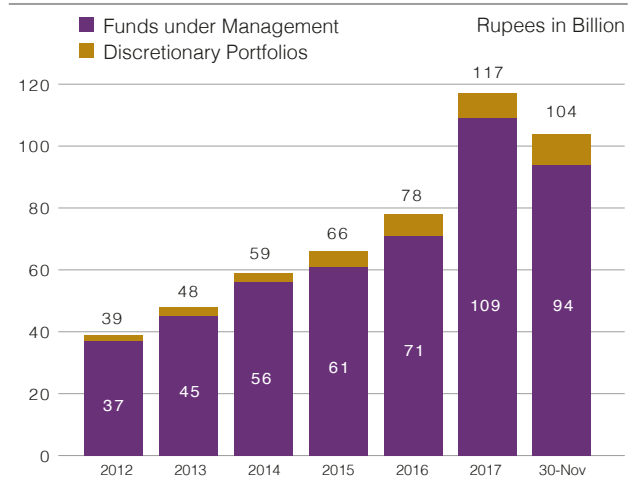
AI Meezan has also won several accolades during 2017 as given below:

- Best Islamic Asset Management House of the Year-Pakistan
The Asset Triple A
- The Award for Maximum Mutual Fund IPO's
SAFE-PSX Pakistan IPO Summit
- CIO 100 Honoree (2017)
CIO 100 Symposium
- Asset Management Company of the year –Gold
IFFSA Awards 2017

During the year, the JCR-VIS Credit Rating Company upgraded Management Quality Rating of AI Meezan from AM2++ to AM1, which denotes that the Asset Manager exhibits excellent management characteristics. This is the highest management quality rating that could be assigned to any management company, thus placing AI Meezan at the top of the rating scale and denotes excellent management characteristics.

The AUMs of AI Meezan have recorded an average annual growth of over 18% 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 Dedicated Equity Fund (MDEF). Moreover, four additional plans, namely Meezan Strategic Allocation Plan – III (MSAP-III), Meezan Strategic Allocation Plan IV (MSAP-IV), Meezan Strategic Allocation Plan V (MSAP-V), Meezan Capital Preservation Plan III (MCPPIII) were introduced during the same period that have generated considerable investor interest and enthusiasm. The plans are part of the series under our existing fund of funds i.e. Meezan Strategic Allocation Fund (MSAF).

The fund-wise break up of assets under management along with return on these funds since inception and for calendar year 2017, are as under:

Islamic Mutual Funds	Net Assets - Rs. million (December 31, 2017)	Annualized Return since Inception till December 31, 2017	CY17 Returns	FY17 Returns
Equity				
Al Meezan Mutual Fund (AMMF)	6,940	16.5%	-18.7%	23.0%
Meezan Islamic Fund (MIF)	40,296	19.3%	-19.4%	22.9%
KSE Meezan Index Fund (KMIF)	1,593	17.5%	-18.2%	15.9%
Meezan Energy Fund	1,516	N/A	-6.8%	6.9%
Meezan Dedicated Equity Fund*	1,332	N/A	-3.2%	N/A
Fixed Income				
Meezan Islamic Income Fund (MIIF)	10,994	14.1%	4.2%	5.1%
Meezan Cash Fund (MCF)	8,345	10.8%	5.8%	6.1%
Meezan Sovereign Fund (MSF)	2,364	10.6%	3.9%	6.6%
Asset Allocation Fund				
Meezan Asset Allocation Fund	2,818	2.6%	-15.5%	18.1%
Balanced Fund				
Meezan Balanced Fund (MBF)	7,999	14.7%	-10.6%	14.9%
Fund of Funds				
Meezan Financial Planning Fund of Fund				
Aggressive	518	13.1%	-14.1%	16.9%
Moderate	293	11.2%	8.4%	13.3%
Conservative	309	8.7%	2.4%	9.7%
MAAP-I	834	9.2%	-8.2%	18.8%
MAAP-II	720	7.4%	-16.6%	18.1%
MAAP-III	2,271	7.1%	-16.6%	18.0%
MAAP-IV	594	0.3%	-16.1%	16.9%
Meezan Strategic Allocation Fund				
MSAP-I	2,095	-5.1%	-15.2%	8.9%
MSAP-II	1,408	-14.5%	-15.4%	-1.2%
MSAP-III*	1,500	N/A	-16.7%	-3.3%
MSAP-IV*	1,685	N/A	-15.4%	-3.0%
MSAP-V*	532	N/A	-3.2%	N/A
MCCP-III*	64	N/A	0.1%	N/A
Commodity Fund				
Meezan Gold Fund	382	2.4%	5.7%	-7.2%
Pension Fund				
Meezan Tahaffuz Pension Fund				
Equity Sub fund	5,185	16.4%	-20.5%	20.4%
Debt Sub Fund	2,347	11.2%	3.1%	4.9%
Money Market sub fund	752	10.9%	3.2%	4.4%
Gold sub Fund	44	-4.4%	6.5%	-9.4%
Total	92,907			

*launched in CY-2017

Operations Review

For an organization to deliver products and services that consistently meet the expectations 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 Shariah Advisor and the Shariah Supervisory Board (SSB) as well as with the Bank's Policies and Procedures. Some of the key support units are:

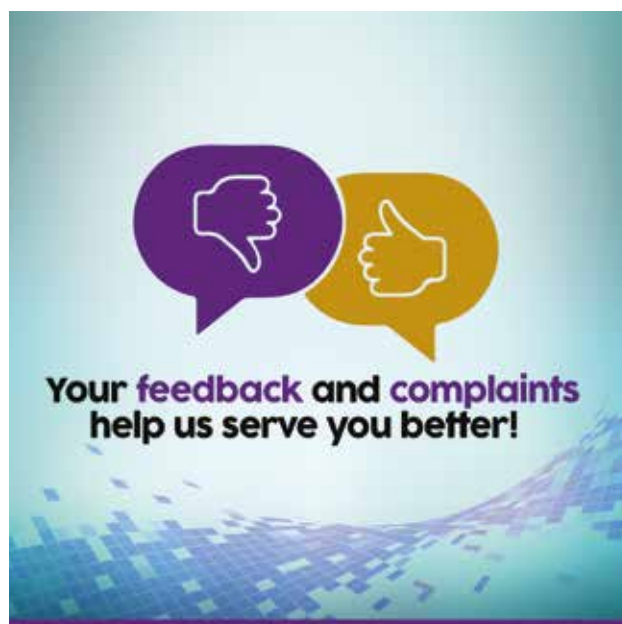
Service Quality

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

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

The Bank has developed Key Service Indicators that help its dedicated Service Quality team evaluate and report on the performance of branches and Head Office departments on a common and clearly defined scale. This team also evaluates the Service Quality Rating of branches through a Branch Service Scorecard. The Bank also uses service evaluation techniques such as Mystery Shopping and conducts Customer Satisfaction Surveys for obtaining feedback from customers for improving its product and services.

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



Information Technology

Meezan Bank delivers its customers a superior banking experience through state-of-the-art technological solutions that provide smooth, secure, efficient and convenient access to its products and services.

The Bank's digital strategy is focused on having a robust, stable, secure and always-available platform. Its digital readiness further enables it to seamlessly and efficiently incorporate the latest technologies and infrastructure, facilitating expansion of its portfolio and touchpoints with new, agile and enterprise-class solutions.

Some of the key technology-related initiatives of the Banks in 2017 were:

Core Banking System Upgrade (Temenos T24 Upgrade to Release 16)

Meezan Bank has a robust Core Banking platform that is extremely reliable, scalable and resilient, and is able to deliver uninterrupted round-the-clock operations. To ensure maximum uptime, the Bank has in place a recovery mechanism for all critical services, enabling it to comfortably manage its increasing transaction volumes.

The Bank upgraded its core banking system to T24 R16 during the year. This project has helped the Bank improve work efficiency at both its branches and Head Office. The system is capable of modular enhancements and eases the task of business process re-engineering across the organization. The Bank optimized the upgrade process so that a 52 hour conversion process was completed in just 18 hours, during which time the Bank's ADC services were available throughout, providing its customers uninterrupted banking convenience.

Business Process Automation - Providing Agility and Efficiency

Automation in Credit Management, Swift, RTGS, Cash Management and integration with external financial systems have all increased back-end efficiency, translating into increased front-end effectiveness and a better customer experience. Integration of different business models has also enabled the Bank to simplify complex business processes.

Digital Transformation Readiness

The development of Enterprise Integration capabilities has enabled Meezan Bank to conveniently integrate with mobile applications, financial technology companies, telecommunications corporations, e-shopping providers as well as its business partners. This has enabled the Bank to increase its reliance on digital solutions and is proving very useful in enhancing and expanding the Bank's portfolio of financial products and services.

State-of-the-Art Network Security

In 2017, the Bank deployed advanced network security solutions across its branches and on its network, providing increased security and information protection. The various technology initiatives undertaken have enabled the Bank to grow as Pakistan's premier innovative digital bank and are contributing towards its 3-pronged digital strategy of Go Mobile, Go Social and Go Analytical. The key focus

of all these efforts is to provide a world-class banking experience to its 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 regard. Various checks and balances ensure that all the products, services, processes, policies and procedures of the Bank are fully Shariah-compliant. To continually meet this objective, a dedicated department 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, conducting 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 that 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 2,500 such cases were processed during 2017. The Bank's staff also visited over 170 clients to gain hands-on understanding of their business processes to develop Shariah-compliant financing solutions that suit their needs.

The Bank supported Pakistan Mercantile Exchange (PMEX) for development of a Shariah-compliant liquidity management platform to support the Islamic banking industry and successfully conducted a test transaction through this platform.

In order to increase access of financing to the SME segment, the SSB approved a new product that enables SMEs in managing their cost of financing. The SSB also modified and improved the existing structure for Murabaha-based shares financing. The Bank is also focusing on program-based financing to the SME

sector and in this regard Guidelines for Commercial Equipment and Commercial Vehicle Ijarah have been issued.

Staff members of the Bank worked with IBA CEIF for development of articles and case studies on Islamic banking products and practices. A case study on the challenges being faced by Meezan Bank, titled 'Meezan Bank: Category leader in Islamic Banking', jointly written by IBA and Meezan Bank, was accepted and published by Emerald.



Generally, very few solutions are available to support the financing needs of the travel industry and one of the important needs of travel operators is issuance of guarantees in favor of various beneficiaries. The Bank has developed guidelines for providing a Shariah-compliant guarantee solution to travel operators, based on the nature of security being offered by them.

In order to reduce Turn-around Time of transaction approval process, the Bank developed standardized Shariah process flows of Murabaha, Istisna, Tijarah, Running Musharakah and Commodity Salam and is also working on standardization of other processes.

The Bank is also working with State Bank of Pakistan's sub-committee on National Financial Inclusion for the development of a low cost housing finance solution for the masses.

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 145 billion, which is now 34% of the Bank's total financing portfolio. The Shariah Supervisory Board has also approved certain guidelines to improve the controls and risk management of Running Musharakah product.

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

- Infrastructure development financing of Government by jointly structuring syndicated solution of up to Rs. 144 billion to WAPDA for construction of 2,160 MW run-of-river Dasu Hydropower Project Stage-1
- Wakalatul Istismar-based structure for Power Holding Pvt Ltd for their funding requirement of Rs. 30 billion

- Syndicated financing of Rs. 13 billion for capacity expansion project of a large cement producer
- Diminishing Musharakah-based solution for Rs. 2.275 billion financing for development of residential colony in Islamabad
- Diminishing Musharakah based structure for Shifa International to facilitate financing of Rs. 2 billion for their expansion project

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 M1 Motorway generating Shariah-compliant financing of Rs.71 billion.
- The Bank has been actively supporting the State Bank of Pakistan for various matters relating to the Islamic banking industry, such as improvement of Shariah Governance Framework, solutions for Energy Finance Scheme, issuance of new Sukuk etc
- The Bank's RSBM, Dr. Muhammad Imran Ashraf Usmani, also played an important role as a member of the Implementation Committee formed by the Finance Minister to implement the suggestions being laid down by the Prime Minister's Steering Committee. The Bank also supported the Government towards introduction of tax reforms for Islamic banking in the last federal budget.

Internal Training

- Meezan Bank has put into place a rigorous training regime for its staff, in order to enhance their knowledge and skills on Islamic finance. The learning initiatives include basic orientation for all new staff, specialized functional modules on various business products and processes, certificate programs on Islamic banking as well as refresher programs. During the year more than 93 sessions were held where knowledge pertaining to Islamic banking was extended to more than 3,000 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 professionals and academicians from abroad to share their knowledge on various practical and academic issues with the Bank's middle and senior level staff.

External Training (Customer & Public Awareness Initiatives)

- Meezan Bank's efforts towards realizing its Vision have led to numerous projects and partnerships focused on creating awareness about Islamic banking among different segments of the society. The Bank arranged approximately 55 seminars in more than 38 cities of Pakistan which were attended by more than 5,600 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 at a number of reputable universities across the country
- In the scholastic field, Meezan Bank also provides support to Journal of Islamic Banking and Finance through contribution of academic and scholarly articles and research papers



The Bank continued to play 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. In this regard, various sessions for banking practitioners, Shariah scholars, judges and academicians were conducted with the support of Meezan Bank.

One of the initiatives of IBA-CEIF was to conduct banking knowledge and awareness sessions for Shariah scholars. Under this initiative a total of five sessions for Shariah Scholars, seven for small traders and three sessions for Zakat funds utilization were conducted during 2017.

Meezan Bank is also a 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 dedicated and independent 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 is 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
- Support bank's staff in learning, developing and refining Shariah skills as a tool to mitigate Shariah non-compliance risk
- Conducting on-site sessions with staff members to enhance their Islamic banking knowledge; training sessions on 'How to improve Shariah Audit Rating' are also conducted as a hand-holding activity at branches across the country
- 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 process in order to ensure Shariah-compliance as well as to protect depositor's rights as 'Rab-ul-maal'
- Continuously improving the quality of Shariah reviews and audits by the way of introducing new risk-based evaluation methodologies and models for assessing 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 an arrangement with Pakistan Mercantile Exchange (PMEX) for developing a liquidity management solution through which the pilot phase of Shariah-compliant Commodity Trading Platform was launched. This liquidity management solution would provide a Shariah-compliant platform for introducing Islamic alternatives to T-bills and bonds and thereby provide a much needed liquidity investment venue to the industry. The Bank also assisted Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in developing draft of Internal Shariah Audit Standard.



The Bank extended Islamic financial advisory services in Australia to an Islamic cooperative institution related to housing finance and also conducted training of their

directors and staff. The Bank is in the process of advising the institution to introduce Takaful services in Australia as well. The Bank also extended its services to Bahrain Institute of Banking and Finance (BIBF) through sharing its expertise, knowledge and experience by preparing content for upcoming AAOIFI courses. For this purpose, the Bank prepared presentations simplifying the clauses, short case study / practical examples and self-assessment exercises for all AAOIFI Shariah and Accounting Standards.

In the area of Capital Markets, the Bank facilitated its clients in launching numerous investment funds and plans across the year, bringing total funds and plans under advisory to more than 45 with a total size of over PKR 140 Billion. The Bank provided regular support to Pakistan Stock Exchange (PSX) in maintenance and re-composition of the two Islamic indices. In addition, the Bank also supported PSX in developing a solution for introducing a dedicated Islamic Counter at PSX for Shariah-conscious investors, besides extending support to National Clearing Company of Pakistan Limited (NCCPL) and Securities and Exchange Commission of Pakistan for introducing a Shariah-complaint shares financing product.

The Bank also extended its support to industry players such as National Institute of Banking and Finance (NIBAF), Centre for Excellence in Islamic Finance – Institute of Business Administration (IBA CEIF), Institute of Bankers Pakistan (IBP) and Pakistan Stock Exchange (PSX) by assisting in conducting various sessions on Islamic banking and finance.

The Bank offers distance learning programs on Islamic Finance to professionals and students through an internally established unit 'International Institute of Islamic Bankers' (IIIB), which is 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 a practical case study based interactive course designed by experienced industry professionals.

Human Resources

Being the country's leading Islamic bank and one of the largest banks in the country, 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 600 branches across more than 150 cities is supported by a staff of over 8,000 full time employees and 1,400 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.

The Bank has worked towards becoming an Employer of Choice by attracting, developing, retaining and caring for best quality resources, and continually striving to build a dynamic and professionally competent workforce. In 2017, the Bank inducted 1,919 staff, out of which 232 were inducted through batch hiring. The batch hiring initiative enables the Bank to develop a regular talent pipeline for its ever expanding branch network. It also enables the Bank to contribute to the society by providing employment opportunity to qualified, competent but otherwise professionally inexperienced youth and developing them into professional bankers.

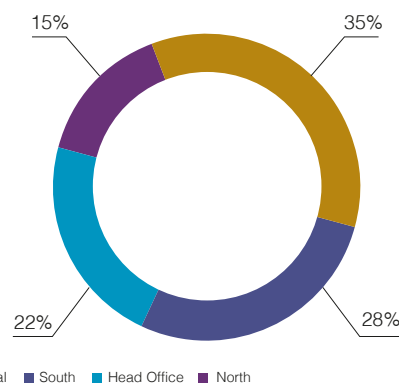
One of the batches of 2017 was a BSO (Cash Officers) Batch. In which substantial number of officers were hired. A differently abled individual was also inducted in this batch so as to provide such individuals the opportunity to realize their full potential by giving them career opportunities where they can be productive despite the challenges they face.

A new batch program for the induction of PDSC Shariah Scholars batch, which was a first-of-its-kind initiative in the Islamic banking sector, was initiated in 2017. Six qualified Shariah Scholars were inducted under this program. With this batch on-board, there are now 10 Shariah Scholars working with the Bank in Product Development & Shariah Compliance and Shariah Audit & Advisory departments enabling the Bank to develop innovative Islamic banking products, conduct trainings and carry on research for providing financing solutions to customers.

The active recruitment exercises helped in growing the Bank's Headcount by 4.7% in 2017.

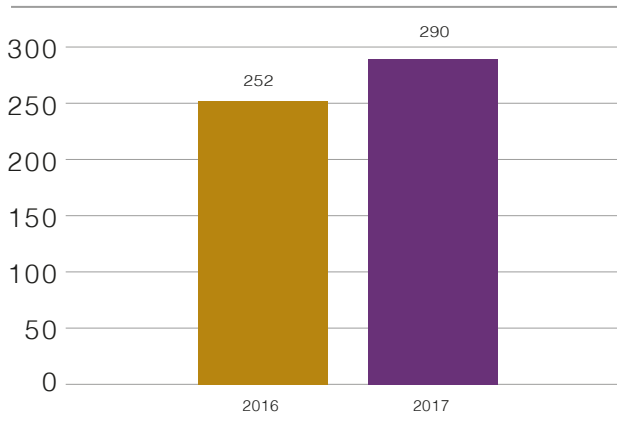
Staff Headcount		
	2016	2017
Central	2,738	2,833
North	1,141	1,195
South	2,241	2,295
Head Office	1,623	1,783

Staff Headcount



The Bank believes in providing career development and diversification opportunities to its staff such that they may find growth and progress within the organization. One manifestation of this belief is that the Bank gives its staff a fair and equal opportunity to apply for vacancies created within the organization. During 2017, 19 jobs were filled through internally sourced talent, while 292 elevations were made across the Bank at different levels (as compared to 252 elevations in 2016). This approach creates a culture of merit-based career growth within the Bank and is also a strong enabler in talent retention.

Elevations



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

A testimony to the Bank's commitment to following best practices in its HR matters is the HR awards that the Bank has won. The Bank received the following prestigious awards during the year:

- Best HRM practices award in the category of 'Large National Companies' by Employers Federation of Pakistan. The award was announced at the Annual International HRM Conference held in November 2017 at Karachi. The conference was supported by the International Labour Organization (ILO).
- Meezan Bank was ranked as The Best Place to Work in the Financial Services Industry and was also among the top 10 Best Places to Work in Pakistan, as announced by Engage Consulting and Pakistan Society of Human Resource Management in October 2017.
- Meezan Bank secured third position in Employer of the Year 2016 Awards in the category of 'Large National Companies,' organized by the Employers' Federation of Pakistan.

The achievements have helped the Bank come closer to achieving its goal of becoming the Employer of First Choice, which is another step towards its Vision of establishing Islamic banking as banking of first choice.

Learning and Development

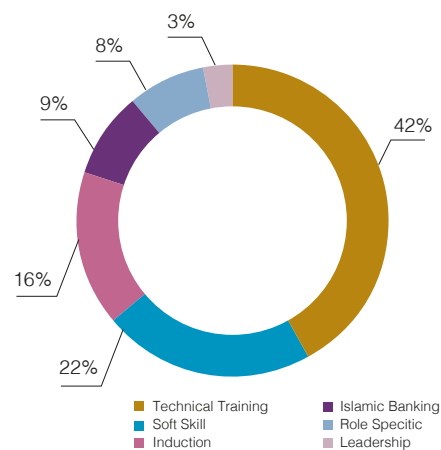
Meezan Bank is not only the largest and leading Islamic bank in Pakistan, but is also one of the largest banks in the country. This success could not have been achieved without a motivated and professionally competent team. Meezan Bank's learning and development philosophy consists of providing a variety of learning opportunities to its staff through in-house, external and international training programs. The Bank has three dedicated learning centers located at Karachi, Lahore and Islamabad and additional training facilities at Multan and Peshawar where learning

programs are conducted across 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. The Bank provides a multitude of learning opportunities to its staff through different channels comprising classroom, video conferencing, e-learning and knowledge sharing sessions.

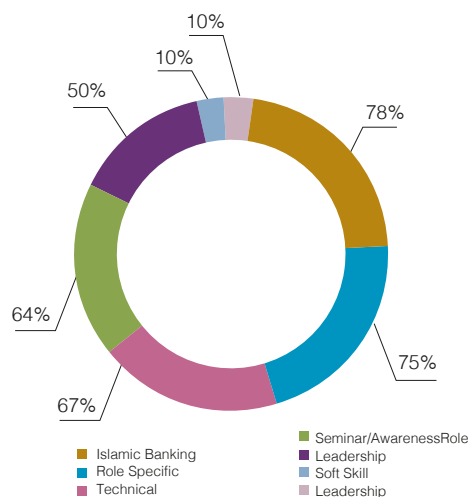
The Bank conducted a total of 489 in-house learning programs for 14,729 (7,860 unique) participants encompassing 677 learning days. In-house trainings comprise induction, Islamic banking, technical, role-specific and leadership/soft skills programs.

Induction Programs are mandatory for all new staff. The primary purpose of these programs is to get the new joiners familiarized with Meezan Bank's Vision, Mission, culture, values, history, key policies etc. There are two types of Induction Programs: the 'Orientation Program', which is a two-day program for all new joiners and the 'BSO Batch Training' which is a ten-day program for freshly inducted batches of Branch Service Officers (BSO).

Internal Trainings Sessions



External Trainings Sessions



Islamic banking trainings are a major element of the Bank's learning regime. A total of 43 different Islamic banking training programs were held across the country. These programs included Islamic Banker's Certification (basic and advanced levels), 6 Days advanced Islamic Finance course, Asset Refresher programs, Improving Shariah Audit Rating, Senior Executives Islamic Banking, Shariah Governance Framework Trainings etc.



As a part of the Bank's focused efforts to continually upgrade the quality of its customer-facing staff, several role-specific programs were conducted across the year. These included: Transformation of Personal Bankers into High Performing Inbound Sales Force, Transformation of Business Development Officers into High Performing Outbound Sales Force, Workshop for Newly Elevated Operation Managers, Cash Operations Refresher for BSO Cash Officers, Account Opening Refresher for PBOs, Branch Manager Certification etc.

Technical trainings, designed to develop specific technical capabilities of staff handling specialized assignments, include AML/CFT, Foreign Exchange Regulations, Trade, Export/Import, Preparation of Credit Proposal etc. The Bank laid special focus on AML/CFT training programs this year and a total of 59 sessions were held across Pakistan, benefitting 2,212 staff.

The Bank also organized 121 soft skills programs benefitting 3,326 staff members. These programs comprised Leadership Development Program for Islamic Financial Institutions, Transforming Managers into Leaders, Train-The-Trainer etc.

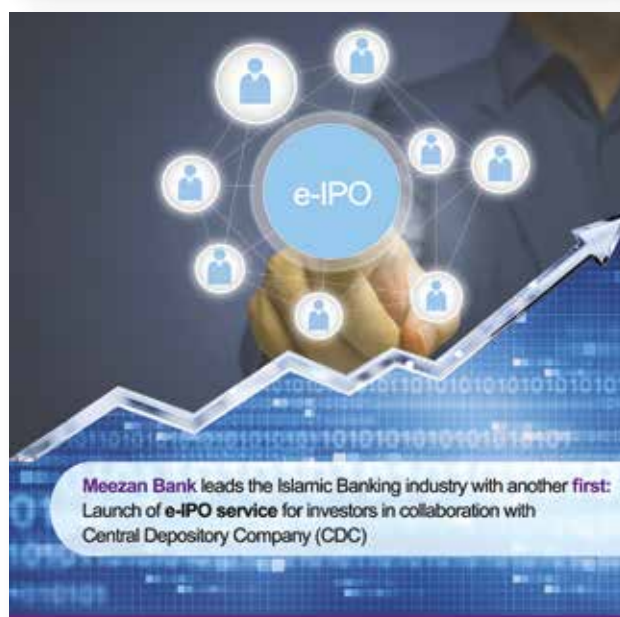
The Bank regularly invests in external training programs and staff of all levels are regularly sent to attend carefully selected training programs conducted by professional training organizations.

Operations

Meezan Bank's Operations department works as a partner of all business units and is responsible for end-to-end operations of Retail Banking, Trade Finance, Credit Administration, Centralized operations, Debit Cards, Cash Houses, Treasury and Capital Market operations, Mutual Funds, Reconciliation, SWIFT and Central Bank Reporting. The primary function of the Operations department is to ensure that all transactions are accurately processed in line with Meezan Bank's internal policies, procedures and standard operating

procedures (SOPs) as well as Shariah guidelines, SBP regulations and all related legal requirements. Proper alignment of operations capabilities with overall organizational goals and objectives has a significant impact on business performance, and consequently, on competitive strength. Cognizant of this fact, Meezan Bank has developed its Operations function into a strong, resilient and effective business partner for revenue generating functions, thus providing the needed impetus to its efforts of establishing Islamic banking as banking of first choice.

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



Marketing & Corporate Communication

During 2017, the Bank launched several initiatives focused on enhancing its brand image and highlighting the various milestones that it had achieved.

CELEBRATING

15

YEARS OF
ISLAMIC BANKING
IN PAKISTAN

SAY NO TO RIBA TODAY

In line with Meezan Bank's completion of 15 years, a celebratory campaign was launched through traditional, digital & social media accompanied with on-ground activities in the branches to thank customers for their patronage and support.

Major Initiatives to Support & Promote Islamic Banking

- The Bank placed its corporate and product ads on top of Islamic pages of major newspapers of the country to promote the cause of Islamic banking.
- Live sessions, video interviews of CEO & senior management & product videos were shared with public through the Bank's social media channels to create general awareness of Islamic finance.
- Exclusive and informative Q/A message on difference between Islamic and conventional banking was designed for Facebook which reached a large number of people across the country.



Events & Sponsorship

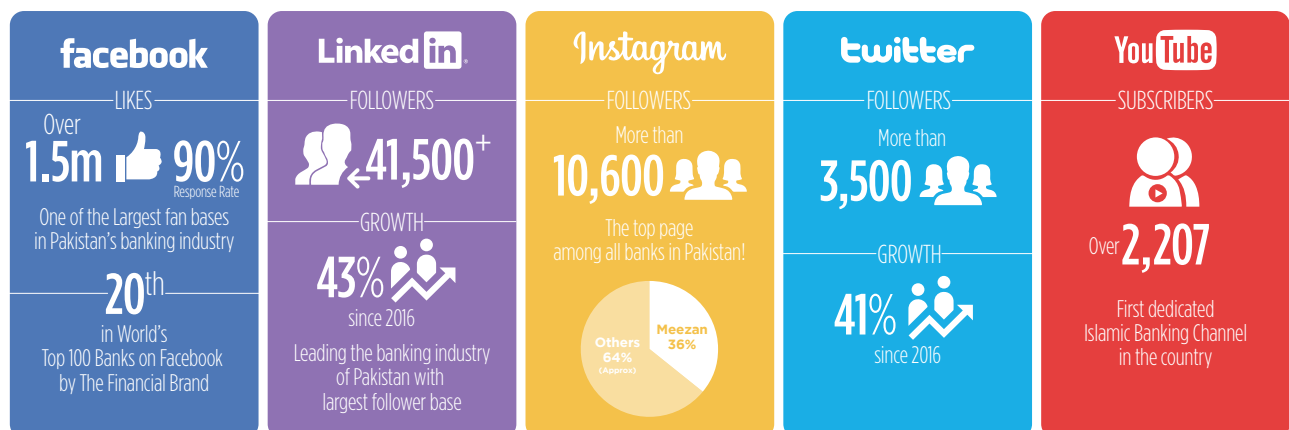
The Bank sponsored and participated in more than 20 public events nationwide that provided excellent marketing mileage and increased its brand visibility as well as promoted awareness of Islamic banking among the general public.



Exclusive Product Campaigns on Traditional, Digital & Social Media

- Meezan Debit Card campaign to highlight the most innovative and advanced features of our new cards
- Meezan Mobile App campaign to highlight the speed and ease of use of Meezan Bank's Mobile App
- Riba se Azaadi
- Current Account
- Over 15 product focused in-house campaigns on social media for Car and Home financing, Home Remittance, Current Account & Kafalah.

MEEZAN BANK'S SOCIAL MEDIA PRESENCE & FOOTPRINT



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 2017, the Bank partnered with various organizations to design and implement initiatives, primarily in the healthcare and education sectors, benefitting the society.

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

Education

Employee Volunteering for TCF Rahbar – Youth Mentoring Programme



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

Meezan Bank supported this mentoring program, which is driven by 'Thought to Destiny' theme whereby Bank employees voluntarily mentored TCF students by dedicating their six Saturdays during the last cycle of Rahbar in 2017.

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



Cooperative Vocational Trainings (CVTs) 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 (Technical and Vocational Education and Training) Reform Support Programme 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 received a 6-month classroom training at the partner institute and were later provided with a 6-month on-job training program, which commenced with rigorous branch banking training and in the second phase by placement at various departments of the Head Office.

Meezan Bank, through this unique certified program has been able to groom and empower the candidates with the necessary training and skills, enabling them to now earn better livelihood and support their families.

Given the positive and progressive impact of this initiative

that also falls in line with our robust gender action plans to encourage more female participation, the Bank has employed three candidates from this Programme, offering them permanent positions at different departments.

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 Islamic finance, Meezan Bank worked closely with these institutes to facilitate development and launch of training programs on Islamic banking and finance and co-author case studies and research papers. Meezan Bank's employees also participated as guest speakers in several executive programs at these educational institutions. This contribution plays an instrumental role in the promotion of ethical practices across the country, as the Bank aims to equip students and executives with adequate Islamic knowledge and professional skills.

The partnerships have proved to be a great success and more than 1500 students have benefited from this initiative since inception.



IBA Ihsan Trust National Talent Hunt Program

Meezan Bank's partnership with Institute of Business Administration (IBA) for the Ihsan Trust National Talent Hunt Program to select meritorious, yet needy students of various Intermediate Boards of the country entered its ninth successive year in 2017. 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 40 students were selected and given admission in IBA out of the 57 students who were shortlisted following the Orientation Program and Admission Test.

Professional Education Foundation (PEF)



Professional Education Foundation (PEF) is a not-for-profit organization established in 2009 with the sole aim to

financially support the underprivileged students in their professional education. Since its establishment, PEF has funded around 1200 students at 34 public sector universities across Pakistan.

Meezan Bank facilitated PEF in its Zakat/Donation collection campaign during the month of Ramadan while also serving as their awareness partner, providing visibility to the organization through placement and distribution of flyers at selected branches across Pakistan.

Healthcare

The Indus Hospital



Since its inception in 2005, the Indus Hospital (TIH) 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. 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 The Indus Hospital through successful voluntary Blood Donation Drives at its Head Office located in Karachi. This year, as always, the Bank held a blood donation drive with the objective of encouraging people to donate blood while at the same time keeping track of their health conditions. Staff members from Head Office and branches participated in this activity with great enthusiasm. In addition to proper screening for blood donation, the staff members were also screened for various diseases including Hepatitis as well as other infectious diseases for free.

TIH Golf Fundraiser

Meezan Bank, with its aim to support quality healthcare for all segments of the society, supported The Indus Hospital in its Golf Fundraiser, held at Karachi Golf Club. The event engaged more than 100 golfers and top CEOs of several organizations. This fundraiser not only helped create awareness about the philanthropic activities of TIH, Karachi but also helped collect voluntary financial support to expand the number of beds in the hospital vicinity.

Layton Rahmatulla Benevolent Trust (LRBT) Golf Tournament 2017



Layton Rahmatullah Benevolent Trust (LRBT) is Pakistan's largest non-governmental organisation working to fight blindness in the country. Established in 1984, it is based in Karachi with hospitals and primary eye care centres throughout the country.

Meezan Bank participated in the LRBT Golf Tournament, held at the Karachi Golf Club. This was the first charity golf tournament held by the organisation to raise funds for the treatment of Cataract, Glaucoma, retinal and corneal diseases among underprivileged children and adults who cannot afford the treatment. The event also helped raise awareness regarding LRBT reaching another milestone of

treating its 37th million patient - a 6 year old girl from Malir, Karachi.

Shaukat Khanum Memorial Cancer Hospital (SKMCH)



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

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

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

Behbud Association Karachi



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

Sustainability Report

As Pakistan's leading Islamic Bank, Meezan Bank believes in playing a prominent role in contributing to the United Nations Sustainable Development Goals (SDGs). With a key focus on responsible growth and environmental, social and governance impact; the Bank aims to develop and implement sustainable business practices that fully meet the expectations that the society has from responsible corporate citizens. Meezan Bank's consciousness of its responsibility towards society and stakeholders is also expressed in its Vision and Mission statements.

Stakeholders



Meezan Bank's stakeholders are the people and organizations that affect or are affected by its operations. The Bank's commitment to its stakeholders is central to its sustainability strategy and reflects the values that allow it to create shared success with its clients, communities and other stakeholders.

Stakeholder Engagement

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

Institutional Investors

Meezan Bank holds regulatory and internal meetings with its Institutional Investors in the form of Board of 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** a series of free Islamic banking education initiatives for all that are conducted across the country on a regular basis in order to enhance awareness and dispel common confusions about Islamic banking. Developed in partnership with the Bank's leading Shariah finance experts who break-down Islamic finance topics into approachable and tailored content; the seminars help individuals understand the concepts of Islamic finance and thereby promote the cause of Islamic banking as a whole. The Islamic banking seminars and workshops are open-to-public local events that are attended by residents and traders of the locality as well as members of local trade bodies and chambers. The seminars also give the Bank an opportunity to interact, understand and get feedback from customers for further improvement of products and services. In 2017, around 55 Islamic banking seminars and workshops were conducted nationwide across 38 cities that were attended by more than 5,600 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 give Meezan Bank's staff the opportunity to connect with customers and their families, hence strengthening relationship with customers.



Employees

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

Meezan Bank uses various means to ensure that its employees stay motivated and committed to the cause of Islamic banking and are groomed 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:

- **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 multiple on-site and off-site Strategy Sessions. The meetings, in addition to providing a venue for exchange of creative ideas also proved to be an effective team-building initiative.

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

Similarly, the fifth offsite Consumer Conference was arranged to celebrate business achievements, develop future business strategy and to review internal service measures to achieve even higher standards of customer service.

- **Skill-based Contests**

The Bank employs various methods to boost employee motivation, engagement and teamwork including knowledge and skill-based competitions. Apart from multiple online competitions, a photography contest based on the theme 'Spring at Meezan House' was conducted for staff stationed at the Head Office. The initiative received an overwhelming response from the employees. The Bank also invited an independent jury for the selection of ten best photographs; whose contributors received both awards and acknowledgment in the Bank's Newsletter.



- **Recruitment & Succession Planning**

Meezan Bank aims to strengthen its capabilities and secure customers primarily through recruitment of skilled professionals. The Bank believes that a sustainable and resilient organizational hierarchy forms the foundation for sustainable growth. The Bank develops sustainable policies for retaining and managing human capital at the Bank.

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 2017, the Bank recruited staff through batch hiring across the country for the positions of Branch Service Officers who are responsible for managing day-to-day operational tasks in the branches. All the batches were hired under a transparent and merit-driven process.

The Bank held 18 induction sessions through participation in Job Fairs held at different cities across Pakistan including Karachi, Lahore, Multan, Quetta, Mirpur and Islamabad to benefit from the entourage of competent and capable young individuals.

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

■ Employment of Special Persons

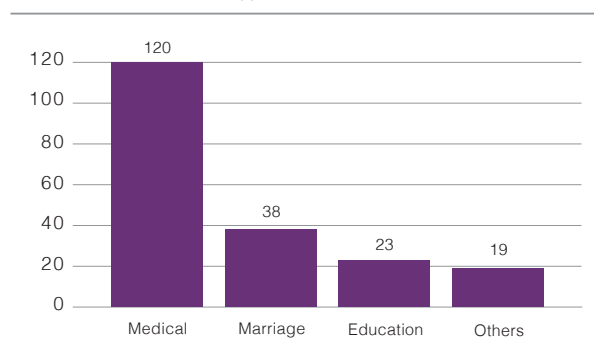
Meezan Bank operates under its corporate philosophy of providing merit-based support to people with disabilities, providing them livelihood and self-reliance opportunities. The Bank has hired people who face challenges such as lack of speech, inadequate or no hearing and physical deformity. These persons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

■ Employee Benevolent Fund Trust (EBFT)

Meezan Bank has always been on the forefront of providing its employees with the best opportunities to realize their potential. This forms part of the Bank's commitment to make this Bank a great place to work. As an extension of this philosophy, the Bank realizes its responsibility towards its employees and their families, encouraging a culture of respect and care. The Bank's Human Resource policies are dedicated to supporting employees during major life events. In addition to providing an extensive healthcare coverage to help meet the expenses of employees; the Bank also has a joint employee and company-funded Employee Benevolent Fund Trust (EBFT) that allows eligible employees to seek financial support for themselves and for their families during difficult times.

Nature of Approved EBFT Cases

The Bank processed a total of 204 cases during the year 2017 out of which 200 cases were approved.



■ Provision of Accelerated / Advance Bonus

This concept was introduced in 2017, under which the Bank facilitates its employees through provision of advanced bonus opportunity that allows them greater financial freedom. In addition, the Bank's pay-for-performance philosophy extends to Saturday Allowances for branches, paying eligible employees with additional wages for any additional hours they put in.

Internal & External Communication Channels

The Bank disseminates information about its various achievements, activities and initiatives to the external world by engaging 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.



Green IT: Introducing Energy Efficiency at work

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

Use of Technology to Reduce Business Travel

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

Encouraging Paper-free Environment

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

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

Increasing Energy Efficiency through a Next-Generation Data Center

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

Conducting Online Employee Satisfaction Survey

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

Implementation of the Bank's Intranet Portal

Meezan Bank became the first bank in Pakistan to launch a comprehensive intranet portal - Meezan World, based on the latest platform of IBM WebSphere and IBM Connections. The portal has the capacity to build workflows, facilitate project & document management, initiate discussions and also serve as Business Continuity Planning tool, allowing employees to work from any Meezan office, in case of an emergency.

Implementation of state-of-the-art T24 software

The Bank has a state-of-the-art T24 software to shift from paper-cheque payments to electronic payments. The software serves as a gateway for multiple banking services including treasury, electronic payments and foreign exchange transactions, apart from managing multiple payment channels including ATMs, Internet banking, mobile banking and others. In 2017, T24 usage has enabled efficient management of increased transaction volume of over 100%.

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.

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 to work. The mock branch at Karachi is also equipped with an ATM for hands-on ATM-related trainings.
- Keeping up with the Bank's aim of encouraging workforce development through a multitude of learning opportunities, Guest Speaker Sessions have been initiated for employees as well as Senior Management so they can get key insights from some of the most renowned industry experts and accomplished professionals and businessmen. The initiative has received a very favourable response from the audience and has helped broaden the intellectual horizon of the audience.

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.

Gym & Swimming Pool

The Bank encourages a healthy lifestyle for its employees by providing both male and female employees access to independent and modern gymnasium facilities and separate recreational areas at Meezan House along with a 1,200 sqft swimming pool. The facilities are supported by specialized swimming and fitness trainers to assist the staff in their exercise and diet routine.



Cafeteria at Subsidized Cost

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



Day Care Facility for Working Parents

In order to facilitate working parents at Meezan Bank, a Day Care Centre facility is available 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. Launched in 2015, this facility is warmly welcomed by employees and till date, 12 children have been enrolled and taken care of successfully.

Company Sports

Meezan Bank organizes a variety of sports activities for its employees. Cricket, a national favourite, is promoted within the organization and financial industry through participation of 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. This year the Bank held a branch evacuation exercise at a massive scale of 568 branches, in order to ascertain the level of preparedness in case of any emergency or disaster. 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 600 branches in more than 150 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.

The Bank has a complaint escalation mechanism whereby all complaints are escalated to the senior management if not resolved within the stipulated time. During the year 2017, the Bank upgraded its Complaint Management System with the implementation of round-robin functionality whereby complaints are automatically assigned to the concerned staff which resulted in increase in productivity of complaint handling of the Bank. Furthermore, the Bank enhanced the role of complaint management department for fixing the root-causes of complaints while resolving customer grievances. In Year 2017, the Bank received 49,851 complaints and average complaint resolution time was 4.5 working days.

Environmental Sustainability

Reducing Environmental Impacts of Business Activities

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

Energy Conservation through Re-Designed Branch Signage

An integral part of Meezan Bank's branding is its branch signage which is the most commonly visible image of the Bank. The Bank has redesigned its branch signages using new LED lights. After the redesigning, the overall energy consumption has decreased by approximately 60% compared to the previous design which used incandescent tubelights. Keeping in mind that the Bank has over 600 branches across Pakistan; this contributes significantly in reducing the overall energy consumption by the Bank.

Energy Conservation through Energy-Efficient Office Building Structure

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



Minimizing Carbon Footprint through Shuttle Bus Service

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

Maintaining Sustainable Banking Operations

The Bank has an extensive network in more than 150 cities across the country and strives to construct, manage and upgrade its facilities with sustainability and improved efficiency as its guiding principles. From various energy conservation efforts to the implementation of smart business practices, the Bank is now working towards increased awareness among its stakeholders to address and to minimize the social and environmental impacts of its operations. Some of these include:

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

Green Banking

Meezan Bank is committed to driving growth for green banking initiatives by financing clean-energy projects and engaging with environmentally conscious clients, investors and shareholders. The Bank is, therefore, continuously exploring opportunities to support and finance environment friendly projects as its contribution towards making our planet more sustainable. The Bank made this contribution by advising and arranging financing for the development of 180 MW of green energy wind farms in Pakistan. In 2017 only, the Bank committed Rs 25 billion green financing for the development of two mega hydro power projects with a combined capacity of around 3,200 MW.



The Bank is also evaluating various other opportunities for financing of low carbon high-impact clean energy projects. The Bank has also entered into an agreement with United State Agency for International Development ('USAID') for promoting the development of green energy in Pakistan and has developed an 'Environmental & Social Policy' that provides guidance and reaffirms the Bank's commitment to provide a better and sustainable environment for generations to come.

E-statements

The Bank also provides E-statement facility through which customers can receive periodical account statements directly via email. This facility is offered at no additional cost; all that is required is a personal e-mail address on which the e-statements are 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.
- 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 that forms part of its Human Resource Policy. The Bank's Disciplinary Action Committee (DAC) takes action on any violation of policies & procedures, acts of fraud & forgery, breaches of discipline and code of conduct, ethics & business practices, law of the land and any statutory regulations by an employee. Appeals of the staff against which DAC takes disciplinary actions are reviewed by an independent Disciplinary Action Review Committee, which has been formed with a view to ensure a fresh review of each appeal filed against the DAC decision. Furthermore, to ensure dignified and healthy work environment, the Bank has also established an Anti-Harassment Committee that deals with the instances of sexual harassment reported either verbally or in writing.

Rural Development Program

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 2018. The Bank has developed a reasonable portfolio in 2017 to cater agricultural financing needs of Sindh and Punjab. The Bank's focus on Shariah-compliant financing structures promotes profit and loss sharing, emphasizes on tangible assets and real economy and thus supports 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 and development of further Islamic financing products best suited for farming community. 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 this segment.

Meezan Bank's Contribution to United Nations Sustainable Development Goals

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

In September 2015, the United Nations (UN) introduced a set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable development agenda that has been adopted by 195 countries across the world. During 2017, Meezan Bank focused on the following Sustainable Development Goals (SDGs), which it believes are in line with its sustainability strategy.

1 NO
POVERTY



Through its commercial partnership with Deutsche Gesellschaft für International Zusammenarbeit and Vocational Training Institute for Women (VTIW); Meezan Bank has aimed to empower the underprivileged female individuals of the society enabling them to earn a livelihood for themselves and their families.

4 QUALITY
EDUCATION



Through its strategic initiatives Centres for Excellence in Islamic Finance at Lahore University of Management Sciences (LUMS), Institute of Business Administration (IBA) and IM Sciences (Peshawar), the Bank is making a substantial contribution in increasing the relevant skills for employment and entrepreneurship of youth in the country.

7 AFFORDABLE AND
CLEAN ENERGY



Through its focus on financing green energy projects in the country such as green energy wind farms and hydro power projects, the Bank is creating opportunities for modern and sustainable energy services and promoting investment in energy infrastructure and clean energy technology.

8 DECENT WORK AND
ECONOMIC GROWTH



Through its focus on employee development, training and championing public education and awareness regarding finance, the Bank is not only promoting a healthy work environment but also strengthening the country's economy by expanding the access of individuals to Islamic Banking.

17 PARTNERSHIPS
FOR THE GOAL



As Pakistan's first Bank to Partner with Karandaaz Pakistan for specialized Supply Chain Partnership Program, the Bank is strengthening domestic resource mobilization as well as mobilizing financial resources for SMEs in the country.

Source: www.un.org/sustainabledevelopment/sustainable-development-goals/

Report of the Board Audit Committee

Board Audit Committee (BAC) comprises of four non-executive directors having vast experience and knowledge of finance and accounting. The Chairman 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, compliance and governance processes in accordance with the requirements of code of corporate governance and Terms of Reference (ToRs) of BAC duly approved by the Board of Directors. During year 2017, 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 the AML environment, compliance and AML activity report, compliance policy and compliance program, Institutional Risk Assessment Framework (IRAF) – Self Assessment Questionnaire and SBP inspection reports alongwith monitoring of its compliance status.
- BAC reviewed internal Audit manuals, programs, revision in polices, ToRs of BAC and recommended the same for Board's approval.
- BAC reviewed Shariah audit manual and ensured compliance of corrective actions determined by Shariah Supervisory Board on the reports of Shariah audit.
- BAC reviewed the independent assurance report on compliance with Shariah rules and principles alongwith monitoring of its compliance status.
- BAC reviewed and had an oversight of implementation of Internal Controls over Financial Reporting (ICFR) program across the bank.
- BAC reviewed the internal quality assurance reviews along with its progress and implementation status.
- BAC conducted self assessment of its performance to review compliance with SECP Listed companies (code of Corporate Governance) and SBP circulars. Self assessment report was also presented to the Board.
- BAC reviewed statement on internal control system and recommended the same for endorsement by the Board.
- BAC also held separate meetings with external audit and internal audit respectively without the CFO and the management in line with the Code of Corporate Governance.



Mohammad Abdul Aleem
Chairman-BAC

Shariah Supervisory Board Report - 2017

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

All praises to Allah (ﷻ). This was the sixteenth year of Islamic commercial banking for Meezan Bank Limited which is under review. During the year, the Shariah Supervisory Board (SSB) of Meezan Bank held six meetings to review various issues, referred to them by the Bank.

Meezan Bank Limited has a team of professionals in the Product Development & Shariah Compliance department (PDSC) working under the guidance of RSBM. The 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, conducting Islamic banking trainings, Shariah-compliance review of branches, Head Office Units and for each class of transactions, 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 Audit Committee of Board of Directors' 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, SSB appreciate the efforts of the staff of PDSC and Shariah Audit Department for their efforts in promoting and strengthening the environment of Shariah compliance in the Bank.

It gives us comfort to note that other than few operational matters there are no other pending Shariah related issues in the Bank and this shows the high level of commitment of the staff, management and the board members.

It is also encouraging to know that there are more than 9500 staff members in the Bank who are the source of Halal income for their families.

During the year ended December 31, 2017 major developments are as under:

Research and New Product Development

The SSB recognizes the efforts of the Bank for conducting around 170 customer and industry visits to understand the business model and reviewing more than 2500 different types of transactions as per the guidance of RSBM/SSB.

Structuring and documentation of 5 syndicated transactions, involving hybrids of various structures such as Ijarah and Diminishing Musharakah, were prepared by PDSC under the supervision of RSBM. All the syndicate transactions were catered towards various government and private entities such as WAPDA, Power Holding Pvt. Ltd, Cherat Cement Ltd, Sukh Chain Valley, Shifa International for various purposes such as infrastructure development, capital expansion and power project financing. It is worth mentioning that to strengthen the Shariah-compliance control, physical inspection of delivery was carried in almost all the Istisna and Tijarah transactions.

The SSB appreciates the efforts of RSBM and PDSC team in playing an active role in the implementation committee made by the Federal Minister and in supporting Government for introducing tax reforms for Islamic modes of financing.

During the year, the SSB provided guidelines for different issues, most noteworthy of them were:

- Structure of Murabaha transactions through the Pakistan Mercantile Exchange (PMEX) platform for liquidity management of Islamic Banking Industry.
- Wakalah and Murabaha based structure for oil field acquisition.
- Standardized process flows for Murabaha, Istisna, and Tijarah products.
- Murabaha based financing structure for the purchase of Shariah-compliant shares.
- Shirkat ul aqd based structure for development of a residential product.
- Murabaha` based solution for reducing cost of financing for SME customers.
- Personal financing product for converting interest based debts.
- GOP Ijarah sukuk structure.
- Risk Management solutions for strengthening Running Musharkah product of the Bank.

Training & Development

SSB is pleased to note that the year 2017 was highly productive in terms of Islamic Banking Products Training. A special training session was arranged at Darul Uloom Karachi for the members of Board of Directors of the Bank which was conducted by the Chairman of the SSB and its honourable member Sheikh Esam Ishaq. During the year around 70 members of the senior management and executives of the Bank were also given training on Islamic Banking.

During the year 93 training sessions comprising of 985 man-hours were organized for the staff members across Pakistan catering to more than 3,000 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 of internal staff the Bank also conducted 55 seminars in 38 cities which were attended by more than 5,600 participants representing customers, general public, professionals and students of various universities.

SSB also appreciates the efforts of the Bank in supporting IBA CEIF in conducting various specialized sessions for ulema, traders, academicians, judges and bankers which are crucial for dispensing message of Islamic Banking in Pakistan.

Shariah Advisory and Industry support

The SSB is also pleased to share that the Bank is actively supporting the Islamic finance industry across the globe by providing tailor-made Shariah advisory solutions for their business needs. Some of the notable services provided by the Bank during the year are:

- Shariah advisory and training services to an Islamic cooperative institution in Australia related to housing finance and also advising the client to introduce Takaful services in Australia as well.

- Assisting the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in developing draft exposure of Internal Shariah Audit Standard.
- Shariah advisory services in Bahrain to a reputed learning institute.
- Facilitation of the Bank's capital market clients for launching various funds and plans bringing the total number of funds and plans under its advisory to more than 45 covering more than half of the Islamic mutual fund industry.

Review of Assets

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

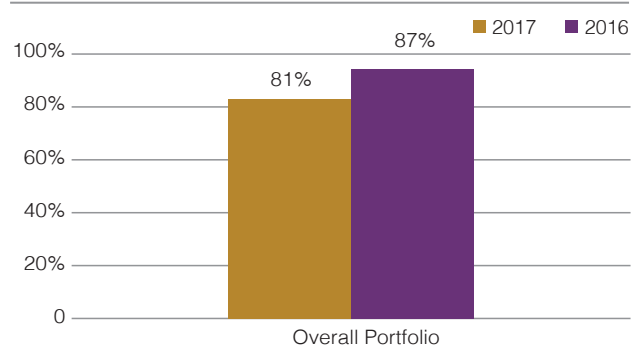
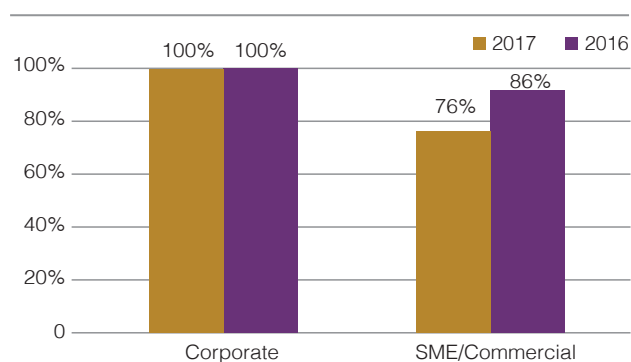
The SSB is pleased to note that the Bank has moved towards diversification in the usage of various financing products and has reduced the reliance on Murabaha, as is evident from the Bank's financing portfolio. There is a proportionate growth of 38.29% in Musharakah based financing (including Running Musharakah) from previous year. There is also a proportionate growth of 15.94% in Ijarah. The Bank's total financing portfolio reached Rs. 429 billion (gross) as of December 31, 2017.

Financing Modes	2017 %	2016 %	Growth / (Decline) %
Diminishing Musharakah	19.72	31.86	(38.04)
Musharakah & Running Musharakah	34.16	24.73	38.29
Istisna	13.31	12.94	2.96
Ijarah	9.22	7.96	15.94
Murabaha	4.61	5.51	(16.31)
Musawamah	4.54	4.75	(4.31)
Salam - Bills	2.76	4.12	(32.94)
Wakalah Tul Istithmar	7.29	3.99	82.83
Tijarah	1.91	1.87	2.17
Salam - Commodity	0.96	0.63	36.11
Other	1.52	1.63	(6.23)

During 2017, the percentage of direct payment for Murabaha financings to Corporate and SME/Commercial customers was 81%. It is highly recommended that efforts be continued to increase this percentage of direct payment of Murabaha transactions. We appreciate that the Bank is also focusing on financing alternative energy projects to reduce carbon footprints.

Summary of Direct Payment in Murabaha Financing for Meezan Bank

	2017	2016	Growth/(Decline)
Overall Portfolio	81%	87%	(6)%
Segment wise			
Corporate	100%	100%	-
SME/Commercial	76%	86%	(10)%



Review of Deposits

The Bank continued to offer different type of deposit products based on Shariah-compliant modes such as 'Mudarabah' & 'Qard'. It is heartening to see deposits grow by 19.4% to reach a sum of Rs. 673 billion as on December 31, 2017. 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.

It is heartening to know that Meezan Asaan Account has been contributing towards the goal of Financial Inclusion in Pakistan, with over 230,000 Meezan Asaan accounts (all New to Bank relationships). As the idea of "Asaan Account" was given by Meezan Bank to SBP, it is encouraging to see such growth and formalization of the economy through Islamic Banking.

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 reporting to the Audit Committee of Board of Directors' is effectively in place. This department is playing a significant role towards accomplishment of the objective of ensuring Shariah-compliance by evaluating the adherence to Shariah guidelines prescribed by Shariah Supervisory Board, Resident Shariah Board Member and Shariah guidelines of Islamic Banking Division of SBP. The Shariah Audit function keeps a continuous check on all activities starting right from the time of opening of a branch and goes hand in hand at each step of product offering till the stage of final profit distribution to the customers.

Shariah Audit of 614 branches, area offices, consumer & corporate hubs, Head Office departments and

special assignments 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 31.4 million was transferred to the Charity Payable Account. This includes Rs 1.9 million to purify the dividend income earned from the investment made in the Shariah-compliant stocks by the Bank and Rs 29.5 million transferred to Charity Payable Account in the normal course of business on account of non-timely payments by customers in various financial transactions. An amount of Rs 31.05 million was disbursed from the Charity Account after approval of the Resident Shariah Board Member. Details of charity account are available in the note # 19.4

Review of Financing Assets

We have noted that as per our guidelines, the Bank reversed the financing of PKR 296 million provided to its customers under Murabaha & Istisna without any profit as those transactions could not be converted into real trade due to genuine business reasons. Similarly, in Ijarah financing the Bank being the owner of asset bore the loss of Rs. 0.22 million due to shortfall in takaful claims.

Recommendations

Based on the review of various transactions, reports of Internal and External Shariah Audit and Shariah Compliance operations of the Bank, it is recommended that:

- The Bank should propose Shariah-compliant avenues to the Government of Pakistan to meet its short term and long term financing requirements in a Shariah Compliant yet convenient manner.
- The Bank should explore Shariah compliant products and solutions for FinTech, internet banking and branchless banking.
- 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 beneficial impact on our society.
- Due care regarding the mind-set and commitment towards the cause of Islamic banking should be taken during the hiring process of new staff.
- The Bank should pursue with State Bank of Pakistan for launch of different Islamic schemes, Islamic Benchmark Rate and Islamic Discount window.
- For liquidity management purposes, the Bank should use Bai Muajjal when other avenues like Musharakah placement, Commodity Murabaha through PMEX and Sukuk are not available.
- China Pakistan Economic Corridor is a very essential project for Pakistan's economy. Bank should pursue the GoP to maximize the Islamization of financing this project in order to increase the financing share of Islamic Banks in CPEC projects.
- The Bank should conduct awareness sessions regarding Islamic Finance for Shariah Scholars, industry practitioners, lawyers, the Judiciary, members of the legislature, public representatives, academics, media professionals, business community, and members of the Armed Forces.
- The Bank should more proactively employ the social media for increasing the public awareness for the socio-economics benefits of Islamic financial system.

- The Bank in collaboration with academia, Higher Education Commission and educational text boards should take initiatives to design the courses or chapters related to the benefit of Islamic financial system on society.
- The Bank should initiate and support SME & Agriculture financing to alleviate poverty currently prevailing in the rural areas of the country. The Bank shall encourage energy projects which are environmental friendly such as solar panels and windmills.
- The Bank should work on launch of deposit products for senior citizens and widows.

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 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 documentations, processes, profit distribution mechanism for the depositors by PDSC Department, review of Internal Shariah Audit and External Shariah Audit reports and Management's representation made in this regard, the Bank, in our opinion, has complied with the rules & principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Supervisory Board, Resident Shariah Board Member of Meezan Bank and guidelines issued by Shariah Board of SBP related to Shariah-compliance. The non-compliant income identified during the review is being transferred to the Charity Account through a well-defined system and being utilized properly in accordance with the instructions of 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: 15th Jamada al-Awwal 1439 H / February 02, 2018

چیریٹی/صدقات و خیرات

■ ملک کے دیہی علاقوں میں غربت کے خاتمہ کے لئے بینک کو چھوٹے اور درمیانے کاروبار کے ساتھ ساتھ زرعی فائننس کی ترقی میں کوشش کرنی چاہیے۔ مزید برآں بینک کو توانائی کے ایسے منصوبوں کی حوصلہ افزائی کرنی چاہیے جو ماحول کے لئے نسبتاً کم نقصان دہ ہوں جیسا کہ سٹش کو توانائی اور ہوائی چکی وغیرہ۔

■ بینک کو عمر شہریوں اور بیواؤں کے لئے ڈپازٹ پروڈکٹ لانچ کرنے کی کوشش کرنی چاہیے۔

خلاصہ کلام

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

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

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 ہماری رائے میں بینک میں تمام شعبوں کی نگرانی اور شریعہ کمپلائنس کو یقینی بنانے کے لئے ایک مؤثر نظام موجود ہے۔

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

والسلام علیکم ورحمۃ اللہ وبرکاتہ



ڈاکٹر محمد عمران اشرف عثمانی
ریزیرٹنٹ شریعہ بورڈ ممبر



شیخ عصام محمد اسحاق
ممبر شریعہ سپر وائزری بورڈ



جیش (ر) محمد تقی عثمانی
چیریٹی بین شریعہ سپر وائزری بورڈ

۱۵ جمادی الاولیٰ ۱۴۳۹ھ بمطابق ۲ فروری ۲۰۱۸ء

رواں سال کل 31.4 ملین روپے چیریٹی واجب الاداء اکاؤنٹ میں منتقل کئے گئے۔ اس میں 1.9 ملین روپے کی چیریٹی اسٹاک ایکسچینج میں کی گئی شریعہ کمپلائنس انوسٹمنٹ سے حاصل شدہ آمدنی کو Purify کرنے کے لئے کی گئی اور 29.5 ملین روپے چیریٹی واجب الاداء اکاؤنٹ میں ٹرانسفر کئے گئے جو روزمرہ کے معمولی معاملات میں کسٹمرز کی جانب سے ادائیگی میں تاخیر کی بنیاد پر وصول کئے گئے تھے۔ علاوہ ازیں 31.05 ملین روپے ریزرٹنٹ شریعہ بورڈ ممبر سے منظوری کے بعد چیریٹی اکاؤنٹ سے ادا کئے گئے۔ چیریٹی سے متعلق تفصیلات نوٹ نمبر 19.4 میں مذکور ہیں۔

فائننسنگ اثاثوں کا جائزہ

ہم نے یہ بات دیکھی کہ ہماری ہدایات کے مطابق ممبر اور اسٹاک ہولڈرز کے پراڈکٹس میں 296 ملین کی رقم اس وجہ سے بینک نے بغیر کسی نفع کی وصولی کے کسٹمر سے واپس لے لی کہ اس رقم کے مقابلہ میں کوئی مالی معاملہ کرنا ممکن نہیں تھا۔ مزید یہ بات بھی قابل ذکر ہے کہ جارہ کے پراڈکٹ میں اثاثہ کے مالک کی حیثیت سے بینک نے نکال فیل کلیم میں کمی کی وجہ سے 0.22 ملین کا نقصان برداشت کیا۔

تجاویز

متعدد عقود، بینک کے اندرونی شریعہ آڈٹ اور بیرونی شریعہ آڈٹ کی رپورٹس اور بینک کے شریعہ کمپلائنس آڈٹ پر لائنز کا جائزہ لینے کے بعد درج ذیل امور تجویز کئے جاتے ہیں:

■ بینک کو چاہیے کہ حکومت پاکستان کو شرعی احکام کے مطابق ایسے طریقے تجویز کرے جن کے ذریعہ حکومت اپنی قصیر المیعاد اور طویل المیعاد معمولی ضروریات کو باآسانی پورا کر سکے۔

■ بینک کو FINTECH، انٹرنیٹ بینکنگ اور برانچ لیس بینکنگ کے ایسے پروڈکٹس اور سہولیات متعارف کروانے کی کوشش کرنی چاہیے جو شرعی احکام کے مطابق ہوں۔

■ بینک کو چاہیے 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 ملازمین کو ملازمت فراہم کرتے ہوئے ان میں اسلامی بینکاری کے مقاصد تک پہنچنے کے عزم و ہمت کو خصوصی طور پر مد نظر رکھنا ضروری ہے۔

■ بینک کو چاہیے کہ اسٹیٹ بینک آف پاکستان کو مختلف اسلامی اسکیموں، اسلامک بینچ مارک ریٹ اور اسلامک ڈسکاؤنٹ ریٹ کے آغاز پر قائل کرے۔

■ لکویڈیٹی منجمنٹ کے لئے بینک کو ”بیج موبائل“ کا استعمال تب ہی کرنا چاہئے جب دوسرے مواقع مثلاً مشارکہ سرمایہ کاری، PMEX کے ذریعے کموڈٹی ممبر اور صلک وغیرہ میسر نہ ہوں۔

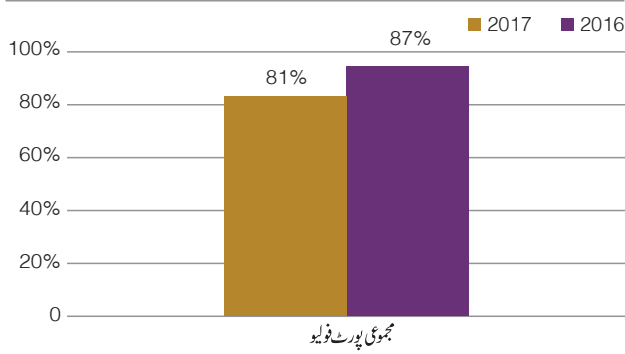
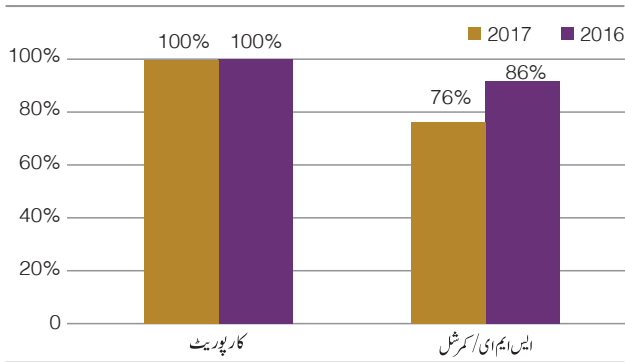
■ بینک کو چاہیے کہ حکومتی عہدیداروں کو سودی قرضوں کی کمی پر آمادہ کرے اور نئے صلک کے اجراء پر قائل کرے۔

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

■ بینک کو چاہیے کہ اسلامک فائننس کی آگاہی کے لئے سیمینارز منعقد کروائے جس میں اسلامک فائننس 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۔

■ سوشل میڈیا کو استعمال کرتے ہوئے بینک کو معاشرہ پر اسلامک فائننس کے مثبت اثرات کی آگاہی پیدا کرنے کی کوشش کرنی چاہیے۔

■ شعبہ تدریس سے وابستہ افراد، ہائر ایجوکیشن کمیشن اور تعلیمی ٹیکس بورڈ کی ہم آہنگی سے ایسا تعلیمی مواد تیار کرنے کی کوشش کرنی چاہیے جو معاشرہ پر اسلامی نظام معیشت کے مثبت اثرات پر روشنی ڈالتا ہو۔



مندرجہ بالا اعداد و ذکی مکمل عد میں تبدیل کرنے کے لیے ہیں

ڈپازٹس کا جائزہ

بینک نے اپنی ڈپازٹ سائیز پر کئی ایسی شرعاً جائز ڈپازٹ پروڈکٹس کی فراہمی کا سلسلہ جاری رکھا جو مضاربہ اور قرض پر مبنی ہیں۔ بمطابق 31 دسمبر 2017ء بینک کے ڈپازٹس میں 19.4 فیصد اضافہ ہوا ہے اور بینک کا مجموعی ڈپازٹ 1673 ارب روپے تک پہنچ چکا ہے۔

رواں سال بینک میں ڈپازٹ سائیز سے متعلق انجام دینے گئے مختلف امور یعنی مختلف اثاثوں اور فنڈز کو مختلف پوزیٹو طرف منسوب کرنا، مضاربہ کی بنیاد پر جمع شدہ رقم کے مجموعی نفع کے تناسب کا اعلان کرنا، ماہانہ Weightages متعین کرنا، ڈپازٹرز کے درمیان منافع کی تقسیم کرنا، منافع کی صحیح تقسیم کی نگرانی اور اس کا تجزیہ میزان بینک کی پول پیمنٹس سے متعلق ہدایات، اور اسٹیٹ بینک آف پاکستان کی ہدایات کے مطابق کیا گیا۔

یہ بات باعث مسرت ہے کہ میزان آسان اکاؤنٹ کے ذریعہ 1230,000 ایسے افراد جو بینکوں سے معاملات نہیں کرتے تھے ان تک بھی بینکنگ کی سہولیات پہنچائی گئیں۔ چونکہ آسان اکاؤنٹ کی توجیز مرکزی بینک کو میزان بینک کی طرف سے دی گئی تھی تو اس توجیز کی وجہ سے اسلامی بینکاری کے ذریعہ ملک کی معیشت کو جو فروغ حاصل ہوا ہے وہ حوصلہ افزا ہے۔

شرعی آڈٹ

شرعی آڈٹ ڈپارٹمنٹ، بینک کے تمام امور میں، تعمیل شرعی کے حصول کے لئے ہدایات شرعیہ کے مطابق جانچ پڑتال میں کلیدی کردار ادا کرتا ہے۔

شرعی گورننس فریم ورک کی ہدایات کے مطابق مستقل شرعی آڈٹ ڈپارٹمنٹ کی تشکیل دی گئی ہے جو بورڈ آف ڈائریکٹرز آڈٹ کمیٹی کی زیر نگرانی تہی سے کام کر رہا ہے اور شرعی کمپلائنس کی یقین دہانی کے لئے تمام شرعی اصولوں کے نفاذ کی جانچ پڑتال کرتا ہے جو کہ شرعی سپروائزری بورڈ، ریزروینٹ شرعی بورڈ ممبر اور اسلامک بینکنگ ڈپارٹمنٹ اسٹیٹ بینک آف پاکستان کی طرف سے دی گئی ہیں۔ شرعی آڈٹ ڈپارٹمنٹ 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 میزان بینک کی کل 614 برانچوں، ایریا آفسز، کنزرویٹو مراکز اور Corporate Hubs، ہیڈ آفس ڈپارٹمنٹس اور خصوصی ناسکس کا آڈٹ کیا گیا تاکہ شرعی اصولوں کی تعمیل کے داخلی نظم اور طریقہ کار کو مضبوط کیا جاسکے۔ شرعی آڈٹ کے دوران، مختلف عقود کی جانچ پڑتال کے ساتھ ساتھ بینک کے عملہ کی شرعی معلومات بھی جانچی جاتی ہے۔

شرعی ایڈوائزی اور پورٹ فولیو کی طرف سے فراہم کردہ چند قابل ذکر ایڈوائزی خدمات درج ذیل ہیں:

- ہاؤس فنانسنگ کے حوالے سے آسٹریلیا کے ایک ادارہ کو شرعی ایڈوائزی اور ٹریڈنگ فراہم کرنے کے ساتھ ساتھ آسٹریلیا میں نکال کا نظام متعارف کروانے کے حوالے سے راہنمائی۔
- انٹرنل شرعی آڈٹ معیار کے مسودہ کی تیاری میں (AAOIFI) کے ساتھ تعاون۔
- بحرین کے ایک نامور تعلیمی ادارہ کو شرعی ایڈوائزی خدمات کی فراہمی۔
- کمپیٹل مارکیٹ کلائنٹس کے ساتھ تعاون جس کے نتیجے میں شرعی ایڈوائزی کے تحت کام کرنے والے فنڈز کی تعداد 45 تک پہنچ گئی ہے جو کہ کل مارکیٹ کا تقریباً نصف حصہ ہے۔

اثاثوں کا جائزہ

میزان بینک نے بنیادی طور پر مراہجہ، اجارہ، شرکت متناقصہ، مساومہ، استصناع، تجارتہ، مشارکہ، وکالہ الاستثمار، بیع مؤجل اور سلم کی بنیاد پر تمویلی سہولیات فراہم کیں۔

شرعی سپروائزی بورڈ اس بات پر خوشی محسوس کرتا ہے کہ بینک نے اس سال بھی محض مراہجہ پر انحصار کرنے کے بجائے کئی دیگر طرق تمویل کو اختیار کیا، جیسا کہ تمویلی تناسب سے واضح ہے۔ یہ صورت حال واقعاً حوصلہ کن ہے کہ مشارکہ بشمول رنگ مشارکہ کے تناسب میں 38.29 فیصد کا اضافہ ہوا جبکہ اجارہ میں 15.94 فیصد اضافہ ہوا۔ بینک کا مجموعی تمویلی پورٹ فولیو (بمطابق 31 دسمبر، 2017) 428 ارب (شامل) روپے تک پہنچ چکا ہے۔

شرح ترقی/حتزی	2016 %	2017 %	شرعی طریقہء تمویل
(38.04)	31.86	19.72	مشارکہ متناقصہ
38.29	24.73	34.16	رنگ مشارکہ اور مشارکہ
2.96	12.94	13.31	استصناع
15.94	7.96	9.22	اجارہ
(16.31)	5.51	4.61	مراہجہ
(4.31)	4.75	4.54	مساومہ
(32.94)	4.12	2.76	بل-سلم
82.83	3.99	7.29	وکالہ الاستثمار
2.17	1.87	1.91	تجارہ
36.11	0.63	0.96	کموڈٹی-سلم
(6.23)	1.63	1.52	دیگر

دوران سال، مراہجہ کی بنیاد پر Corporate and SME/ Commercial کو کی گئی سرمایہ کاری میں براہ راست ادائیگیوں کا تناسب 81 فیصد رہا۔ اس بات کی تاکید کی جاتی ہے کہ مراہجہ کے عقود میں اس تناسب میں اضافہ کی کوشش جاری رکھی جائے۔ یہ بات بھی قابل تعریف ہے کہ بینک متبادل توانائی کے منصوبوں کو فنانس کرنے پر توجہ مرکوز کر رہا ہے، جس کے نتیجے میں ماحول کے لئے نقصان دہ گیسوں کے اخراج میں کمی واقع ہوگی۔

مراہجہ فنانسنگ میں براہ راست ادائیگیوں کا خلاصہ

شرح ترقی/حتزی	2016	2017	مجموعی پورٹ فولیو
(6)%	87%	81%	کارپوریٹ
-	100%	100%	گاہک کی درجہ بندی کے لحاظ سے
(10)%	86%	76%	ایس ایم ای / کمرشل

شریعت سپروائزری بورڈ رپورٹ 2017 (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 سولہویں سال کا تجزیہ آپ کے سامنے ہے۔ دوران سال میزان بینک کے شریعت سپروائزری بورڈ کی طرف سے چھ مجالس کا انعقاد کیا گیا جن میں بینک کی طرف سے پوچھے گئے مختلف مسائل کا حل شریعت بورڈ کی طرف سے پیش کیا گیا۔

میزان بینک لمیٹڈ میں ماہرین کا ایک مستقل شعبہ ”پروڈکٹ ڈیولپمنٹ اینڈ شریعت کمپلائنس (PDSC)“ ریز پڈنٹ شریعت 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 ہائے 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 کاری شریعتی لیتل کا جائزہ لینا ہے۔

مزید برآں، ایک مستقل شریعت آڈٹ اور ایڈوائزری ڈپارٹمنٹ بورڈ آف ڈائریکٹرز کی ماتحت بورڈ آڈٹ کمیٹی کے تحت کام کر رہا ہے، جو مجموعی طور پر بینک میں رائج تمام معاملات بشمول مالیات، انتظامات اور بینک میں اسلامی ماحول کے قیام کے لئے تجویز کردہ شرعی اصولوں کی تعمیل کا جائزہ لیتا ہے اور اپنی رپورٹ اور کارگزاری ریز پڈنٹ شریعت بورڈ ممبر/شریعت سپروائزری بورڈ کے جائزے اور مختلف معاملات میں اصلاحات کے تعین کے لئے پیش کرتا ہے۔

ہم PDSC اور شریعت 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 چند انتظامی امور کے علاوہ 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۔

ہمیں اس بات پر بھی خوشی ہے کہ میزان بینک لمیٹڈ میں 9500 سے زیادہ افراد ملازمت کر رہے ہیں جو اپنے اہل خانہ کے لئے رزق حلال کی فراہمی کا ذریعہ ہیں۔

31 دسمبر 2017 کو اختتام پذیر ہونے والے سال بینک میں درج ذیل اہم امور انجام پائے:

نئی پروڈکٹس کی تیاری اور تحقیق

شریعت سپروائزری بورڈ بینک کی اس کاوش کو سراہتا ہے کہ دوران سال تقریباً 170 کسٹمرز سے ملاقاتیں کی گئیں اور ان کے کاروبار کا مشاہدہ کیا گیا تاکہ ان کے معاملات کے طریقہ کو عملی طور پر سمجھا جا سکے، اور اس کے ساتھ ساتھ 2500 سے زائد مختلف معاملات کا ریز پڈنٹ شریعت بورڈ ممبر اور شریعت سپروائزری بورڈ کی ہدایات کے مطابق جائزہ بھی لیا۔

مزید یہ کہ PDSC ممبران نے ریز پڈنٹ شریعت بورڈ ممبر کی زیر نگرانی تقریباً 51 سے زائد سنڈیکیٹڈ معاملات کے دستاویزات کی تیاری اور ان کا عملی ڈھانچہ مرتب کیا۔ یہ معاملات مختلف عقود جیسا کہ اجارہ اور شریعت متناقصہ وغیرہ پر مشتمل تھے۔ تمام سنڈیکیٹڈ معاملات حکومتی و نجی اداروں کے ساتھ مختلف مقاصد جیسے کہ انفراسٹرکچر میں ترقی، سرمایہ میں اضافہ اور بجلی کے بحران پر قابو پانے کے لئے لگائے جانے والے نئے پراجیکٹس کی سرمایہ کاری کے حصول کے لئے کئے گئے جن میں واپڈا، پاور ہولڈنگ پرائیوٹ لمیٹڈ، چیراٹ سینٹ لمیٹڈ، سکھ چین و پیل، شفاء انٹرنیشنل شامل ہیں۔

یہ بات بھی قابل ذکر ہے کہ شرعی اصولوں کی پاسداری کی یقین دہانی اور جانچ پڑتال کی غرض سے اسٹیمینٹ

اور تجارہ کے تقریباً تمام معاملات میں بینک کے نمائندہ نے بنفس نفیس جا کر قبضہ حاصل کیا۔

شریعت سپروائزری بورڈ PDSC ممبران اور ریز پڈنٹ شریعت بورڈ ممبر کی کاوشوں کو سراہتا ہے جنہوں نے فیڈرل مشنری طرف سے بنائی گئی Implementation Committee میں اہم کردار ادا کیا اور اسلامی طریقہ ہائے تمویل کے حوالے سے ٹیکس قوانین کی اصلاحات متعارف کروانے میں حکومت کے ساتھ تعاون کیا۔

دوران سال شریعت سپروائزری بورڈ نے جن مختلف مسائل میں رہنمائی فراہم کی ان میں سے چند قابل ذکر امور درج ذیل ہیں:

- اسلامک بینکنگ انڈسٹری کی لکونیڈٹی مینجمنٹ کے لئے PMEX کے پلیٹ فارم سے مراہجہ کا طریقہ کار۔
- آئل فیئلڈ کے حصول کے لئے وکالہ اور مراہجہ پر مبنی طریقہ کار۔
- مراہجہ، استحصان اور تجارہ کی پراڈکٹس کے لئے معیاری Process Flow
- جائز شیئرز کی خریداری کے لئے مراہجہ پر مبنی طریقہ تمویل۔
- رہائشی اسکیم کے لئے شرکتی عقد پر مبنی طریقہ کار۔
- SME کے کسٹمرز کے لئے فنانسنگ کی لاگت کم کرنے کے لئے مراہجہ پر مبنی حل۔
- سودی قرضوں سے خلاصی کے لئے پرسنل فنانس پروڈکٹ۔
- GoP اجارہ صلکوکا اسٹریکچر۔
- بینک کے Running Musharkah پروڈکٹ کو مزید محفوظ بنانے کے لئے رسک مینجمنٹ کا طریقہ۔

ٹریڈنگ اور ڈیولپمنٹ

شریعت سپروائزری بورڈ سال 2017 میں اسلامی بینکاری پروڈکٹس کی ٹریڈنگ کے حوالے سے کی گئی موثر کاوشوں پر مطمئن ہے۔

بورڈ آف ڈائریکٹرز کے ممبران کے لئے چیئر مین شریعت سپروائزری بورڈ جناب مفتی محمد تقی عثمانی اور ممبر شریعت سپروائزری بورڈ جناب شیخ عصام اسحاق کی جانب سے ایک خصوصی تربیتی مجلس کا انعقاد کیا گیا۔ دوران سال بینک کی اعلیٰ انتظامیہ اور اعلیٰ افسران کے تقریباً 70 افراد کو اسلامک بینکنگ کی تربیت دی گئی۔

دوران سال بینک نے 93 تربیتی مجالس منعقد کیں جن کی کل میعاد 985 گھنٹے ہے، ان تربیتی مجالس میں میزان بینک کے 3000 سے زائد ملازموں نے شرکت کی۔ ان تربیتی مجالس میں اسلامک فنانس سے متعلق ابتدائی تربیتی مجالس، ریفریشرز اور سرٹیفکیٹس پروگرام شامل ہیں۔ ملازمین کی تربیت کے علاوہ میزان بینک نے 38 شہروں میں تقریباً 55 سینارز بھی منعقد کئے، جن میں تقریباً 5600 افراد بشمول کسٹمرز، عوام الناس، پروفیشنلز اور طلباء نے شرکت کی۔

شریعت سپروائزری بورڈ اس بات کو سراہتا ہے کہ بینک نے IBA CEIF کو تعاون فراہم کرتے ہوئے علماء کرام، تاجران، شعبہ تعلیم و تدریس سے متعلق افراد، حج حضرات اور بینکر حضرات کے لئے اسلامی بینکاری کا پیغام عام کرنے کے لئے کلیدی نوعیت کی حامل خصوصی آگاہی نشستوں کا انعقاد کروایا۔

شریعت ایڈوائزری

یہ بات بڑی قابل تحسین ہے کہ میزان بینک دنیا بھر میں کلائنٹس کی ضرورت کے موافق شریعت ایڈوائزری حل فراہم کر کے اسلامک فنانس انڈسٹری کو تعاون فراہم کرنے میں پیش پیش رہا ہے، دوران سال

Statement of Sources and Uses of Charity Fund

For the year ended December 31, 2017

	2017	2016
	Rupees in '000	
Opening Balance at January 01	1,637	10,851
Additions during the year		
Received from customers on delayed payment	29,502	24,899
Dividend Purification Amount	1,937	2,587
Non-shariah Compliant Income	-	712
Profit on Charity Saving Account	172	405
	<u>31,611</u>	<u>28,603</u>
	33,248	39,454
Less: Distribution of Charity		
Education	(26,450)	(32,867)
Health	(2,700)	(2,900)
Islamic Microfinance	-	(100)
Community Development	(1,900)	(1,950)
	<u>(31,050)</u>	<u>(37,817)</u>
Closing Balance at December 31	<u><u>2,198</u></u>	<u><u>1,637</u></u>

Note:

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



EY Ford Rhodes
Chartered Accountants
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Pakistan

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REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2017 prepared by the Board of Directors of Meezan Bank Limited (the Bank) to comply with the Rule Book of the Pakistan Stock Exchange, 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 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 requirement 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 part of our audit of 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's 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 of Corporate Governance, effective for the year ended 31 December 2017.

Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 14 February 2018

Karachi

Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2017

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, 2017 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 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 Pakistan stock exchange, has been declared as a defaulter by Pakistan stock exchange.
4. No casual vacancy occurred on the Board of Directors during the year.
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 Directors' training. One Director claimed exemption from the training requirement having complied with the minimum education and experience criteria.
10. During the year a new Company Secretary was appointed by the Board of Directors, on January 5, 2017, upon retirement of the previous Company Secretary. There was no new appointment of Chief Financial Officer (CFO) and 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 four 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; two Independent Directors and a Non-Executive Director. The Chairman of the committee is a Non-Executive Director.
18. The Bank has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the board for review and approval. The definition of related party used is in accordance with the applicable financial reporting frame work as the regulations under Section 208 of the Companies Act, 2017 have not yet been issued.
19. 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.
20. 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.
21. 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.
22. 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.
23. Material/price sensitive information has been disseminated among all market participants at once through the Pakistan Stock Exchange Limited.
24. 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.
25. We confirm that all other material principles included in the Code have been complied with.



Irfan Siddiqui
President & CEO



Ariful Islam
Deputy CEO

February 14, 2018

Statement of Internal Controls

This statement is presented to comply with the requirements 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, Risk Management, Shariah and Internal Audit departments, which covers all banking activities in general and key risk areas in particular. The Management has Compliance and Operational Risk Management Committee (CORMC) which focuses on compliance risk issues and reviews the adequacy of controls and systems to meet the regulatory requirements. The Board of Directors has formed an Audit Committee which has direct oversight responsibility to ensure the independence of the internal and external audit function. The Audit Committee meets atleast 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 observations and weaknesses found and identified by the auditors both internal and external and the Compliance, Risk Management and Shariah audit teams, improvements are brought about by the management in internal controls to ensure non-recurrence of those exceptions and elimination of such weaknesses to the maximum possible level.

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

Alhamdulillah, the Bank had successfully completed all stages of its ICFR program during 2014 and has been granted exemption from the requirement of submission of Auditor-issued Long Form Report through SBP OSED letter /SU-12/017(01)/358/15 dated January 05, 2015. The Bank is now required to only submit annual assessment report on efficacy of ICFR duly signed by 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 14, 2018

Notice of 22nd Annual General Meeting

Notice is hereby given that the 22nd Annual General Meeting of the Members of Meezan Bank Limited will be held Insha-Allah on Wednesday, March 28, 2018 at 9:30 a.m. at Meezan House C-25, Estate Avenue, SITE, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the 21st Annual General Meeting held on March 28, 2017.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank, Audited Consolidated Accounts for the year ended December 31, 2017 together with the Auditors' and Directors' Reports thereon.
3. To appoint auditors of the Bank for the year ending December 31, 2018 and to fix their remuneration. The present auditors, M/s EY Ford Rhodes., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash Dividend at the rate of Rs 1.25 per share i.e. 12.50% in addition to Rs. 1.75 per share i.e. 17.50% interim cash Dividend already declared/paid for the year December 31, 2017.

SPECIAL BUSINESS

5. To consider and if thought fit approve the transmission of the Annual Reports including annual audited accounts, notice of annual general meetings and other information contained therein to the members/shareholders of the Bank through CD/DVD/USB at their registered addresses as allowed by the Securities and Exchange Commission of Pakistan (SECP) instead of transmitting the same in hard copies and to pass the following resolution as Ordinary Resolution;

“Resolved that transmission of Annual Reports including annual audited accounts, notice of annual general meetings and other information contained therein to the members of the company at their registered addresses in soft form i.e. through CD/DVD/USB instead of transmitting the said accounts in hard copies, in terms of SRO 470(1)/2016 dated May 31, 2016, be and is hereby approved.

Further resolved that the Bank shall provide hard copies of all future Annual Reports to those members only, who request the Bank, in writing, to receive hard copies of the accounts”

Further resolved that the Chief Executive Officer and/or Company Secretary be and are hereby authorized to do all necessary acts, deeds and things in connection and ancillary thereto as may be required or expedient to give effect to the spirit and intent of the above resolution”.

6. To approve the remuneration paid/payable to the Chairman, Vice-Chairman and Non-Executive Directors of the Bank for the year ended December 31, 2017 for attending Board Meetings and Meetings of the Committees formed by the Board and to pass the following resolution as ordinary resolution:

“Resolved that the remuneration paid/payable to the Chairman, Vice-Chairman and Non-Executive Directors of the Bank for the year ended December 31, 2017 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 be and is hereby approved.”

7. To transact any other business with the permission of the Chair.

Statements under section 134 (3) of the Companies Act 2017 pertaining to special business are enclosed.

By Order of the Board



Muhammad Sohail Khan
Company Secretary

Karachi
March 06, 2018

Notes:

- i) The Members' Register will remain closed from March 21, 2018 to March 28, 2018 (both days inclusive) to determine the names of members entitled to receive the 12.50% 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 rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies/banks. These rates are as per law.

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

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

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

The required information must reach our Shares Registrar by the close of business (5:00 pm) on March 20, 2018; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s) and tax will be deducted according to proportionate holding of each shareholder as clarified by the FBR vide its clarification letter No I(54) Exp/2014-132872-R dated September 25, 2014. Shareholders claiming tax exemption under clause 47(B) of Part IV of the Second Schedule of Income Tax Ordinance, 2001 are requested to provide valid exemption certificate under section 159 (1) of the Income Tax Ordinance, 2001 latest by March 20, 2018 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 issued 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 should 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 Shares Registrar.

- vi) Under section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to shareholders only through electronic mode directly into bank account designated by the entitled shareholders. In order to receive dividend directly into bank account, shareholders are requested to fill in Electronic Credit Mandate Form available on Bank's website and send it duly signed alongwith a copy of CNIC to the registrar of the company, THK Associates (Pvt.) Ltd., 1st Floor, 40-C, Block-6, P.E.C.H.S, Karachi-75400 in case of physical shares. In case of shares are held in CDC then the above Electronic Credit Mandate Form must be submitted directly to shareholder(s)' broker/participant/CDC account services.

Electronic Credit Mandate Form

Folio Number/CDC Sub Account Number	
Name of Shareholder	
Title of the Bank Account	
International Bank Account Number	
Name of Bank	
Name of Bank Branch/Address	
Cellular and Landline number	
CNIC/NTN (Attach copy)	
Signature of Shareholder	

vii) Annual Accounts of the Bank for the financial year ended December 31, 2017 have been provided on the Company's website-www.meezanbank.com

STATEMENTS UNDER SECTION 134(3) OF THE COMPANIES ACT 2017

These statements set out the material facts concerning the resolution contained in items (5) and (6) of the notice pertaining to the special business to be transacted at the Annual General Meeting of the Bank to be held on March 28, 2018.

Circulation of Annual Reports through CD/DVD/USB

Securities and Exchange Commission of Pakistan has vide S.R.O 470(I)/2016 dated 31 May 2016 allowed the companies to circulate the Annual Reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company to its members through CD/DVD/USB subject to obtaining consent of the shareholders in the general meeting.

The Company shall supply the hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. After approval of the shareholders, the Company will place a Standard Request Form on its website to communicate their need of hard copies of the documents along with postal and email address of the Company Secretary/Share Registrar to whom such requests shall be made.

The directors of the Bank have no vested interest, directly or indirectly in the above business, save to the extent of their shareholding of the Bank.

Directors' Remuneration

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

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



Unconsolidated Financial Statements

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated statement of financial position of Meezan Bank Limited ("the Bank") as at 31 December 2017 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 unaudited certified returns from the branches except for twenty five 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 Board of Directors to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with 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 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 unconsolidated statement of financial position and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Bank's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Bank and the transactions of the Bank which have come to our notice have been within the powers of the Bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the 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 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 31 December 2017 and its true balance of the 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.

The unconsolidated financial statements of the Bank for the year ended 31 December 2016 were audited by another firm of chartered accountants who expressed unmodified opinion on such financial statements in their report dated 22 February 2017.



Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 14 February 2018

Karachi

Unconsolidated Statement of Financial Position

As at December 31, 2017

	Note	2017	2016
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	64,556,170	56,036,849
Balances with other banks	8	4,895,816	12,021,351
Due from financial institutions - net	9	147,229,221	129,115,165
Investments - net	10	119,238,246	130,156,297
Islamic financing and related assets - net	11	420,029,088	311,530,270
Operating fixed assets	12	11,875,358	8,924,328
Deferred tax asset		-	-
Other assets - net	13	13,875,297	9,982,837
		<u>781,699,196</u>	<u>657,767,097</u>
LIABILITIES			
Bills payable	14	11,168,093	9,130,998
Due to financial institutions	15	36,813,295	32,005,501
Deposits and other accounts	16	673,187,807	564,023,853
Sub-ordinated Sukuk	17	7,000,000	7,000,000
Deferred tax liabilities	18	8,182	1,362,909
Other liabilities	19	18,444,426	13,770,218
		<u>746,621,803</u>	<u>627,293,479</u>
NET ASSETS		<u><u>35,077,393</u></u>	<u><u>30,473,618</u></u>
REPRESENTED BY			
Share capital	20	10,629,022	10,027,379
Reserves	21	13,368,809	9,699,685
Unappropriated profit		10,340,589	8,422,009
		<u>34,338,420</u>	<u>28,149,073</u>
Surplus on revaluation of investments - net of tax	22	738,973	2,324,545
		<u><u>35,077,393</u></u>	<u><u>30,473,618</u></u>
CONTINGENCIES AND COMMITMENTS	23		

The annexed notes 1 to 46 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

Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Profit and Loss Account

For the year ended December 31, 2017

	Note	2017	2016
		Rupees in '000	
Profit / return earned on Islamic financing and related assets, investments and placements	24	36,087,203	30,761,376
Profit on deposits and other dues expensed	25	15,272,792	12,872,844
Net spread earned		20,814,411	17,888,532
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net	11.10	720,189	(120,246)
Provision / (reversal of provision) against diminution in the value of investments	10.7	586,732	(64,673)
Provision against off balance sheet obligations	19.3	13,482	-
Bad debts written off directly		-	-
		1,320,403	(184,919)
Net spread after provisions		19,494,008	18,073,451
OTHER INCOME			
Fee, commission and brokerage income		4,165,971	2,619,769
Dividend income		1,176,517	744,090
Income from dealing in foreign currencies		1,139,648	1,207,563
Capital gain on sale of investments - net	26	824,926	877,680
Other income	27	269,594	208,217
Total other income		7,576,656	5,657,319
		27,070,664	23,730,770
OTHER EXPENSES			
Administrative expenses	28	16,579,977	14,680,291
Other reversals of provisions		(13,524)	(74,038)
Other charges	29	10,824	3,600
Workers Welfare Fund		241,377	178,081
Total other expenses		16,818,654	14,787,934
		10,252,010	8,942,836
Extraordinary / unusual items		-	-
Profit before taxation		10,252,010	8,942,836
Taxation - Current	30	4,096,185	2,996,908
- Prior years		344,016	240,647
- Deferred		(500,958)	143,670
		3,939,243	3,381,225
Profit after taxation		6,312,767	5,561,611
		Rupees	
Basic and diluted earnings per share	31	6.13	Restated 5.45

The annexed notes 1 to 46 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

Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2017

	Note	2017	2016
Rupees in '000			
Profit after taxation for the year		6,312,767	5,561,611
Other comprehensive income			
Items that may not be reclassified to profit and loss account			
Remeasurements of defined benefit plan	34	(189,878)	59,832
Tax on remeasurements of defined benefit plan		66,457	(20,941)
		(123,421)	38,891
Comprehensive income transferred to statement of changes in equity		6,189,346	5,600,502
<i>Components of comprehensive income not reflected in equity</i>			
(Deficit) / surplus on revaluation of investments	22	(2,439,341)	2,360,337
Deferred tax on revaluation of investments		853,769	(826,118)
		(1,585,572)	1,534,219

The annexed notes 1 to 46 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



Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended December 31, 2017

	Share capital	Capital reserves		Non - Distributable Capital Reserve - Gain on Bargain Purchase	Revenue reserves		Total
		Share premium	Statutory reserve*		General reserve	Unappropriated profit	
Rupees in '000							
Balance as at January 01, 2016	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 on defined benefit plan	-	-	-	-	-	59,832	59,832
Tax on remeasurements on defined benefit plan	-	-	-	-	-	(20,941)	(20,941)
Other appropriations	-	-	-	-	-	38,891	38,891
Transfer to statutory reserve	-	-	1,112,322	-	-	(1,112,322)	-
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)
Balance as at December 31, 2016	10,027,379	-	6,515,372	3,117,547	66,766	8,422,009	28,149,073
Profit after taxation for the year	-	-	-	-	-	6,312,767	6,312,767
Other comprehensive income for the year							
Remeasurements on defined benefit plan	-	-	-	-	-	(189,878)	(189,878)
Tax on remeasurements on defined benefit plan	-	-	-	-	-	66,457	66,457
Other appropriations	-	-	-	-	-	(123,421)	(123,421)
Transfer to statutory reserve	-	-	1,262,553	-	-	(1,262,553)	-
Transactions with owners recognised directly in equity							
Issue of right shares (note 20.2)	601,643	2,406,571	-	-	-	-	3,008,214
Final cash dividend for the year 2016	-	-	-	-	-	(1,253,422)	(1,253,422)
Interim cash dividend for the year 2017	-	-	-	-	-	(1,754,791)	(1,754,791)
	-	-	-	-	-	(3,008,213)	(3,008,213)
Balance as at December 31, 2017	10,629,022	2,406,571	7,777,925	3,117,547	66,766	10,340,589	34,338,420

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

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

Riyadh S. A. A.
Edrees
Chairman

Irfan Siddiqui
President &
CEO

Faisal A. A. A.
Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza
Khandwala
Chief Financial Officer

Unconsolidated Cash Flow Statement

For the year ended December 31, 2017

	Note	2017	2016
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		10,252,010	8,942,836
Less: Dividend income		(1,176,517)	(744,090)
		9,075,493	8,198,746
Adjustments for non-cash charges and other items:			
Depreciation		1,465,891	1,386,419
Amortisation		170,156	166,397
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net		720,189	(120,246)
Provision / (reversal of provision) against diminution in the value of investments		586,732	(64,673)
Charge for defined benefit plan		279,078	268,150
Gain on sale of operating fixed assets		(72,928)	(50,600)
		3,149,118	1,585,447
		12,224,611	9,784,193
(Increase) / decrease in operating assets			
Due from financial institutions		(18,114,056)	(28,035,689)
Islamic financing and related assets		(109,219,007)	(103,841,201)
Other assets		(3,880,360)	3,999,137
		(131,213,423)	(127,877,753)
Increase / (decrease) in operating liabilities			
Bills payable		2,037,095	2,570,674
Due to financial institutions		4,807,794	18,395,950
Deposits and other accounts		109,163,954	92,202,894
Other liabilities		3,791,152	(64,532)
		119,799,995	113,104,986
		811,183	(4,988,574)
Contribution to defined benefit plan		(123,356)	(276,480)
Income tax paid		(3,836,755)	(2,475,684)
Net cash used in operating activities		(3,148,928)	(7,740,738)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in			
- available for sale securities		7,884,619	46,640,384
- held to maturity securities		-	(28,000,000)
- associated entities		7,359	(66,774)
Dividend received		1,164,417	741,415
Investments in operating fixed assets		(4,653,329)	(2,463,891)
Proceeds from sale of fixed assets		139,180	94,090
Net cash generated from investing activities		4,542,246	16,945,224
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Right Shares		3,008,214	-
Issuance of Sub-ordinated Sukuk		-	7,000,000
Dividend paid		(3,007,746)	(3,006,982)
Net cash generated from financing activities		468	3,993,018
Increase in cash and cash equivalents		1,393,786	13,197,504
Cash and cash equivalents at the beginning of the year	32	68,058,200	54,860,696
Cash and cash equivalents at the end of the year	32	69,451,986	68,058,200

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

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Chairman

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CEO

Faisal A. A. A.
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Director

Shabbir Hamza
Khandwala
Chief Financial Officer

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Act, 2017 (previously Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.
- 1.2 The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002, on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.
- 1.3 The Bank was operating through six hundred and one branches as at December 31, 2017 (2016: five hundred and seventy one). 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, 2016, 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, Musawamah, Service Ijarah, Wakalah Tul Istithmar and Export Refinance under Islamic Export Refinance Scheme of the State Bank of Pakistan as briefly explained in note 6.3.

The purchases and sales arising under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilised and the appropriate portion of profit thereon. The income on such financing is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the 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 by Securities and Exchange Commission of Pakistan (SECP), provisions of the Companies Ordinance, 1984 (repealed - note 3.1.1), the Banking Companies Ordinance, 1962, and the directives issued by the SECP and SBP. Wherever the requirements of provisions of the Companies Ordinance, 1984 (repealed - note 3.1.1), the Banking Companies Ordinance, 1962, the IFAS notified by the SECP and directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of the Companies Ordinance, 1984 (repealed - note 3.1.1) and the Banking Companies Ordinance, 1962, IFAS notified by the SECP and the directives issued by the SECP and the SBP shall prevail.
 - 3.1.1 The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its circular dated October 04, 2017, this unconsolidated financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.
- 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.
- 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'.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New Standards, Interpretations and Amendments

The Bank has adopted the following accounting standards, amendments and interpretation of IFRSs which became effective for the current year:

Standard or Interpretation

- IAS 7 - Statement of Cash Flow – Disclosure Initiative - (Amendments)
- IAS 12 - Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in September 2014

- IFRS 12 - Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

3.6.1 The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation.

Standard, Interpretations and Amendments	Effective date (accounting periods beginning on or after)
- IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
- IFRS 10 – Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IFRS 4 – Insurance Contracts: Applying IFRS 9 - Financial Instruments with IFRS 4 – Insurance Contracts – (Amendments)	January 01, 2018
- IFRS 9 – Financial Instruments: Classification and Measurement	July 01, 2018
- IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	January 01, 2018
- IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration	January 01, 2018
- IFRIC 23 – Uncertainty over Income Tax Treatments	January 01, 2019

3.6.2 The above standards, amendments and interpretations are not expected to have any material impact on the Bank's financial statements in the period of initial application. With regard to IFRS 9, the Bank considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financing, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Bank expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

3.6.3 In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018 and January 01, 2019. The Bank expects that such improvements to the standards will not have any impact on the Bank's financial statements in the period of initial application.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

IFRS 14 – Regulatory Deferral Accounts

IFRS 16 – Leases

IFRS 17 – Insurance Contracts

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

4.1 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 6.4 and 10);
- (b) Provision against non-performing Islamic financing and related assets (notes 6.3.2 and 11);
- (c) Impairment of investments in equity instruments of subsidiary, associates and non associate entities (notes 6.4.5 and 10);
- (d) Accounting for defined benefit plan (notes 6.12 and 34);
- (e) Depreciation / amortisation of operating fixed assets (notes 6.5 and 12); and
- (f) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 6.7, 18, 19 and 30)

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

5 BASIS OF MEASUREMENT

5.1 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.

5.2 Functional and Presentation Currency

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

5.3 Rounding off

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

6.1 Cash and cash equivalents

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

6.2 Due to / from financial institutions

Bai Muajjal

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

Musharaka / Modaraba

In Musharaka / Modaraba, 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, 2017

6.3 Islamic financing and related assets

Murabaha

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

Ijarah

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.

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Bank enters into investment agency transaction with customer acting as an agent of the Bank. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Bank and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of wakala business performance by the agent.

Musawamah

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

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

Funds disbursed, under financing arrangements for purchase of goods / assets are recorded as advance. On culmination, 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, 2017

6.3.2 Provision against non-performing Islamic financing and related assets

Specific provision

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

General provision

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

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

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

6.3.3 Inventories

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

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

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

6.4 Investments

6.4.1 Classification

The Bank classifies its investments as follows:

- Held for trading

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

- Held to maturity

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

- Available for sale

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

- Associates

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

- Subsidiary

Subsidiary is an entity over which the Bank has control.

6.4.2 Regular way contracts

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

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

6.4.3 Initial recognition and measurement

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

6.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- Held for trading

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

- Held to maturity

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

- 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.

6.4.5 Impairment

Available for sale and Held to maturity investments

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

Investment in associates and subsidiary

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

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

6.4.6 Cost of investment is determined on moving average basis.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

6.5 Operating fixed assets

6.5.1 Tangible assets

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

6.5.2 Intangible assets

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

6.5.3 Subsequent costs

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

6.5.4 Depreciation / amortisation

Depreciation / amortisation is charged to the profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 12.4 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.

6.5.5 Capital work-in-progress

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

6.5.6 Useful lives and residual values

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

6.5.7 Impairment

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

6.6 Ijarah Assets (IFAS 2)

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

- Depreciation

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

- Ijarah Rentals

Ijarah rentals outstanding are disclosed in 'other assets' on the Statement of Financial Position at amortised 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'.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

6.7 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.

6.8 Non-banking assets acquired in satisfaction of claims

The non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account which is shown in the Statement of Financial Position below equity. Any deficit arising on revaluation is taken to 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.

6.9 Deposits

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

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

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

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

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

6.10 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.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

6.11 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Modaraba and Musharakah modes.

Under the general deposits pools, the Bank accepts funds on Modaraba 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 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 / Modaraba 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 41.1.1.1. Investments in Sovereign Guarantee Sukuk, Bai Muajjal with State Bank of Pakistan are also done through General Pools. All remunerative deposits are tagged to these general pools and their funds generated from the depositors are invested on priority basis. Due to limited investment options in USD, GBP and EURO pool, funds from FCY pools are invested in available International Sukuk, Shariah Compliant Nostro accounts and the remaining funds are taken out and invested in PKR general pool as part of equity. In such cases return from PKR General Pool is given back to FCY pools, so that returns can be passed on to FCY pool customers accordingly.

IERS Pools:

The IERS pool assets comprise of Sovereign Guarantee Sukuk, and financing to / sukuk of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. The Musharakah with SBP under IERS is tagged to the IERS pool.

FI Pools:

The FI pool assets generally comprise of Sovereign Guarantee Sukuk only and the related liability of the FI pool comprise of Musharakah / Modaraba 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, 2017

6.12 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, 2017.

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, 2017.

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 return cost are recognised in the Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur.

Defined contribution plan

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

6.13 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, 2017, on the basis of projected unit credit method.

6.14 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.

6.15 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.

6.16 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, 2017

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

6.17 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.

6.18 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards as applicable in Pakistan.

6.19 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) Rental on Ijarah contracts under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recognised as income on an accrual basis.
- iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- v) Profit on Running Musharakah financing is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- viii) Profit on Wakalah tul Istithmar is recognized on an accrual basis and is adjusted upon actual declaration of wakalah business performance by the agent.
- ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield / profit method.
- x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs 200,000 which is recognised over the period of the guarantee. Fee and brokerage income are recognised when earned.
- xi) Dividend income is recognised when the Bank's right to receive dividend is established.
- xii) Gain or loss on sale of investments is included in the profit and loss account.
- xiii) Gain or loss on disposal of operating fixed assets, ijarah assets and musharaka assets, if any, is taken to the profit and loss account in the period in which they arise.
- xiv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured 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.

6.20 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.

6.20.1 Business segments

Corporate Finance

Corporate Finance includes investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

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.

6.20.2 Geographical segments

The Bank operates only in Pakistan.

6.21 Impairment

The carrying amount of the assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

	Note	2017	2016
Rupees in '000			
7 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		16,244,335	14,725,026
- foreign currencies		2,515,745	2,159,517
With the State Bank of Pakistan in			
- local currency current accounts	7.1	25,011,106	20,323,435
- foreign currency current accounts	7.1	4,100,803	3,138,134
With the National Bank of Pakistan in			
- local currency current accounts		16,684,181	15,690,737
		<u>64,556,170</u>	<u>56,036,849</u>

7.1 These include local and foreign currency amounts required to be maintained by the Bank with the SBP as stipulated by the SBP. These accounts are non-remunerative in nature.

	Note	2017	2016
Rupees in '000			
8 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		3,699,377	2,000,041
- in deposit accounts / term deposit receipts		-	9,000,000
Outside Pakistan			
- in current accounts		1,084,534	814,335
- in deposit accounts	8.1	111,905	206,975
		<u>4,895,816</u>	<u>12,021,351</u>

8.1 The return on these balances is around 0.58% (2016: 0.28%) per annum.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

9 DUE FROM FINANCIAL INSTITUTIONS	Note	2017	2016
		Rupees in '000	
Bai Muajjal:			
With Scheduled Banks - Secured	9.1	142,229,221	77,829,747
With State Bank of Pakistan		-	31,413,175
With Scheduled / Other Banks		15,500	19,887,743
	9.2	142,244,721	129,130,665
Musharakah - Secured	9.3	5,000,000	-
Commodity Murabaha		26,066	26,066
		147,270,787	129,156,731
Provision against non-performing amounts due from financial institutions	9.5	(41,566)	(41,566)
		147,229,221	129,115,165

9.1 The average return on this product is 5.80% (2016: 5.75%) per annum. The balances have maturities ranging between January 2018 to November 2018 (2016: January 2017 to December 2017). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 146,067 million as at December 31, 2017 (2016: Rs 80,305 million).

	2017	2016
	Rupees in '000	
9.2 Bai Muajjal Placements	150,162,125	136,298,219
Less: Deferred Income	(3,440,686)	(3,631,432)
Profit Receivable shown in other assets	(4,476,718)	(3,536,122)
Bai Muajjal Placements	142,244,721	129,130,665

9.3 The average returns on this product is 5.83% (2016: Nil) per annum and are due to mature in November 2018 (2016: Nil). These Musharakah are secured against Federal Government securities received as collateral and having market value of Rs 5,068 million as at December 31, 2017 (2016: Nil).

	2017	2016
	Rupees in '000	
9.4 Particulars of due from financial institutions		
In local currency	147,229,221	129,115,165
In foreign currencies	-	-
	147,229,221	129,115,165
9.5 Provision against non-performing amounts due from financial institutions		
Opening balance	41,566	41,566
Less: charge / reversal	-	-
Closing balance	41,566	41,566

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

10 INVESTMENTS

10.1 Investments by types

Note	2017			2016		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
Rupees in '000						
Available for sale securities						
- Sukuk	83,839,856	-	83,839,856	92,571,703	-	92,571,703
- Shares / Units	5,271,140	-	5,271,140	4,423,912	-	4,423,912
	89,110,996	-	89,110,996	96,995,615	-	96,995,615
Held to maturity securities						
- Sukuk	28,000,000	-	28,000,000	28,000,000	-	28,000,000
In related parties						
Subsidiary (unlisted)						
- Shares	63,050	-	63,050	63,050	-	63,050
Associates (listed)						
- Units of funds	1,894,761	-	1,894,761	1,902,120	-	1,902,120
Investment at cost / carrying value	119,068,807	-	119,068,807	126,960,785	-	126,960,785
Less: Provision against diminution in value of investments	(967,444)	-	(967,444)	(380,712)	-	(380,712)
Investments (net of provision)	118,101,363	-	118,101,363	126,580,073	-	126,580,073
Surplus on revaluation of investments classified as 'available for sale'	1,136,883	-	1,136,883	3,576,224	-	3,576,224
Investments at market value	119,238,246	-	119,238,246	130,156,297	-	130,156,297

10.2 Investments by segments

Note	2017	2016
Rupees in '000		
Federal Government Securities		
GoP Ijarah Sukuk	84,895,331	96,937,287
Sukuk Certificates / Bonds		
Sukuk Certificates	21,911,179	16,090,897
Global Sukuk Bonds	5,033,346	7,543,519
Fully paid up ordinary shares		
Listed companies	4,367,016	3,519,788
Unlisted companies		
- subsidiary	63,050	63,050
- others	854,124	854,124
Units of open end funds		
- associates	1,894,761	1,902,120
- others	50,000	50,000
Total investment at cost / carrying value	119,068,807	126,960,785
Less: Provision against diminution in value of investments	(967,444)	(380,712)
Investments (net of provision)	118,101,363	126,580,073
Surplus on revaluation of investments classified as 'available for sale'	1,136,883	3,576,224
Investments at market value	119,238,246	130,156,297

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

10.3 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	2017	2016	2017	2016	2017	2016		
	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 parts and accessories								
Honda Atlas Cars (Pakistan) Limited	369,700	408,000	91,345	75,930	189,438	Unrated	272,805	Unrated
Indus Motor Company Limited	-	47,400	-	42,684	-	Not Applicable	76,529	Unrated
Construction and materials (cement)								
Cherat Cement Company Limited	624,800	263,000	89,564	23,917	69,297	A / A1	45,773	A / A1
D.G. Khan Cement Company Limited	1,488,146	1,343,546	294,670	219,443	198,995	Unrated	297,904	Unrated
Fauji Cement Company Limited	1,094,500	2,195,000	38,807	74,365	27,373	Unrated	98,951	Unrated
Kohat Cement Limited	263,800	263,800	40,306	40,306	37,449	Unrated	76,935	Unrated
Lucky Cement Company Limited	549,265	531,265	362,982	339,620	284,195	Unrated	460,214	Unrated
Pioneer Cement Limited	589,600	160,200	83,211	22,709	37,216	A / A1	22,763	A / A1
Power Cement Limited	18,040,667	-	225,508	-	157,675	A- / A2	-	Not Applicable
Electricity								
K-Electric Limited*	11,850,000	10,800,000	88,351	80,981	74,774	AA / A1+	101,196	AA / A1+
Hub Power Company Limited	2,612,190	3,096,690	163,225	172,167	237,709	AA+ / A1+	382,379	AA+ / A1+
Oil and gas								
Attock Refinery Limited	50,600	290,900	12,552	94,050	11,846	AA / A1+	123,720	AA / A1+
Hascol Petroleum Limited	25,000	-	7,053	-	6,176	AA- / A1	-	Not Applicable
Hi-Tech Lubricants Limited	450,000	-	51,848	-	31,950	Unrated	-	Not Applicable
Mari Petroleum Company Limited	266,600	308,600	177,156	205,065	386,802	Unrated	424,297	Unrated
National Refinery Limited	85,000	-	69,508	-	36,624	AA+ / A1+	-	Not Applicable
Oil and Gas Development Company Limited	862,000	537,000	130,608	74,252	140,325	AAA / A1+	88,793	AAA / A1+
Pakistan State Oil Company Limited	885,108	732,590	184,839	176,205	259,434	AA / A1+	318,098	AA / A1+
Pakistan Oilfields Limited	696,426	743,626	296,529	311,072	413,858	Unrated	397,557	Unrated
Pakistan Petroleum Limited	578,847	620,147	104,757	112,707	119,190	Unrated	116,699	Unrated
Sui Northern Gas Pipeline Limited	2,387,500	1,522,000	265,358	85,878	225,881	AA- / A1	124,150	AA- / A1
Chemicals								
Engro Corporation Limited	635,800	535,800	176,325	143,653	174,686	AA / A1+	169,361	AA / A1+
Engro Fertilizers Limited	5,370,000	5,900,000	349,411	386,752	363,656	AA- / A1+	401,082	AA- / A1+
Engro Polymers & Chemicals Limited	1,050,000	-	35,493	-	29,988	A / A1	-	Not Applicable
ICI Pakistan Limited	121,145	104,965	50,618	34,026	93,033	Unrated	104,307	Unrated
Sitara Chemical Industries Limited	25,000	-	14,147	-	7,525	A+ / A1	-	Not Applicable
General Industries								
Abbot Laboratories (Pakistan) Limited	99,800	95,000	80,287	72,634	69,621	Unrated	90,924	Unrated
Cherat Packaging Limited	198,625	175,000	56,999	54,046	39,526	Unrated	59,147	Unrated
Glaxo Smithkline Pakistan Limited	108,900	-	28,039	-	18,282	Unrated	-	Not Applicable
Packages Limited	523,479	566,879	223,947	242,513	266,885	AA / A1+	481,875	AA / A1+
The Searle Company Limited	496,349	324,976	116,748	83,181	156,280	Unrated	212,466	Unrated
Ferozsons Laboratories Limited	-	60,000	-	51,022	-	Not Applicable	44,925	Unrated
Personal Goods (textile)								
Nishat Mills Limited	25,000	740,100	3,521	72,039	3,738	AA / A1+	112,695	AA / A1+
Fixed line telecommunication								
Pakistan Telecommunication Company Limited (A)	250,000	-	3,229	-	3,263	Unrated	-	Not Applicable
Food Producers								
Al Shaheer Corporation Limited	483,575	483,575	27,981	27,980	10,745	Unrated	27,757	Unrated
Engro Foods Limited	140,000	50,000	17,880	7,464	11,243	Unrated	9,597	Unrated
Electrical Goods								
Pak Electron Limited	2,478,125	1,788,125	174,808	112,819	117,686	A+ / A1	127,458	A+ / A1
Engineering								
Crescent Steel & Allied Products Limited	333,875	239,375	51,717	27,257	42,509	A+ / A2	36,907	A+ / A2
International Industries Limited	167,400	-	53,372	-	40,194	AA- / A1	-	Not Applicable
International Steels Limited	360,000	-	47,290	-	38,293	A+ / A1	-	Not Applicable
K.S.B. Pumps Company Limited	41,500	41,500	10,614	10,614	12,699	Unrated	16,942	Unrated
Amreli Steels Limited	-	244,000	-	12,732	-	Not Applicable	16,248	A / A1
Financial Institutions								
Orient Rental Modaraba	6,638,953	-	66,390	-	79,999	Unrated	-	Not Applicable
Miscellaneous								
Shifa International Hospitals Limited	71	91,771	23	29,705	21	Unrated	28,211	Unrated
	63,317,346	35,304,830	4,367,016	3,519,788	4,526,079		5,368,665	

*The nominal value of these shares is Rs 3.5 each.

Notes to and forming part of the Unconsolidated Financial Statements

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Name of the investee	Note	2017		2016		2017		2016	
		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 *		25,055,300	25,055,300	250,553	250,553	250,553	Unrated	250,553	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 ***		4,000,000	4,000,000	253,240	253,240	253,240	A / A1	253,240	A / A1
Pak Kuwait Takaful Company Limited****		2,812,500	2,812,500	28,125	28,125	28,125	BBB	28,125	BBB
S.W.I.F.T. SCRL - at cost		5	5	3,342	3,342	3,342	Unrated	3,342	Unrated
		53,068,873	53,068,873	854,124	854,124	854,124		854,124	
Units of open end funds									
Atlas Islamic Income Fund		98,894	98,894	50,000	50,000	50,939	AA-(f)	51,150	AA-(f)
GoP Sukuk									
GoP Ijarah Sukuk - GIS-16	10.3.1	399,833	399,833	40,052,437	39,928,380	40,263,828	Govt. Guaranteed	40,962,774	Govt. Guaranteed
GoP Ijarah Sukuk - GISF-1	10.3.2	20,000	20,000	1,973,172	2,068,211	2,027,000	Govt. Guaranteed	2,065,200	Govt. Guaranteed
GoP Ijarah Sukuk - GISF-2	10.3.3	899	269,407	89,843	26,940,696	90,565	Govt. Guaranteed	27,482,208	Govt. Guaranteed
GoP Ijarah Sukuk - GISF-3	10.3.4	147,790	-	14,779,879	-	14,770,133	Govt. Guaranteed	-	Not Applicable
		568,522	689,240	56,895,331	68,937,287	57,151,526		70,510,182	
Sukuk Certificates									
Albaraka Bank Pakistan Limited I - at cost	10.3.5	200	200	114,285	142,857	114,285	A	142,857	A
Albaraka Bank Pakistan Limited II - at cost	10.3.6	150	-	150,000	-	150,000	A+	-	Not Applicable
Arzoo Textile Mills Limited - at cost	10.3.7	10,000	10,000	50,000	50,000	50,000	Unrated	50,000	Unrated
Dubai Islamic Bank Pakistan Limited - at cost	10.3.8	258	-	258,000	-	258,000	A+	-	Not Applicable
Engro Fertilizers Limited II - at cost	10.3.9	100,000	100,000	350,000	450,000	350,000	AA- / A1+	450,000	AA- / A1+
K-Electric Limited - at cost	10.3.10	520,000	520,000	2,340,000	2,600,000	2,340,000	AA / A1+	2,600,000	AA / A1+
Liberty Power Tech Ltd - at cost	10.3.11	18,140,480	18,140,480	870,008	1,078,025	870,008	A+ / A1	1,078,025	A+ / A1
Neelum Jehlum Private Limited - at cost	10.3.12	35,750	35,750	3,575,000	3,575,000	3,575,000	AAA	3,575,000	AAA
Pakistan International Airlines - at cost	10.3.13	300,000	300,000	1,500,000	1,500,000	1,500,000	Govt. Guaranteed	1,515,000	Govt. Guaranteed
Pakistan Mobile Communications Limited - at cost	10.3.14	560,000	560,000	1,866,667	2,800,000	1,866,667	AA- / A1	2,800,000	AA- / A1
Sui Southern Gas Company Limited II - at cost	10.3.15	280,000	100,000	233,333	250,000	233,333	AA- / A1+	250,000	AA- / A1+
Sui Southern Gas Company Limited III - at cost	10.3.16	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	10.3.17	200,000	200,000	1,000,000	1,000,000	1,000,000	AA- / A1+	1,000,000	AA- / A1+
Sui Southern Gas Company Limited V - at cost****	10.3.18	400,000	-	4,000,000	-	4,000,000	AA- / A1+	-	Not Applicable
Quetta Textile Mills Limited - at cost	10.3.19	30,000	30,000	72,619	72,619	72,619	Unrated	72,619	Unrated
Sitara Peroxide Limited - at cost	10.3.20	30,000	30,000	59,063	59,063	59,063	Unrated	59,063	Unrated
WAPDA Dasu Sukuk - at cost	10.3.21	347,222	-	3,472,204	-	3,472,204	AAA	-	Not Applicable
Sui Southern Gas Company Limited I - at cost		-	180,000	-	225,000	-	Not Applicable	225,000	AA- / A1+
WAPDA Second Sukuk - at cost		-	346,000	-	288,333	-	Not Applicable	289,775	Govt. Guaranteed
		21,354,060	20,952,430	21,911,179	16,090,897	21,911,179		16,107,339	
Global Sukuk Bonds									
Hong Kong Sukuk	10.3.22	5,000	5,000	552,010	522,879	548,724	AA+	523,819	AAA
Luxembourg Sukuk	10.3.23	250	250	33,063	27,649	33,554	AAA	28,083	AAA
Republic of Indonesia Sukuk I	10.3.24	5,000	5,000	552,086	522,993	558,926	BAA3	516,073	BAA3
Republic of Indonesia Sukuk II	10.3.25	5,000	5,000	554,118	525,205	581,093	BAA3	526,413	BAA3
Republic of Indonesia Sukuk III	10.3.26	5,000	5,000	552,413	523,345	576,709	BAA3	521,811	BAA3
Saudi Electric Company Sukuk - 10 years	10.3.27	5,000	5,000	572,920	547,367	577,140	A2	554,288	A2
Sime Darby Berhad Global Sukuk - 5 years	10.3.28	5,000	5,000	552,094	523,095	551,871	BAA1	519,007	BAA1
Sime Darby Berhad Global Sukuk - 10 years	10.3.29	5,000	5,000	555,240	526,568	542,336	BAA1	498,522	BAA1
Qatar Islamic Bank II	10.3.30	5,000	5,000	549,888	520,173	538,295	A+	521,821	A+
State of Qatar Sukuk - 10 years	10.3.31	5,000	5,000	559,514	531,422	547,056	AA2	534,828	AA2
First Gulf Bank Sukuk		-	5,000	-	523,381	-	Not Applicable	524,169	A2
Hazine M.V. Sukuk I		-	5,000	-	522,016	-	Not Applicable	518,359	BA1
Hazine M.V. Sukuk II		-	1,500	-	156,898	-	Not Applicable	152,293	BA1
Qatar Islamic Bank I		-	10,000	-	1,046,419	-	Not Applicable	1,050,012	A+
Saudi Electric Company Sukuk - 5 years		-	5,000	-	524,109	-	Not Applicable	524,807	A2
		45,250	71,750	5,033,346	7,543,519	5,055,704		7,514,305	
				89,110,996	96,995,615	89,549,551		100,405,765	

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

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

*** 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. Shahnawaz Akhter.

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

Notes to and forming part of the Unconsolidated Financial Statements

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	Name of the security	Profit rate	Profit payment	Face value per certificate	Maturity date
10.3.1	GoP Ijarah Sukuk - GIS-16	Weighted average yield of 6 months treasury bills minus 50 basis points	Semi-annually	Rs 100,000	December 18, 2018
10.3.2	GoP Ijarah Sukuk - GISF-1	6.1 % p.a.	Semi-annually	Rs 100,000	February 15, 2019
10.3.3	GoP Ijarah Sukuk - GISF-2	5.59% p.a.	Semi-annually	Rs 100,000	March 29, 2019
10.3.4	GoP Ijarah Sukuk - GISF-3	5.24% p.a.	Semi-annually	Rs 100,000	June 30, 2020
10.3.5	Albaraka Bank Pakistan Limited I	6 months KIBOR plus 1.25%	Semi-annually	Rs 571,425	September 26, 2021
10.3.6	Albaraka Bank Pakistan Limited II	6 months KIBOR plus 0.75%	Semi-annually	Rs 1,000,000	August 22, 2024
10.3.7	Arzoo Textile Mills Limited	Not applicable	Semi-annually	Rs 5,000	April 14, 2014
10.3.8	Dubai Islamic Bank Pakistan Limited	6 months KIBOR plus 0.5%	Semi-annually	Rs 1,000,000	August 14, 2027
10.3.9	Engro Fertilizers Limited II	6 months KIBOR plus 1.75%	Semi-annually	Rs 3,500	July 09, 2019
10.3.10	K-Electric Limited	3 months KIBOR plus 1.00%	Quarterly	Rs 4,750	June 17, 2022
10.3.11	Liberty Power Tech Limited	3 months KIBOR plus 3.00%	Quarterly	Rs 51	January 01, 2021
10.3.12	Neelum Jehlum Private Limited	6 months KIBOR plus 1.75%	Semi-annually	Rs 100,000	June 26, 2026
10.3.13	Pakistan International Airlines	6 months KIBOR plus 1.75%	Semi-annually	Rs 5,000	October 20, 2019
10.3.14	Pakistan Mobile Communications Limited	3 months KIBOR plus 0.88%	Quarterly	Rs 3,750	December 22, 2019
10.3.15	Sui Southern Gas Company Limited II	3 months KIBOR plus 0.70%	Quarterly	Rs 1,250	May 28, 2018
10.3.16	Sui Southern Gas Company Limited III	3 months KIBOR plus 0.40%	Quarterly	Rs 5,000	October 30, 2019
10.3.17	Sui Southern Gas Company Limited IV	6 months KIBOR plus 0.5%	Semi-annually	Rs 5,000	December 15, 2022
10.3.18	Sui Southern Gas Company Limited V	6 months KIBOR plus 1.10%	Semi-annually	Rs 10,000	April 02, 2027
10.3.19	Quetta Textile Mills Limited	3 months KIBOR plus 3.00%	Quarterly	Rs 2,421	March 26, 2020
10.3.20	Sitara Peroxide Limited	1 month KIBOR plus 1.00%	Monthly	Rs 1,969	August 19, 2016
10.3.21	WAPDA Dasu Sukuk	6 months KIBOR plus 1.45%	Semi-annually	Rs 10,000	May 08, 2032
10.3.22	Hong Kong Sukuk	2.005 % p.a.	Semi-annually	USD 1,000	September 18, 2019
10.3.23	Luxembourg Sukuk	0.44 % p.a.	Annually	EUR 1,000	October 07, 2019
10.3.24	Republic of Indonesia Sukuk I	3.30 % p.a.	Semi-annually	USD 1,000	November 21, 2022
10.3.25	Republic of Indonesia Sukuk II	4.35 % p.a.	Semi-annually	USD 1,000	September 10, 2024
10.3.26	Republic of Indonesia Sukuk III	4.325 % p.a.	Semi-annually	USD 1,000	May 28, 2025
10.3.27	Saudi Electric Company Sukuk - 10 years	4.211 % p.a.	Semi-annually	USD 1,000	April 03, 2022
10.3.28	Sime Darby Berhad Global Sukuk - 5 years	2.053 % p.a.	Semi-annually	USD 1,000	January 29, 2018
10.3.29	Sime Darby Berhad Global Sukuk - 10 years	3.29 % p.a.	Semi-annually	USD 1,000	January 29, 2023
10.3.30	Qatar Islamic Bank -II	2.754 % p.a.	Semi-annually	USD 1,000	October 27, 2020
10.3.31	State of Qatar Sukuk - 10 years	3.241 % p.a.	Semi-annually	USD 1,000	January 18, 2023

10.4 Held to Maturity Securities

	Name of the security	Profit Rate	2017	2016	2017	2016
			Number of Certificates		Rupees in '000	
10.4.1	GoP Ijarah Sukuk - GISF-2 *	5.59% p.a.	<u>280,000</u>	<u>280,000</u>	<u>28,000,000</u>	<u>28,000,000</u>

* These Sukuk 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, 2017

10.5 Subsidiary (unlisted)

Particulars	Note	2017	2016	2017	2016	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)	10.5.1	3,250,000	3,250,000	63,050	63,050	65	686.23	June 30, 2017	Mr. Muhammad Shoab
				63,050	63,050				

10.5.1 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.

10.6 Associates (listed)

The Bank holds investments in units of Rs. 50 each, unless stated otherwise, in the following listed investee:

Name of the investee	Note	2017	2016	Percentage of direct equity holding %	2017	2016
		Number of units			Cost Rupees in '000	
Units of open end funds						
Meezan Balanced Fund	10.6.1	18,886,746	18,886,746	Open end fund	161,345	161,345
Al-Meezan Mutual Fund	10.6.1	22,232,228	16,850,414	Open end fund	302,366	170,433
Meezan Islamic Fund		12,475,050	12,475,050	Open end fund	221,050	221,050
Meezan Gold Fund		1,000,000	1,000,000	Open end fund	50,000	50,000
Meezan Cash Fund		10,303,266	-	Open end fund	530,000	-
Meezan Islamic Income Fund		10,155,202	-	Open end fund	530,000	-
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	Open end fund	-	200,000
Meezan Sovereign Fund		-	21,593,102	Open end fund	-	999,292
					1,894,761	1,902,120

10.6.1 The nominal value of open end fund units is Rs 10 each.

10.6.2 The above associates are established in Pakistan.

10.6.3 Investments in listed associates have a market value of Rs 2,720 million (2016: Rs 3,419 million).

10.7 Provision against diminution in value of investments

	2017			2016		
	Associates	Others	Total	Associates	Others	Total
	Rupees in '000					
Opening balance	-	380,712	380,712	24,514	420,871	445,385
Charge / (reversal) for the year						
- on associates (unlisted)	-	-	-	3,611	-	3,611
- on available for sale investments						
- charge for the year	-	605,434	605,434	-	33,840	33,840
- reversal for the year	-	(18,702)	(18,702)	-	(102,124)	(102,124)
Transfer	-	586,732	586,732	3,611	(68,284)	(64,673)
	-	-	-	(28,125)	28,125	-
Closing balance	-	967,444	967,444	-	380,712	380,712

Particulars of provision in respect of type and segment	2017	2016
	Rupees in '000	
Available for sale investments		
Fully paid up-ordinary shares	785,762	199,030
Sukuk	181,682	181,682
	967,444	380,712

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

	Note	2017	2016
Rupees in '000			
11 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
Murabaha financing and related assets			
- Murabaha financing	11.1	7,854,995	7,786,937
- Advances against Murabaha		6,487,946	3,993,151
- Murabaha inventory		4,573,868	4,967,432
- Financing under Islamic Export Refinance - Murabaha	11.2	599,862	723,956
- Advance against Islamic Export Refinance - Murabaha		236,121	122,221
		19,752,792	17,593,697
Running Musharakah financing			
- Running Musharakah financing		132,032,737	70,517,803
- Financing under Islamic Export Refinance - Running Musharakah		13,882,800	7,784,000
		145,915,537	78,301,803
Istisna financing and related assets			
- Istisna financing		2,432,621	3,155,616
- Istisna - advance		44,548,652	28,112,137
- Istisna inventory		3,352,093	1,876,007
- Financing under Islamic Export Refinance - Istisna		170,111	128,743
- Advances under Islamic Export Refinance - Istisna		5,489,701	7,261,153
- Financing under Islamic Export Refinance - Istisna - Inventory		1,076,361	828,634
		57,069,539	41,362,290
Tijarah financing and related assets			
- Tijarah financing		498,305	337,506
- Tijarah inventory		7,213,736	5,182,105
- Islamic Export Refinance - Tijarah - financing		254,802	244,051
- Islamic Export Refinance - Tijarah - inventory		217,500	227,584
		8,184,343	5,991,246
Musawamah financing and related assets			
- Musawamah financing	11.3	6,468,792	7,159,774
- Musawamah Inventory		5,272,054	2,590,940
- Advances against Musawamah		7,523,238	4,908,188
- Financing under Islamic Export Refinance - Musawamah	11.4	95,308	325,512
- Advances under Islamic Export Refinance - Musawamah		111,350	100,000
- Financing under Islamic Export Refinance - Musawamah - Inventory		-	110,000
		19,470,742	15,194,414
Ijarah financing and related assets			
- Net investment in Ijarah		124,058	149,054
- Net book value of assets / investment in Ijarah under IFAS 2	11.5	31,019,341	20,671,262
		31,143,399	20,820,316
- Advances against Ijarah		5,389,253	3,906,242
		36,532,652	24,726,558
Diminishing Musharakah financing and related assets			
- Diminishing Musharakah financing - Housing		11,991,953	9,374,585
- Diminishing Musharakah financing - Others		65,438,474	79,478,870
- Advances against Diminishing Musharakah		7,125,407	12,971,982
		84,555,834	101,825,437
Musharakah financing		580,720	746,640
Wakalah Tul Istithmar financing		31,250,000	12,750,000
Bai Muajjal financing	11.6	705,642	101,496
Advance against Service Ijarah financing		3,000,000	718,750
Labbaik (Qard for Hajj and Umrah)		3,382	5,871
Financing against bills			
- Financing against bills - Salam		11,834,926	13,183,818
- Financing against bills - Murabaha - Advance		1,738	1,738
		11,836,664	13,185,556
Salam Financing and related assets			
- Salam Financing		464,337	-
- Salam inventory		77,200	-
- Advances against Salam		3,595,916	2,000,000
		4,137,453	2,000,000
Staff financing	11.7	3,226,026	2,739,104
Other financing		2,612,204	2,374,002
Gross Islamic Financing and Related Assets		428,833,530	319,616,864
Less: Provision against non-performing financing	11.10	(8,804,442)	(8,086,594)
Islamic financing and related assets - net of provision	11.8	420,029,088	311,530,270

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For the year ended December 31, 2017

	Note	2017	2016
		Rupees in '000	
11.1			
Murabaha receivable - Gross	11.1.1	8,222,190	8,134,131
Less: Deferred income		(110,813)	(119,342)
Profit receivable shown in other assets		(256,382)	(227,852)
Murabaha financing		<u>7,854,995</u>	<u>7,786,937</u>
11.1.1			
Murabaha Sale Price		8,222,190	8,134,131
Murabaha Purchase Price		<u>(7,854,995)</u>	<u>(7,786,937)</u>
		<u>367,195</u>	<u>347,194</u>
11.2			
Financing under Islamic Export Refinance - Murabaha - Gross		613,210	741,100
Less: Deferred income		(1,848)	(4,616)
Profit receivable shown in other assets		(11,500)	(12,528)
Financing under Islamic Export Refinance - Murabaha		<u>599,862</u>	<u>723,956</u>
11.3			
Musawamah financing - Gross		6,688,479	7,340,823
Less: Deferred income		(107,833)	(107,675)
Profit receivable shown in other assets		(111,854)	(73,374)
Musawamah financing		<u>6,468,792</u>	<u>7,159,774</u>
11.4			
Financing under Islamic Export Refinance - Musawamah - Gross		96,526	329,995
Less: Deferred income		(604)	(2,973)
Profit receivable shown in other assets		(614)	(1,510)
Financing under Islamic Export Refinance - Musawamah		<u>95,308</u>	<u>325,512</u>
11.5			
Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 16,118 million (2016: Rs 10,951 million).			
		2017	2016
		Rupees in '000	
11.6			
Bai Muajjal financing - Gross		773,092	133,325
Less: Deferred income		(33,689)	(10,835)
Profit receivable shown in other assets		(33,761)	(20,994)
Bai Muajjal financing		<u>705,642</u>	<u>101,496</u>
11.7			
This includes Rs 434 million (2016 : Rs 314 million) representing profit free financing to staff advanced under the Bank's Human Resource Policies.			
11.8			
Particulars of financing - net		2017	2016
		Rupees in '000	
11.8.1	In		
	- local currency	407,711,820	288,487,503
	- foreign currencies	12,317,268	23,042,767
		<u>420,029,088</u>	<u>311,530,270</u>
11.8.2	Short-term (upto one year)	281,562,020	173,362,097
	Long-term (over one year)	138,467,068	138,168,173
		<u>420,029,088</u>	<u>311,530,270</u>

Notes to and forming part of the Unconsolidated Financial Statements

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- 11.9 Islamic financing and related assets include Rs 6,606 million (2016: Rs 6,847 million) which have been placed under non-performing status as detailed below:

Category of classification	2017			Provision required	Provision held
	Domestic	Overseas	Total		
	Rupees in '000				
Other Assets Especially Mentioned	10,845	-	10,845	-	-
Substandard	176,553	-	176,553	40,636	40,636
Doubtful	16,588	-	16,588	6,068	6,068
Loss	6,402,143	-	6,402,143	6,380,027	6,380,027
	6,606,129	-	6,606,129	6,426,731	6,426,731

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
	6,847,292	-	6,847,292	6,592,203	6,592,203

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

	2017			2016		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,592,203	1,494,391	8,086,594	6,840,068	1,366,772	8,206,840
Charge for the year	116,422	883,320	999,742	235,753	127,619	363,372
Less: Reversals	(279,553)	-	(279,553)	(483,618)	-	(483,618)
	(163,131)	883,320	720,189	(247,865)	127,619	(120,246)
Amount Written off	(2,341)	-	(2,341)	-	-	-
Closing balance	6,426,731	2,377,711	8,804,442	6,592,203	1,494,391	8,086,594

- 11.10.1 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 has also maintained a general provision of Rs 1,975 million (2016: Rs 1,125 million) against financing, made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

- 11.10.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at December 31, 2017 amounts to Rs 8.3 million (2016: Rs 10.2 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 5.4 million as at December 31, 2017 (2016: Rs 6.6 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

- 11.10.3 Particulars of provision against non-performing financing:

	2017			2016		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	6,241,410	2,377,711	8,619,121	6,390,778	1,494,391	7,885,169
In foreign currencies	185,321	-	185,321	201,425	-	201,425
	6,426,731	2,377,711	8,804,442	6,592,203	1,494,391	8,086,594

Notes to and forming part of the Unconsolidated Financial Statements

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	Note	2017	2016
Rupees in '000			
11.11 Particulars of write offs			
Against provisions	11.10	2,341	-
Directly charged to profit and loss account		-	-
		<u>2,341</u>	<u>-</u>
Write offs Rs 500,000 and above		2,212	-
Write offs below Rs 500,000		129	-
		<u>2,341</u>	<u>-</u>

11.11.1 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 during the year ended December 31, 2017 is given as Annexure 1.

11.12 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	2017	2016
Rupees in '000			
Balance at the beginning of the year		2,851,665	2,222,265
Disbursements during the year		1,137,325	998,780
Repayments during the year		(756,762)	(369,380)
Balance at the end of the year	11.12.1	<u>3,232,228</u>	<u>2,851,665</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	2017	2016
Rupees in '000			
Balance at the beginning of the year		2,484,365	944,387
Additions / Disbursements during the year		6,613,113	7,562,436
Deletions / Repayments during the year		(8,420,974)	(6,022,458)
Balance at the end of the year	11.12.2	<u>676,504</u>	<u>2,484,365</u>

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

	Note	2017	2016
Rupees in '000			
Balance at the beginning of the year		-	-
Additions / Disbursements during the year		99,939	-
Deletions / Repayments during the year		-	-
Balance at the end of the year	11.12.3	<u>99,939</u>	<u>-</u>

Financing to Executives and Directors

	Executives		Directors	
	2017	2016	2017	2016
Rupees in '000				
Opening balance	1,831,807	1,501,231	-	-
Financing disbursed during the year	567,323	726,836	-	-
Financing repaid during the year	(342,340)	(396,260)	-	-
Closing balance	<u>2,056,790</u>	<u>1,831,807</u>	<u>-</u>	<u>-</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

- 11.12.1 These include financing 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 3,232 million (2016: Rs 2,852 million). The maximum amount has been calculated by reference to the month end balance.
- 11.12.2 This represents a Running Musharakah facility to an associated company (2016: Istisna, Diminishing Musharakah and Running Musharakah facilities to associated companies).
- 11.12.3 This represents a Bai Muajjal facility to the subsidiary company (2016: Nil)

12 OPERATING FIXED ASSETS	Note	2017	2016
		Rupees in '000	
Capital work-in-progress	12.1	562,887	314,408
Property and equipment	12.2	10,832,759	8,193,642
		11,395,646	8,508,050
Intangible assets	12.4	479,712	416,278
		11,875,358	8,924,328
12.1 Capital work-in-progress			
- Advances to suppliers and contractors for civil works		237,106	85,697
- Advances for computer hardware		64,005	55,104
- Advances for purchase of vehicles		153,158	61,586
- Advances for computer software		32,778	38,636
- Advances for other office machines		73,984	66,463
- Advances for furniture and fixtures		1,856	6,922
		562,887	314,408

12.2 Property and equipment

	2017							
	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2017	Rate of depreciation %
	As at January 1, 2017	Additions / Adjustments / (Disposals)	As at December 31, 2017	As at January 1, 2017	Charge / Adjustments / (on Disposals)	As at December 31, 2017		
	Rupees in '000							
Leasehold Land	1,719,600	2,586,533	4,306,133	-	-	-	4,306,133	-
Buildings on leasehold land	1,330,757	26,992 5,943	1,363,692	370,289	61,572 9,751	441,612	922,080	5
Leasehold improvements	5,005,849	686,260 (2,626) (39,999)	5,649,484	1,829,972	484,616 10,626 (29,224)	2,295,990	3,353,494	10
Furniture and fixtures	555,923	77,048 930 (5,345)	628,556	282,754	50,703 (938) (2,839)	329,680	298,876	10
Electrical, office and computer equipments	4,175,135	472,566 12,203 (124,792)	4,535,112	2,728,081	650,355 12,267 (119,723)	3,270,980	1,264,132	10, 20 and 33
Vehicles	1,087,524	319,822 21,164 (194,864)	1,233,646	470,050	218,645 3,869 (146,962)	545,602	688,044	20
	13,874,788	4,169,221 37,614 (365,000)	17,716,623	5,681,146	1,465,891 35,575 (298,748)	6,883,864	10,832,759	

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For the year ended December 31, 2017

	2016							
	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2016	Rate of depreciation %
	As at January 1, 2016	Additions / (Disposals)	As at December 31, 2016	As at January 1, 2016	Charge / (on Disposals)	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	

12.3 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, 2016							
Cost	939,417	1,308,951	4,167,986	510,682	3,763,645	976,118	11,666,799
Accumulated depreciation	-	304,838	1,384,932	241,372	2,184,096	373,646	4,488,884
Net book value	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
Year ended December 31, 2017							
Additions	2,586,533	26,992	686,260	77,048	472,566	319,822	4,169,221
Adjustments	-	(3,808)	(13,252)	1,868	(64)	17,295	2,039
Net book value of disposals	-	-	(10,775)	(2,506)	(5,069)	(47,902)	(66,252)
Depreciation charge	-	(61,572)	(484,616)	(50,703)	(650,355)	(218,645)	(1,465,891)
Net book value as at December 31, 2017	4,306,133	922,080	3,353,494	298,876	1,264,132	688,044	10,832,759

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12.3.1 Included in cost of operating fixed assets are fully depreciated / amortised items still in use aggregating Rs 2,867 million (2016: Rs 2,324 million).

12.3.2 Details of disposal of fixed assets are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Disposal under the Bank's staff policy						
Vehicles						
Honda Civic	2,418	1,209	1,209	1,631	Buyback	Mr. Tariq Munir (Executive, Ex-Employee)
Honda Civic	2,071	2,036	35	677	Buyback	Mr. Khurram Shaikh (Executive, Ex-Employee)
Honda Civic	2,067	2,067	-	620	Buyback	Mr. Kamran Zafar (Executive, Employee)
Honda Civic	1,985	1,985	-	596	Buyback	Mr. Mashkooor AG Khan (Executive, Employee)
Honda Civic	1,930	1,930	-	579	Buyback	Mr. Mashkooor Hassan Siddiqui (Executive, Ex-Employee)
Toyota Corolla	1,748	1,078	670	1,036	Buyback	Mr. Shoaib Malick (Executive, Ex-Employee)
Toyota Corolla	1,726	1,381	345	806	Buyback	Mr. Muhammad Tufail (Executive, Employee)
Toyota Corolla	1,706	1,223	483	894	Buyback	Mr. Muhammad Asim Ahsan (Executive, Employee)
Toyota Corolla	1,692	1,466	226	693	Buyback	Mr. Muhammad Khushal (Executive, Ex-Employee)
Toyota Corolla	1,691	1,635	56	537	Buyback	Mr. Alam Zeb (Executive, Ex-Employee)
Toyota Corolla	1,673	1,645	28	502	Buyback	Ms. Naheed Ashfaq (Executive, Employee)
Toyota Corolla	1,673	1,673	-	502	Buyback	Mr. Arif Aslam Khan (Executive, Employee)
Toyota Corolla	1,608	1,608	-	482	Buyback	Mr. Hafeez Khaskheli (Executive, Employee)
Toyota Corolla	1,608	1,608	-	482	Buyback	Mr. Ehmar Hamad (Executive, Employee)
Toyota Corolla	1,608	1,608	-	482	Buyback	Mr. Babar Ali Pirzada (Executive, Employee)
Toyota Corolla	1,607	1,607	-	482	Buyback	Mr. Muhammad Asadullah (Executive, Employee)
Toyota Corolla	1,581	1,581	-	474	Buyback	Mr. Mian Nasir Mahmood (Executive, Employee)
Toyota Corolla	1,568	1,568	-	470	Buyback	Mr. Adnan Masood (Executive, Employee)
Toyota Corolla	1,546	1,546	-	464	Buyback	Mr. Kamran Mahmood (Executive, Employee)
Toyota Corolla	1,497	1,497	-	449	Buyback	Mr. Fayyaz Hussain Madni (Executive, Ex-Employee)
Honda City	1,671	1,225	446	874	Buyback	Mr. Muhammad Munir (Executive, Employee)
Honda City	1,510	654	856	1,168	Buyback	Mr. Afzal Mujtaba (Executive, Ex-Employee)
Honda City	1,507	628	879	1,102	Buyback	Mr. Muhammad Suhail (Executive, Ex-Employee)
Honda City	1,506	1,506	-	452	Buyback	Mr. Haroon Khan (Executive, Employee)
Honda City	1,506	1,305	201	651	Buyback	Mr. Mir Haider Khan (Executive, Ex-Employee)
Honda City	1,505	1,505	-	452	Buyback	Mr. Waqas Ahmed Nizami (Executive, Employee)
Honda City	1,502	1,502	-	451	Buyback	Mr. Faisal Anwar Malik (Executive, Employee)
Honda City	1,495	1,420	75	529	Buyback	Syed Ahmar Sarosh (Executive, Ex-Employee)
Honda City	1,411	1,411	-	423	Buyback	Mr. Shoaib Ghani Memon (Executive, Employee)
Honda City	1,411	1,411	-	423	Buyback	Mr. Mirza Amir Iqbal (Executive, Employee)
Honda City	1,411	1,411	-	423	Buyback	Mr. Riaz Ahmed Akbani (Executive, Employee)
Honda City	1,402	1,402	-	421	Buyback	Mr. Jahangir Ahmed Nawabi (Executive, Employee)
Honda City	1,391	1,391	-	417	Buyback	Mr. Asim Butt (Executive, Employee)
Honda City	1,359	1,359	-	408	Buyback	Mr. Jaffar Ashraf (Executive, Employee)
Honda City	1,359	1,359	-	408	Buyback	Mr. Zulfiqar Ali (Executive, Employee)
Honda City	1,359	1,359	-	408	Buyback	Mr. Usman Ullah Cheema (Executive, Employee)
Honda City	1,357	1,357	-	407	Buyback	Mr. Ahsan Sarfaraz (Executive, Employee)
Honda City	1,357	1,357	-	407	Buyback	Mr. Asif Ehsan Sheikh (Executive, Employee)
Honda City	1,347	1,347	-	404	Buyback	Mr. Ateeq Ur Rehman (Executive, Employee)
Honda City	1,263	1,263	-	379	Buyback	Mr. Kashif Asghar Butt (Executive, Ex-Employee)
Suzuki Cultus	1,018	730	288	528	Buyback	Mr. Waqar Usman (Executive, Employee)
Suzuki Cultus	975	894	81	341	Buyback	Mr. Usman Sajjad (Executive, Employee)
Suzuki Cultus	975	959	16	293	Buyback	Mr. Saad Ikram (Executive, Employee)
Suzuki Cultus	972	956	16	291	Buyback	Mr. Jawad Rafique (Executive, Employee)
Suzuki Cultus	959	959	-	288	Buyback	Mr. Zia Ur Rehman (Executive, Employee)
Suzuki Cultus	959	943	16	288	Buyback	Mr. Noman Ahmed (Executive, Employee)
Suzuki Cultus	959	943	16	288	Buyback	Mr. Mirza Ayub Baig (Executive, Employee)
Suzuki Cultus	959	959	-	288	Buyback	Mr. Muhammad Waseem (Executive, Employee)
Suzuki Cultus	959	959	-	288	Buyback	Mr. Farooq Anwar (Executive, Employee)
Suzuki Cultus	959	959	-	288	Buyback	Mr. Habib Ur Rehman (Executive, Employee)
Suzuki Cultus	958	958	-	287	Buyback	Mr. Tauqeer Ahmed (Executive, Employee)
Suzuki Cultus	955	955	-	286	Buyback	Mr. Muhammad Qaiser (Executive, Employee)
Suzuki Cultus	939	939	-	282	Buyback	Late Syed Arshad Ali (Executive, Ex-Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Tariq Ibrar (Executive, Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Ghulam Shabbir (Executive, Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Ashfaq Ahmed (Executive, Employee)

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Suzuki Cultus	919	919	-	276	Buyback	Mr. Wazir Gul (Executive, Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Asif Sattar (Executive, Ex-Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Julabeeb ur Rehman (Executive, Employee)
Suzuki Cultus	919	888	31	276	Buyback	Mr. Haji Muhammad Afridi (Executive, Employee)
Suzuki Cultus	899	899	-	270	Buyback	Mr. Rana Muhammad Ashfaq (Executive, Employee)
Suzuki Cultus	899	899	-	270	Buyback	Mr. Hadi Usman Shah (Executive, Employee)
Suzuki Cultus	899	899	-	270	Buyback	Mr. Naveed Ur Rehman Khan (Executive, Employee)
Suzuki Cultus	899	899	-	270	Buyback	Mr. Qamar Shahzad (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Anwar Mukhtar (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Umer Ashfaq (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Iftikhar Nasir (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Javed Ahmed (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Atta Ul Mustafa Jamil (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Ahmed Shoeb Raza (Executive, Employee)
Suzuki Cultus	878	878	-	263	Buyback	Mr. Saleem Ahmed Abbasi (Executive, Ex-Employee)
Suzuki Cultus	859	859	-	258	Buyback	Mr. Junaid Alam (Executive, Employee)
Suzuki Cultus	843	843	-	253	Buyback	Mr. Zain ul Abideen (Executive, Employee)
Suzuki Cultus	843	843	-	253	Buyback	Mr. Zahid Hussain (Executive, Employee)
Suzuki Cultus	798	798	-	239	Buyback	Mr. Umer Farooq (Executive, Employee)
Suzuki Cultus	779	779	-	234	Buyback	Mr. Safdar Ameer Buzder (Executive, Employee)
Suzuki Swift	959	959	-	288	Buyback	Mr. Abid Hussain (Executive, Employee)
Honda Civic (Quantity: 2)	4,724	1,731	2,993	3,473	Buyback	Non-executive employees
Toyota Corolla (Quantity: 1)	1,688	1,125	563	921	Buyback	Non-executive employee
Suzuki Cultus (Quantity: 3)	2,816	2,395	421	1,177	Buyback	Non-executive employees
Suzuki Wagon R (Quantity: 1)	982	229	753	924	Buyback	Non-executive employee
	107,650	96,947	10,703	40,380		

Electrical, office and computer equipments

Computer related equipments	115	115	-	11	Buyback	Mr. Arshad Majeed (Executive, Employee)
Computer related equipments	93	93	-	4	Buyback	Mr. Imran Asghar Khan (Executive, Employee)
Computer related equipments	86	86	-	9	Buyback	Mr. Muhammad Arsalan Mujeeb (Executive, Employee)
Computer related equipments	71	71	-	7	Buyback	Mr. Tariq Mehraj (Executive, Employee)
Computer related equipments	64	19	45	48	Buyback	Mr. Aasim Salim (Executive, Ex-Employee)
Computer related equipments	60	60	-	6	Buyback	Mr. Muhammad Munir (Executive, Employee)
Computer related equipments	60	60	-	5	Buyback	Mr. Muhammad Irfan (Executive, Employee)
Computer related equipments	60	59	1	12	Buyback	Mr. Muhammad Tariq Munir (Executive, Ex-Employee)
Computer related equipments	60	60	-	5	Buyback	Mr. Muhammad Asim Ahsan (Executive, Employee)
Computer related equipments	60	60	-	6	Buyback	Mr. Zaki Alam (Executive, Employee)
Computer related equipments	59	59	-	6	Buyback	Mr. Zia Ullah Khan (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Atique Ahmed Siddiqui (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Rashid Bilal Khan (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Qamar Alam (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Aneeq Ejaz Qureshi (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Asad Amin (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Faisal Iqbal (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Humayun Mirza (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Abrar Hussain (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Omer Amir Ahmed (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Muhammad Arif Rana (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Syed Kaleem Ahmed Riaz (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Faisal Saifullah (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Mukarram Hasan (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Sohail Akhter (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Syed Fahd Azam (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Umer Mansoor (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Sajjad Nawaz (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Aamer Rasheed Malik (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Ghulam Samdani Bhatti (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Arif Aslam Khan (Executive, Employee)
Computer related equipments	53	53	-	6	Buyback	Mr. Faisal Qamar (Executive, Employee)

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Computer related equipments	53	53	-	5	Buyback	Mr. Muhammad Fayyaz Ismail (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Syed Tanveer Hussain (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Muhammad Ali Hasan (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Mohammad Sohail Khan (Executive, Employee)
Computer related equipments	51	51	-	6	Buyback	Syed Atif Hussain (Executive, Employee)
Computer related equipments	51	51	-	6	Buyback	Haji Muhammad Afridi (Executive, Employee)
Computer related equipments	51	51	-	5	Buyback	Mr. Khurram Masood (Executive, Employee)
Computer related equipments	50	50	-	5	Buyback	Syed Tariq Hassan (Executive, Employee)
Computer related equipments	50	50	-	5	Buyback	Mr. Shahbaz Ali (Executive, Employee)
Computer related equipments	50	50	-	5	Buyback	Mr. Muhammad Waseem (Executive, Employee)
Computer related equipments	50	50	-	5	Buyback	Mr. Mubasher Bukhari (Executive, Employee)
Computer related equipments	49	38	11	5	Buyback	Mr. Faizan Javed Khan (Executive, Employee)
Computer related equipments	46	45	1	4	Buyback	Mr. Usama Siddiqui (Executive, Ex-Employee)
Computer related equipments	44	44	-	4	Buyback	Mr. Naveed Ehsan Sheikh (Executive, Employee)
Computer related equipments	44	43	1	4	Buyback	Mr. Taha Shamim Siddiqui (Executive, Employee)
Computer related equipments	44	44	-	4	Buyback	Mr. Zafar Iqbal (Executive, Employee)
Computer related equipments	44	44	-	4	Buyback	Mr. Mehdi Abbas Nandwani (Executive, Employee)
Computer related equipments	44	44	-	4	Buyback	Mr. Hammad Pervez Khan (Executive, Employee)
Computer related equipments	42	42	-	4	Buyback	Mr. Altaf Hasan Khan (Executive, Employee)
Computer related equipments	40	40	-	4	Buyback	Mr. Imran Akhtar (Executive, Employee)
Computer related equipments	40	40	-	4	Buyback	Mr. Badar Munir (Executive, Employee)
Computer related equipments	40	40	-	4	Buyback	Mr. Kalb e Abbas (Executive, Employee)
Computer related equipments	40	40	-	4	Buyback	Mr. Asad Nouman (Executive, Employee)
Computer related equipments	39	39	-	3	Buyback	Mr. Rukhsar Ali (Executive, Employee)
Computer related equipments	33	33	-	3	Buyback	Mr. Muhammad Saleem (Executive, Employee)
Computer related equipments	33	33	-	3	Buyback	Syed Wajahat Ali (Executive, Employee)
Computer related equipments	33	33	-	3	Buyback	Syed Akbar hussain (Executive, Employee)
Computer related equipments	33	33	-	3	Buyback	Mr. Muhammad Faheem Tahir (Executive, Employee)
Computer related equipments	29	29	-	3	Buyback	Syed Mazhar Alam (Executive, Employee)
Computer related equipments	24	24	-	2	Buyback	Mr. Muhammad Shahzad (Executive, Employee)
Computer related equipments	12	12	-	1	Buyback	Mr. Ghulam Qadir (Executive, Employee)
Computer related equipments	11	11	-	1	Buyback	Mr. Iqbal Hussain Seyal (Executive, Employee)
Computer related equipments	11	11	-	1	Buyback	Mr. Muhammad Arif (Executive, Employee)
Computer related equipments	11	11	-	1	Buyback	Syed Akbar hussain (Executive, Employee)
Computer related equipments (Quantity: 105)	2,817	2,817	-	287	Buyback	Non-executive employees
	6,075	6,016	59	642		
Other disposals						
Items having book value in aggregate more than Rs 250,000 or cost more than Rs 1,000,000						
Vehicles						
Honda Civic	1,323	1,323	-	1,056	Negotiation	Mr. Umer Sarwar
Toyota Corolla	1,753	468	1,285	1,594	Negotiation	Syed Riaz Ahmed
Honda City	1,648	385	1,263	1,423	Negotiation	Mr. Zahid Qadri
Honda City	1,643	520	1,123	1,464	Negotiation	Mr. Sajid Mehmood Siddiqui
Honda City	1,636	1,227	409	1,254	Negotiation	Mr. Waqar Ahmed Khan
Honda City	1,562	937	625	1,286	Negotiation	Mr. Waqar Ahmed Khan
Honda City	1,545	1,082	463	1,223	Negotiation	Mr. Mohsin Mumtaz
Honda City	1,540	1,206	334	1,233	Negotiation	Mr. Mohsin Mumtaz
Honda City	1,522	837	685	968	Negotiation	Mr. Waqar Ahmed Khan
Honda City	1,507	628	879	1,321	Negotiation	Syed Riaz Ahmed
Honda City	1,505	1,354	151	1,157	Negotiation	Mr. Adnan Naseer Ahmed
Honda City	1,502	375	1,127	1,328	Negotiation	Mr. Umer Sarwar
Honda City	1,498	1,148	350	1,140	Negotiation	Mr. Muhammad Ahmed
Suzuki Cultus	1,075	520	555	743	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,052	666	386	792	Negotiation	Mr. Sultan Hassan
Suzuki Cultus	1,052	561	491	758	Negotiation	Mr. Naheed Arshad Butt
Suzuki Cultus	1,052	666	386	756	Negotiation	Mr. Usman Shahid
Suzuki Cultus	1,044	574	470	783	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,044	592	452	788	Negotiation	M/s Suzuki North Motors
Suzuki Cultus	1,042	799	243	680	Negotiation	Mr. Zeeshan Jamil
Suzuki Cultus	1,042	625	417	825	Negotiation	Mr. Imtiaz Hussain

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For the year ended December 31, 2017

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Suzuki Cultus	1,032	619	413	803	Negotiation	Mr. Sultan Hassan
Suzuki Cultus	1,032	585	447	832	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,032	516	516	778	Negotiation	Mr. Adnan Naseer
Suzuki Cultus	1,032	482	550	756	Negotiation	Mr. Shahbaz Munawar
Suzuki Cultus	1,032	619	413	735	Negotiation	Mr. Kashif Chema
Suzuki Cultus	1,032	516	516	791	Negotiation	Mr. Khalil Ur Rehman
Suzuki Cultus	1,029	583	446	801	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	1,027	616	411	789	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,027	496	531	852	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,027	445	582	756	Negotiation	Mr. Ibrar Hussain
Suzuki Cultus	1,027	445	582	831	Negotiation	Mr. Ibrar Hussain
Suzuki Cultus	1,027	513	514	793	Negotiation	Mr. Asif Raza Malik
Suzuki Cultus	1,027	633	394	836	Negotiation	Mr. Naghman Nawaz
Suzuki Cultus	1,025	427	598	883	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	1,025	461	564	813	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,025	598	427	856	Negotiation	Mr. Naghman Nawaz
Suzuki Cultus	1,024	529	495	843	Negotiation	Mr. Imtiaz Hussain
Suzuki Cultus	1,018	645	373	752	Negotiation	Mr. Mohammad Ummar
Suzuki Cultus	1,018	696	322	808	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,018	763	255	671	Negotiation	Mr. Naheed Arshad Butt
Suzuki Cultus	1,017	356	661	880	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,017	356	661	902	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	1,017	305	712	870	Negotiation	Mr. Khurram Imtiaz
Suzuki Cultus	1,017	441	576	876	Negotiation	Mr. Sultan Hassan
Suzuki Cultus	1,017	288	729	871	Negotiation	M/s Suzuki North Motors
Suzuki Cultus	1,017	305	712	786	Negotiation	Mr. Adnan Naseer
Suzuki Cultus	1,017	458	559	835	Negotiation	Syed Yasir Hussain Shah
Suzuki Cultus	1,017	390	627	860	Negotiation	Ms. Anwar Sultana
Suzuki Cultus	1,017	305	712	880	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,017	237	780	878	Negotiation	M/s Suzuki North Motors
Suzuki Cultus	1,017	356	661	783	Negotiation	Ms. Komal Amir
Suzuki Cultus	1,014	253	761	855	Negotiation	Mr. Zeeshan Jamil
Suzuki Cultus	1,014	270	744	898	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,012	236	776	883	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	1,012	489	523	850	Negotiation	Mr. Qaiser Iqbal
Suzuki Cultus	1,012	354	658	870	Negotiation	Mr. Nasir Zahoor
Suzuki Cultus	1,005	854	151	653	Negotiation	Mr. Zulfiqar Ali
Suzuki Cultus	1,001	684	317	744	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	1,001	834	167	754	Negotiation	Mr. Nasir Iqbal Rana
Suzuki Cultus	1,001	734	267	749	Negotiation	Mr. Farooq Taj
Suzuki Cultus	999	699	300	734	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	999	250	749	933	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	999	666	333	744	Negotiation	Mr. Noman Hasan Khan
Suzuki Wagon R	1,032	722	310	793	Negotiation	Mr. Ghulam Mustafa
Suzuki Cultus (Quantity: 3)	3,110	1,087	2,023	2,916	Takaful Claim	M/s EFU General Insurance Limited
	76,521	39,609	36,912	61,348		
Electrical, office and computer equipments						
Generators (Quantity: 3)	4,396	4,396	-	1,142	Negotiation	M/s Nadeem Metal Works
Generator	1,075	358	717	708	Takaful Claim	M/s Adamjee Insurance Company Limited
Automated teller machine	640	192	448	421	Takaful Claim	M/s Adamjee Insurance Company Limited
	6,111	4,946	1,165	2,271		
Leasehold improvements						
Civil works	10,136	1,206	8,930	6,670	Takaful Claim	M/s Adamjee Insurance Company Limited
Civil works	1,800	1,800	-	-	Discarded	
	11,936	3,006	8,930	6,670		
Items having book value in aggregate less than Rs 250,000 or cost less than Rs 1,000,000						
Vehicles	10,693	10,406	287	7,411		
Electrical, office and computer equipments	112,606	108,761	3,845	17,322		
Furniture and Fixtures	5,345	2,839	2,506	2,895		
Leasehold improvements	28,063	26,218	1,845	241		
	<u>365,000</u>	<u>298,748</u>	<u>66,252</u>	<u>139,180</u>		

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

12.4 Intangible assets

	COST			ACCUMULATED AMORTISATION			Net book value as at December 31, 2017	Rate of amortisation
	As at January 1, 2017	Additions / adjustments / disposals	As at December 31, 2017	As at January 1, 2017	Charge / adjustments / (on disposals)	As at December 31, 2017		
	Rupees in '000							%
Computer software	1,108,443	235,629 34,812 (10,568)	1,368,316	692,165	170,156 36,851 (10,568)	888,604	479,712	10-20
2016	979,036	129,407	1,108,443	525,768	166,397	692,165	416,278	10-20

12.5 Intangible assets - Movement of net book value

	Year ended December 31, 2016				Year ended December 31, 2017			
	Net book value as at January 1, 2016	Additions during the year	Amortisation charge for the year	Net book value as at December 31, 2016	Additions during the year	Amortisation charge for the year	Adjustments during the year	Net book value as at December 31, 2017
	Rupees in '000							
Computer software	453,268	129,407	166,397	416,278	235,629	170,156	(2,039)	479,712

13 OTHER ASSETS

	Note	2017	2016
		Rupees in '000	
Profit / return accrued in local currency		10,686,348	7,891,922
Profit / return accrued in foreign currencies		35,639	117,863
Advances, deposits, advance rent and other prepayments	13.1	1,563,448	1,137,423
Dividends receivable		21,836	9,736
Stamps		10,815	8,335
Security deposits		101,510	100,123
Unrealised gain on forward foreign exchange contracts - net		1,063,795	264,383
Non-Banking assets acquired in satisfaction of claims	13.2	246,201	284,255
Other		206,488	264,391
		13,936,080	10,078,431
Provision against other assets	13.3	(60,783)	(95,594)
		13,875,297	9,982,837

13.1 This includes prepaid rent and prepaid takaful aggregating Rs 473 million (2016: Rs 453 million) and Rs 679 million (2016: Rs 455 million) respectively which are being amortised over a period of one year.

13.2 Market value of the non-banking asset acquired in satisfaction of claims is Rs 224.118 million (2016: Rs 221.877 million). Provision amounting to Rs 22.1 million in respect of non-banking assets is included in provision against other assets.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

13.3 Provision against other assets	Note	2017	2016
		Rupees in '000	
Opening balance		95,594	180,856
Charge for the year		25,166	15,383
Reversals during the year		(48,726)	(99,426)
Amount adjusted / written off		(11,251)	(1,219)
Closing balance		<u>60,783</u>	<u>95,594</u>

14 BILLS PAYABLE

In Pakistan	11,168,093	9,130,998
Outside Pakistan	-	-
	<u>11,168,093</u>	<u>9,130,998</u>

15 DUE TO FINANCIAL INSTITUTIONS

In Pakistan	36,813,295	32,005,501
Outside Pakistan	-	-
	<u>36,813,295</u>	<u>32,005,501</u>

15.1 Particulars of due to financial institutions with respect to currencies

In local currency	36,813,295	32,005,501
In foreign currencies	-	-
	<u>36,813,295</u>	<u>32,005,501</u>

15.2 Details of due to financial institutions secured / unsecured

Secured

Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	15.2.1	21,141,464	16,841,788
Other financial institution	15.2.2	329,008	168,506

Unsecured

Overdrawn nostro accounts		492,823	295,207
Other Musharakah / Modarabas	15.2.3	14,850,000	14,700,000
		<u>36,813,295</u>	<u>32,005,501</u>

15.2.1 These Musharakah are on a profit and loss sharing basis maturing between January 03, 2018 to June 27, 2018 (2016: January 03, 2017 to June 27, 2017) and are secured against demand promissory notes executed in favor of SBP. A limit of Rs 25,700 million (December 31, 2016: Rs 19,200 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme.

15.2.2 These Musharakah are on profit and loss sharing basis. A limit of USD 10 million has been allocated to the Meezan Bank Limited under the agreement with Karandaz.

15.2.3 These Musharakah / Modarabas are on profit and loss sharing basis. The expected average return on these Musharakah / Modarabas is around 5.95% (2016: 5.71%) per annum. These balances are maturing latest by January 08, 2018 (2016: January 19, 2017).

15.3 Particulars of due to financial institutions

	2017	2016
	Rupees in '000	
Short - term	36,484,287	31,836,995
Long - term	329,008	168,506
	<u>36,813,295</u>	<u>32,005,501</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

	2017	2016
	Rupees in '000	
16 DEPOSITS AND OTHER ACCOUNTS		
Customers		
- Fixed deposits	167,981,117	141,796,085
- Savings deposits	258,421,153	220,228,372
- Current accounts - non-remunerative	236,032,293	195,597,883
- Margin	5,513,350	2,118,269
	<u>667,947,913</u>	<u>559,740,609</u>
Financial institutions		
- Remunerative deposits	4,870,558	3,331,027
- Non-remunerative deposits	369,336	952,217
	<u>5,239,894</u>	<u>4,283,244</u>
	<u>673,187,807</u>	<u>564,023,853</u>
16.1 Particulars of deposits		
In		
- local currency		
Modaraba based deposits	410,860,146	347,393,435
Qard based deposits	224,691,236	187,682,783
	<u>635,551,382</u>	<u>535,076,218</u>
- foreign currencies		
Modaraba based deposits	24,802,602	20,045,839
Qard based deposits	12,833,823	8,901,796
	<u>37,636,425</u>	<u>28,947,635</u>
	<u>673,187,807</u>	<u>564,023,853</u>

17 SUB-ORDINATED SUKUK

In 2016, the Bank issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Modaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017 (section 120 of the repealed 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 (Modaraba Profit Amount)	The Modaraba 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 6.68% 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.

Notes to and forming part of the Unconsolidated Financial Statements

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18 DEFERRED TAX LIABILITIES	Note	2017	2016
		Rupees in '000	
Taxable temporary differences on:			
Excess of accounting book values over tax written down values of owned assets		498,700	631,906
Surplus on revaluation of available for sale investments		397,910	1,251,679
Deductible temporary differences on:			
Provision for diminution in value of investments		(302,905)	(97,319)
Income not accrued due to non-culmination of financing		(495,668)	(332,824)
Provision against non-banking assets acquired in satisfaction of claims and other assets		(89,855)	(90,533)
		<u>8,182</u>	<u>1,362,909</u>

19 OTHER LIABILITIES

Return on deposits and other dues			
- payable in local currency	19.1	2,268,390	2,023,164
- payable in foreign currencies		42,913	29,709
Unearned income		22,146	23,605
Accrued expenses	19.2	2,440,405	2,512,594
Current taxation (provision less payments)		1,733,294	1,196,305
Unclaimed dividends		6,761	6,294
Payable to defined benefit plan	34.2 & 34.15	715,883	370,283
Provision against off-balance sheet obligations	19.3	68,651	55,169
Security deposits against Ijarah		9,211,429	6,078,190
Charity payable	19.4	139	1,509
Payable on account of credit murabaha		11,566	117,092
Advance against future Diminishing Musharakah		55,320	121,773
Withholding taxes payable		114,410	130,997
Workers Welfare Fund payable	19.5	924,911	683,534
Others		828,208	420,000
		<u>18,444,426</u>	<u>13,770,218</u>

19.1 This includes Rs 84 million (2016: Rs 56 million) in respect of return accrued on borrowings from SBP under the Islamic Export Refinance Scheme.

19.2 This includes Rs 3.1 million (2016: Rs 46.1 million) in respect of payable to Al Meezan Investment Management Limited (Subsidiary).

19.3 Provision against off-balance sheet obligations	Note	2017	2016
		Rupees in '000	
Opening balance		55,169	55,169
Charge for the year		13,482	-
Closing balance		<u>68,651</u>	<u>55,169</u>

19.4 Reconciliation of charity payable

Balance as at January 1		1,509	4,903
Additions during the year		31,439	28,198
Less: Transferred to charity savings account (included in deposits and other accounts)	19.4.1	(32,809)	(31,592)
Balance as at December 31		<u>139</u>	<u>1,509</u>

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

19.4.1 Charity paid through saving account during the year is Rs 31.1 million (2016: Rs 37.8 million). Charity in excess of Rs 100,000 was paid to the following organizations:

	2017	2016
	Rupees in '000	
Ihsan Trust - Related Party	25,000	17,000
Lahore Businessmen Association for Rehabilitation of the Disabled	1,000	500
Patients' Behbud Society for Aga Khan University Hospital	1,000	-
Fatimid Foundation Peshawar Centre	500	-
Family Educational Services Foundation	350	-
Sargodhian Spirit Trust	300	-
Binoria Welfare Trust	200	-
Care Foundation	200	100
Creek General Hospital, Karachi	200	-
Health Education and Livelihood Promoter	200	-
Muhammad Shafi Trust	200	-
Muslim Welfare Centre	200	-
Pakistan Disabled Foundation	200	200
Pakistan Association of Deaf	200	200
SINA Health, Education & Welfare Trust	200	-
Eye Donor Organization	150	100
Nigheban Trust	150	-
Burns Centre, Civil Hospital, Karachi	100	-
Infaq Memorial Trust	100	250
Karigar Training Institute	100	-
Mercy Pak	100	-
National Institute of Cardiovascular Disease	100	-
Noor-e-Ali Trust	100	-
Pakistan Association of Blind	100	-
SOS Children Village Karachi	100	-
Afzal Memorial Thelesimia Foundation	-	200
Akhuwat Foundation	-	100
Al Mustafa Trust Rawalpindi	-	150
Centre For Development of Social Services	-	200
Child Aid Association	-	100
Disabled Welfare Association	-	100
Fatimid Foundation Kidney Centre & General Hospital	-	150
Garage School	-	300
Hands	-	100
Institute of Business Administration - National Talent Hunt Program	-	12,770
Idara - Al Khair	-	500
Jamal Noor Hospital	-	100
Jinnah Foundation	-	100
Kiran Foundation	-	500
Karachi Education Initiative	-	1,297
Medical Aid Foundation (Rahat Kada)	-	200
Muhammadi Blood Bank	-	100
Pakistan Eye Bank	-	100
Patients Aid Foundation - Jinnah Hospital	-	200
Prevention of Blindness Trust	-	200
Rashid Memorial Welfare Organization	-	500
Saylani Welfare	-	100
Shafi Trust	-	100
Society for Heart Care	-	1,000
The Indus Hospital	-	100
The Kidney Center	-	100
Welfare Society for Patient Care	-	100
	<u>31,050</u>	<u>37,817</u>

19.4.2 The balance in Charity's saving account is Rs 2.059 million (2016: Rs 0.128 million).

19.4.3 Charity was not paid to any 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

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19.5 The Bank has made full provision for Workers Welfare Fund based on profit for the respective years (2008-2017). Last 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.

20 SHARE CAPITAL

20.1 Authorised capital

2017 (Number of Shares)	2016 (Number of Shares)		2017 Rupees in '000	2016 Rupees in '000
<u>2,000,000,000</u>	<u>2,000,000,000</u>	Ordinary shares of Rs 10 each	<u>20,000,000</u>	<u>20,000,000</u>

Issued, subscribed and paid-up capital

2017 (Number of Shares)	2016 (Number of Shares)		2017 Rupees in '000	2016 Rupees in '000
		Ordinary shares		
<u>516,517,908</u>	<u>456,353,635</u>	Fully paid in cash	<u>5,165,179</u>	<u>4,563,536</u>
<u>546,384,260</u>	<u>546,384,260</u>	Issued as bonus shares	<u>5,463,843</u>	<u>5,463,843</u>
<u>1,062,902,168</u>	<u>1,002,737,895</u>		<u>10,629,022</u>	<u>10,027,379</u>

20.2 The Board, in its meeting held on July 26, 2017, approved the issuance of 60,164,273 Right shares to existing shareholders in the ratio of 6 ordinary shares for every 100 existing ordinary shares held by them at issue price of Rs 50 per share including premium of Rs 40 per share. The right issue was successfully completed and Right shares were issued to shareholders in October 2017.

20.3 Shareholding held by associated companies as at December 31, 2017 are as follows:

Name of shareholders	Number of shares held	Percentage of shareholding
Noor Financial Investment Company - Kuwait	522,033,439	49.11%
Pakistan Kuwait Investment Company (Private) Limited	318,870,646	30.00%
Islamic Development Bank - Saudi Arabia	99,104,338	9.32%
Meezan Islamic Fund	2,840,077	0.27%
Meezan Dedicated Equity Fund	510,000	0.14%
Meezan Balanced Fund	79,819	0.01%
Meezan Asset Allocation Fund	6,410	0.00%

21 RESERVES

	Note	2017 Rupees in '000	2016 Rupees in '000
Share Premium	20.2	<u>2,406,571</u>	-
Statutory reserve	21.1	<u>7,777,925</u>	<u>6,515,372</u>
Non Distributable Capital Reserve - Gain on Bargain Purchase		<u>3,117,547</u>	<u>3,117,547</u>
General reserve		<u>66,766</u>	<u>66,766</u>
		<u>13,368,809</u>	<u>9,699,685</u>

21.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount not less than 20% of the profit is to be transferred each year to a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital.

22 SURPLUS ON REVALUATION OF INVESTMENTS

	2017 Rupees in '000	2016 Rupees in '000
Quoted shares / units of mutual fund	<u>858,330</u>	<u>2,016,102</u>
Other securities	<u>278,553</u>	<u>1,560,122</u>
	<u>1,136,883</u>	<u>3,576,224</u>
Less: Deferred tax liability	<u>(397,910)</u>	<u>(1,251,679)</u>
	<u>738,973</u>	<u>2,324,545</u>

Notes to and forming part of the Unconsolidated Financial Statements

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23 CONTINGENCIES AND COMMITMENTS	2017	2016
	Rupees in '000	
23.1 Direct credit substitutes		
Guarantees favoring		
- Banks	369,446	209,015
23.2 Transaction related contingent liabilities		
Guarantees favoring		
- Government	12,306,548	10,925,552
- Banks	653,233	244,589
- Others	3,583,442	4,066,533
	16,543,223	15,236,674
23.3 Trade related contingent liabilities		
Import letters of credit	66,003,500	51,612,802
Acceptances	7,144,255	4,323,808
	73,147,755	55,936,610
23.4 Other contingencies		

The Income Tax Department has amended the deemed assessment orders of the Bank for prior years including the tax year 2017. 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	2017	2016
		Rupees in '000	
23.5 Commitments in respect of forward exchange contracts			
Purchases		75,272,094	72,008,025
Sales		49,286,572	69,766,108
23.6 Commitments for the acquisition of operating fixed assets		202,293	129,320
23.7 Commitments in respect of financing	23.7.1	139,288,755	123,675,880

23.7.1 The Bank makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitment do not attract any significant penalty or expense if the liability is unilaterally withdrawn.

	2017	2016
	Rupees in '000	
23.8 Other commitments		
Bills for collection (inland)	125,354	144,063
Bills for collection (foreign)	38,774,344	30,342,514
	38,899,698	30,486,577

Notes to and forming part of the Unconsolidated Financial Statements

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24	PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS	Note	2017	2016
			Rupees in '000	
	On financing to			
	- Customers	24.1	21,495,999	14,930,665
	On investments in			
	- Available for sale securities		4,413,411	8,260,849
	- Held for trading securities		-	5,547
	- Held to maturity securities		1,565,200	1,192,125
	On deposits with financial institutions		8,612,593	6,372,190
			<u>36,087,203</u>	<u>30,761,376</u>

24.1 This includes income on Ijarah under IFAS 2 which is net off takaful expense of Rs 914 million (2016: Rs 668 million) recovered from customers.

25	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED	Note	2017	2016
			Rupees in '000	
	Deposits and other accounts		13,387,027	11,869,056
	Other Musharakahs / Modarabas / Murabaha	25.1	1,885,765	1,003,788
			<u>15,272,792</u>	<u>12,872,844</u>

25.1 This includes Rs 316 million (2016: Rs 263 million) paid / payable to SBP under Islamic Export Refinance Scheme.

26	CAPITAL GAIN ON SALE OF INVESTMENTS - NET	Note	2017	2016
			Rupees in '000	
	Shares / units of mutual funds - listed		527,890	870,445
	Sukuks		297,036	7,235
			<u>824,926</u>	<u>877,680</u>

27	OTHER INCOME	Note	2017	2016
	Gain on termination of Ijarah financing		144,206	108,327
	Gain on termination of diminishing musharakah financing		19,767	13,857
	Gain on sale of operating fixed assets		72,928	50,600
	Others	27.1	32,693	35,433
			<u>269,594</u>	<u>208,217</u>

27.1 This includes recoveries against loans written off by HSBC ME prior to its acquisition by the Bank amounting Rs 23.553 million (2016: Rs 33.409 million)

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

28 ADMINISTRATIVE EXPENSES	Note	2017	2016
Rupees in '000			
Salaries, allowances and other employee benefits	28.1 & 28.4	7,913,573	6,865,601
Charge for defined benefit plan	34.4 & 34.15	279,078	268,150
Contribution to defined contribution plan	35	238,741	207,975
Non - executive directors' fees	36	42,843	39,081
Rent, electricity, taxes, insurance, etc.		2,561,994	2,394,311
Depreciation	12.2	1,465,891	1,386,419
Amortisation	12.4	170,156	166,397
Communication		448,229	421,308
Stationery and printing		396,355	312,274
Repairs and maintenance		536,124	493,332
Security charges including cash transportation charges		789,696	652,632
Local transportation and car running		317,998	243,998
Fees, subscription and clearing charges	28.2	367,359	305,628
Entertainment		57,555	48,651
Office supplies		195,881	171,816
Hardware and software maintenance		259,807	241,901
Advertisement and publicity		215,016	199,182
Travelling		87,291	83,468
Brokerage, commission and bank charges		182,272	123,496
Legal and professional charges	28.3	26,694	14,053
Auditors' remuneration	28.5	9,889	11,923
Donation	28.6	-	200
Others		17,535	28,495
		16,579,977	14,680,291

28.1 This includes remuneration to Shariah Advisor amounting to Rs 11.5 million (2016: Rs 10.7 million)

28.2 This includes portfolio management fee to Al-Meezan Investment Management Limited (related party) amounting to Rs 18.2 million (2016: Rs 57 million).

28.3 This includes remuneration to Shariah Board amounting to Rs 0.8 million (2016: Rs 0.6 million).

28.4 The Bank has performance bonus policy for all employees including the President & Chief Executive Officer and Deputy Chief Executive Officer. The aggregate amount determined for eligible employees in respect of the bonus relating to all Executives and for the President & CEO and Deputy CEO of the Bank amounted to Rs 665 million (2016: Rs 570.67 million), Rs 83.14 million (2016: Rs 78.44 million) and Rs 55.40 million (2016: Rs 52.27 million).

28.5 Auditors' remuneration	2017	2016
Rupees in '000		
Audit fee	3,600	3,600
Fee for interim review	690	1,000
Special certifications and sundry advisory services	3,751	2,940
Tax services	-	2,420
	8,041	9,960
Sindh sales tax on services	643	788
Out of pocket expenses	1,205	1,175
	9,889	11,923

28.6 Donation

National Medical Centre (Private) Limited	-	200
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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, 2017

	2017	2016
	Rupees in '000	
29 OTHER CHARGES		
Penalties imposed by the State Bank of Pakistan	10,824	3,600
30 TAXATION		
Current		
- for the year	4,096,185	2,996,908
- for prior years	344,016	240,647
	4,440,201	3,237,555
Deferred		
- for the year	(500,958)	143,670
	3,939,243	3,381,225

During the current year, the Finance Act 2017 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 344.016 million in the current year which is determined at the applicable tax rate of 4 percent on taxable income for the tax year 2017 (i.e year ended December 31, 2016).

	Note	2017	2016
		Rupees in '000	
30.1 Relationship between tax expense and accounting profit			
Profit before taxation		10,252,010	8,942,836
Effects of:			
-Tax calculated at the applicable rate of 35%		3,588,204	3,129,993
- Prior years charge		344,016	240,647
- Items not deductible for tax purposes		5,326	(11,739)
- Others		1,697	22,324
Tax charge for the year		3,939,243	3,381,225
31 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		6,312,767	5,561,611
		Number	
Weighted average number of ordinary shares		1,029,187,450	1,021,328,339
		Rupees	
Basic earnings per share	31.1	6.13	Restated 5.45

31.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2017 and 2016.

	Note	2017	2016
		Rupees in '000	
32 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	64,556,170	56,036,849
Balances with other banks	8	4,895,816	12,021,351
		69,451,986	68,058,200

Notes to and forming part of the Unconsolidated Financial Statements

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33	STAFF STRENGTH	2017	2016
		Number of Staff	
	Permanent	6,895	6,416
	Contractual basis	1,257	1,408
	Bank's own staff strength at the end of the year	8,152	7,824
	Outsourced	1,399	1,344
	Total Staff Strength at the end of the year	9,551	9,168

34 DEFINED BENEFIT PLAN

34.1 General Description of gratuity scheme

The activities of the gratuity scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 under the provisions of a trust deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's trust deed.

34.2 The amount recognised in the Statement of Financial Position (in respect of the gratuity scheme) is determined as follows:

	2017	2016
	Rupees in '000	
Present value of defined benefit obligations	1,297,029	968,320
Fair value of plan assets	(855,904)	(844,964)
	441,125	123,356

34.3 Plan assets (in respect of the gratuity scheme) consist of the following:

	2017		2016	
	Rupees in '000	%	Rupees in '000	%
Meezan Aamdān Certificates	606,937	71%	533,224	63%
Al Meezan Mutual Fund	63,882	8%	-	-
Meezan Asset Allocation Plan	164,157	19%	250,178	30%
Fatima Fertilizer Company Limited - Sukuk	11,772	1%	60,000	7%
Savings account with Meezan Bank Limited	9,156	1%	1,562	0%
	855,904	100%	844,964	100%

Notes to and forming part of the Unconsolidated Financial Statements

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34.4 The movement in the defined benefit obligation (in respect of the gratuity scheme) over the year is as follows:

	2017		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	968,320	(844,964)	123,356
Current service cost	237,847	-	237,847
Return expense / (income)	83,547	(77,996)	5,551
	<u>1,289,714</u>	<u>(922,960)</u>	<u>366,754</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in return expense / (income)	-	110,363	110,363
- (Gain) / loss from change in demographic assumptions	-	-	-
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience losses / (gains)	87,364	-	87,364
	<u>87,364</u>	<u>110,363</u>	<u>197,727</u>
	<u>1,377,078</u>	<u>(812,597)</u>	<u>564,481</u>
Contribution	-	(123,356)	(123,356)
Benefit payments	(80,049)	80,049	-
At December 31	<u>1,297,029</u>	<u>(855,904)</u>	<u>441,125</u>
	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 return expense / (income)	-	(1,340)	(1,340)
- (Gain) / loss from change in demographic assumptions	-	-	-
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience losses / (gains)	(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>

Notes to and forming part of the Unconsolidated Financial Statements

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34.5	Charge for defined benefit plan (in respect of the gratuity scheme)	2017	2016
		Rupees in '000	
	Current service cost	237,847	224,443
	Net return cost	5,551	8,824
		243,398	233,267

Total expense recognized in Profit and Loss Account amounted to Rs 279.078 million (2016: Rs 268.150 million) of which Rs 243.398 million (2016: Rs 233.267 million) pertains to approved Gratuity funded Scheme and Rs 35.680 million (2016: Rs 34.883 million) pertains to End of Service unfunded Defined Benefit scheme. Total expense recognized in Other Comprehensive Income amounted to Rs 189.878 million (2016: credit / reversal of Rs 59.832 million) of which Rs 197.727 million (2016: credit / reversal of Rs 59.911 million) pertains to approved defined Benefit Gratuity Scheme and credit / reversal of Rs 7.849 million (2016: charge of Rs 0.079 million) pertains to End of Service unfunded Defined Benefit scheme.

34.6 The plan assets and defined benefit obligations (in respect of the gratuity scheme) are based in Pakistan.

34.7	Principal actuarial assumptions (in respect of the gratuity scheme)	2017	2016
	Discount rate	9.50% p.a	9.00% p.a
	Expected rate of increase in salaries	9.50% p.a	9.00% p.a
	Expected rate of return on investments	9.50% p.a	9.00% p.a
	Normal retirement age	60 years	60 years

34.8 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

34.9 The sensitivity of the defined benefit obligation (in respect of the gratuity scheme) to changes in the weighted principal assumptions are:

	Change in assumption	Impact on defined benefit obligation - Increase / (Decrease)	
		Increase in assumption	Decrease in assumption
		Rupees in '000	
Discount rate	1.0%	(140,491)	168,203
Salary growth rate	1.0%	173,133	(146,889)
		Increase by 10% in assumption	Decrease by 10% in assumption
Life expectancy / Withdrawal rate		(129,703)	129,703

Methodology followed for calculating sensitivities

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

34.10 The weighted average duration of the defined benefit obligation is 11.75 years.

34.11 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2017	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
Gratuity	120,675	60,846	200,992	5,330,012	5,712,525

Notes to and forming part of the Unconsolidated Financial Statements

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34.12 Historical information (in respect of the gratuity scheme)

	2017	2016	2015	2014	2013
	Rupees in '000				
Defined benefit obligation	1,297,029	968,320	817,468	574,550	410,819
Fair value of plan assets	(855,904)	(844,964)	(590,988)	(451,069)	(332,294)
Deficit	441,125	123,356	226,480	123,481	78,525
Remeasurements of plan liabilities	(87,364)	58,571	(39,732)	(35,521)	(32,941)
Remeasurements of plan assets	(110,363)	1,340	(789)	2,475	(25,763)

34.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs 274.647 million as per the actuarial valuation report of the Bank as of December 31, 2017.

34.14 Through its defined benefit gratuity scheme, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, the current investment strategy manages this risk adequately.
Changes in Sukuk (bond) yields	A decrease in corporate Sukuk yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

34.15 End of Service Unfunded Defined Benefit

The Bank also operates an End of Service unfunded defined benefit for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The charge for the year of this benefit amounted to Rs 27.831 million out of which Rs 35.680 million has been recognized in the Profit and Loss Account and the credit / reversal of Rs 7.849 million in Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this benefit amounts to Rs 274.758 million

The principal actuarial assumptions comprise of discount rate of 9.5 percent and salary increase rate of 9.5 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 5.573 million (in case the discount rate is increased) and Rs 5.749 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 0.275 million (in case of ten percent increase in assumption) and higher by Rs 0.275 million (in case of ten percent decrease in assumption). These sensitivities are calculated using the same methodology as explained in note 34.9.

34.16 The disclosure made in notes 34.1 to 34.15 are based on the information included in the actuarial valuation report of the Bank as of December 31, 2017.

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35 DEFINED CONTRIBUTION PLAN

The Bank also operates a recognized contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

	2017	2016
	Rupees in '000	
Contribution from the Bank	238,741	207,975
Contribution from the employees	238,741	207,975
	<u>477,482</u>	<u>415,950</u>

36 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President and Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	Rupees in '000					
Fees*	-	-	42,843	39,081	-	-
Managerial remuneration	42,717	40,298	28,463	26,852	1,613,496	1,368,230
Charge for gratuity scheme	-	-	2,033	1,918	93,198	79,386
Contribution to defined contribution plan	-	-	2,440	2,302	114,958	96,071
House rent	16,476	15,544	10,978	10,357	552,252	481,040
Utilities	3,661	3,454	2,440	2,302	122,728	106,904
Medical	7,758	3,854	2,751	2,459	122,728	106,904
Conveyance	1,706	1,412	1,088	880	-	-
Others	1,536	1,349	1,508	1,210	-	-
	<u>73,854</u>	<u>65,911</u>	<u>94,544</u>	<u>87,361</u>	<u>2,619,360</u>	<u>2,238,535</u>
Number of persons	<u>1</u>	<u>1</u>	<u>11</u>	<u>12</u>	<u>1,220</u>	<u>1,054</u>

* This includes amounts charged in these financial statements as fees to ten (2016: eleven) non-executive directors.

36.1 Executives mean employees, other than Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.

36.2 The Chief Executive Officer, the Deputy Chief Executive Officer (the Executive Director) and certain executives have been provided with free use of the Bank's cars.

36.3 In addition to 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 28.4 to these financial statements. Further, End of Service unfunded defined Benefit for the founding President and Chief Executive Officer was approved during 2015 and the related expense is disclosed in note 34.15 to these financial statements.

37 FAIR VALUE OF FINANCIAL INSTRUMENTS

37.1 The fair value of investments in listed securities, except investments categorised as 'held to maturity', investments in subsidiaries and associates is based on quoted market prices. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of Islamic financing and related assets, other assets, other liabilities and fixed term deposits and other accounts cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been calculated in accordance with the Bank's accounting policy as stated in note 6.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financing and deposits are frequently repriced.

Notes to and forming part of the Unconsolidated Financial Statements

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37.2 Off-balance sheet financial instruments	2017		2016	
	Book value	Fair value	Book value	Fair value
	Rupees in '000			
Forward purchase of foreign exchange - net	72,953,918	75,547,124	73,222,495	72,555,307
Forward sale of foreign exchange - net	47,965,438	49,494,849	71,184,529	70,252,958

37.3 The table below analyses financial and non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

Recurring Fair Value Measurements	2017			Total
	Level 1	Level 2	Level 3	
	Rupees in '000			
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,526,079	-	-	4,526,079
Units of open end fund	50,939	-	-	50,939
GoP Sukuk	-	57,151,526	-	57,151,526
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	5,055,704	-	-	5,055,704
Forward purchase of foreign exchange contracts	-	75,547,124	-	75,547,124
Forward sale of foreign exchange contracts	-	49,494,849	-	49,494,849

Recurring Fair Value Measurements	2016			Total
	Level 1	Level 2	Level 3	
	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 Sukuk	-	70,510,182	-	70,510,182
WAPDA Sukuk	-	289,775	-	289,775
PIA Sukuk	-	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

Investment in associates (listed - mutual funds) have market value of Rs 2,720 million which is being valued under level 2. These are carried at cost in the financial statements in accordance with the Bank's accounting policy.

The Bank's policy is to recognise transfers into and out of the different fair value hierarchy levels at the date the event or change in circumstances that caused the transfer occurred.

There were no transfers between levels 1 and 2 during the year.

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(a) Financial instruments in level 1

Financial instruments included in level 1 comprise of investments in listed ordinary shares, units of open end mutual fund and global sukuk bonds classified as available for sale.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of GoP ijarah sukuk and PIA sukuk classified as available for sale.

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GoP Sukuk and PIA Sukuk	The fair value of GoP Ijarah Sukuk and PIA Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined/ approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

37.4 Non-banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 13. The valuations are conducted by the valuation experts appointed by the Bank which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Bank's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these financial statements.

37.5 Financial assets not measured at fair value	Carrying Value	
	2017	2016
	Rupees in '000	
Cash and balances with treasury banks	64,556,170	56,036,849
Balances with other banks	4,895,816	12,021,351
Due from financial institutions - net	147,229,221	129,115,165
Investments - net	50,953,998	44,907,220
Islamic financing and related assets - net	420,029,088	311,530,270
Other assets - net	12,115,616	8,648,418

38 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	2017					Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	
	Rupees in '000					
Total income	1,719,764	16,791,958	9,289,155	15,849,469	13,513	43,663,859
Total expenses	(1,420,428)	(14,678,214)	(7,382,983)	(13,864,737)	(4,730)	(37,351,092)
Net income	299,336	2,113,744	1,906,172	1,984,732	8,783	6,312,767
Segment Assets	22,003,813	323,855,589	112,844,698	322,995,096	-	781,699,196
Segment Non Performing Assets	181,682	785,762	1,611,389	5,284,946	-	7,863,779
Segment Provision held*	181,682	785,762	2,058,498	6,793,679	-	9,819,621
Segment Liabilities	876,882	19,664,580	698,318,648	27,761,693	-	746,621,803
Segment Return on Assets (ROA) (%)	1.57%	0.66%	2.07%	0.69%	-	-
Segment Cost of funds (%)	2.45%	2.45%	2.45%	2.45%	-	-

* Includes general provisions

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	2016					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	Total
	Rupees in '000					
Total income	1,234,543	17,987,936	6,668,393	10,510,331	17,492	36,418,695
Total expenses	(1,013,800)	(15,593,999)	(5,290,037)	(8,953,126)	(6,122)	(30,857,084)
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%	-	-

* Includes general provisions

39 RELATED PARTY TRANSACTIONS

39.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and includes a subsidiary company, associated companies, retirement benefit funds, directors and key management personnel and their close family members.

39.2 Banking transactions with related parties are entered in the normal course of business.

39.3 Subsidiary company

- Al Meezan Investment Management Limited

39.4 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

39.5 Details of transactions with related parties and balances with them as at the year-end are as follows:

	Total		Subsidiary		Associates		Key Management Personnel / Directors		Other Related Parties	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees in '000									
Islamic financing and related assets										
At January 1,	2,484,365	944,387	-	-	2,484,365	944,387	-	-	-	-
Addition during the year	6,713,052	7,562,436	99,939	-	6,613,113	7,562,436	-	-	-	-
Deletion during the year	(8,420,974)	(6,022,458)	-	-	(8,420,974)	(6,022,458)	-	-	-	-
At December 31	776,443	2,484,365	99,939	-	676,504	2,484,365	-	-	-	-
Investments - At December 31	1,957,811	3,022,967	63,050	63,050	1,894,761	2,959,917	-	-	-	-
Deposit										
At December 31	4,389,308	3,678,711	7,497	24,001	1,248,619	1,300,974	429,167	402,039	2,704,025	1,951,697

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

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	Total		Subsidiary		Associates		Key Management Personnel / Directors		Other Related Parties	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Rupees in '000										
Balances										
Profit receivable on financing / investments	11,044	26,418	816	-	10,228	26,418	-	-	-	-
Dividend receivable	-	4,286	-	-	-	4,286	-	-	-	-
Fee Receivable	24,907	27,984	23,407	19,989	1,500	7,995	-	-	-	-
Payable to defined benefit plan	715,883	370,282	-	-	-	-	274,758	246,926	441,125	123,356
Accrued Expenses	3,135	46,129	3,135	46,129	-	-	-	-	-	-
Advance against future Diminishing Musharakah	-	52,994	-	-	-	52,994	-	-	-	-
Letters of credit (unfunded)	29,851	938,923	-	-	29,851	938,923	-	-	-	-
Letters of Guarantee (unfunded)	100	1,201,101	100	100	-	1,201,001	-	-	-	-
Transactions, income and expenses										
Profit earned on financing / investments	153,513	73,290	816	-	152,697	73,290	-	-	-	-
Return on deposits / borrowing expensed	181,765	153,847	1,243	1,055	32,964	29,875	11,301	5,863	136,257	117,054
Dividend income earned	908,112	440,940	695,500	267,800	212,612	173,140	-	-	-	-
Investments made	1,243,264	576,879	-	-	1,243,264	576,879	-	-	-	-
Capital gain - net	145,245	183,688	-	-	145,245	183,688	-	-	-	-
Charge for diminution in value of investments	-	9,814	-	-	-	9,814	-	-	-	-
Charge for defined benefit gratuity scheme	441,125	173,356	-	-	-	-	-	-	441,125	173,356
Contribution to defined contribution plan	238,741	207,975	-	-	-	-	-	-	238,741	207,975
Contribution to staff benevolent fund	20,000	19,347	-	-	-	-	-	-	20,000	19,347
Fees expensed	18,165	57,032	18,165	57,032	-	-	-	-	-	-
Fees and other income earned	269,517	222,351	115,366	85,983	154,151	136,368	-	-	-	-
Charity Paid	25,000	17,000	-	-	-	-	-	-	25,000	17,000
Remuneration to key management personnel:										
- Salaries and benefits (excluding end of service benefit) (notes 36 & 28.4)	264,095	244,901	-	-	-	-	264,095	244,901	-	-
- End of service benefit charge for the founder president (note 34.15)	27,831	34,962	-	-	-	-	27,831	34,962	-	-
Fees to non-executive directors (note 36)	42,843	39,081	-	-	-	-	42,843	39,081	-	-

39.6 Associates - Key Information

	2017*	2016**
	Mutual Funds	
	Rupees in '000	
Assets	78,887,742	77,872,108
Liabilities	2,339,469	1,738,990
Operating revenue	(9,182,459)	18,217,977
(Loss) / Profit after tax	(8,715,059)	17,501,144

* Information is based on reviewed financial information as at December 31, 2017.

** Information is based on reviewed financial information as at December 31, 2016.

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40 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.

40.1 Capital structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, balance in share premium account, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc after regulatory deductions for 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 sub-ordinated sukuk, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (upto a maximum of 89%).

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Bank through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

40.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Bank to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next 3 to 5 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

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The Bank prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.275% as of December 31, 2017 whereas CAR stood at 12.89% at the year ended December 31, 2017.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Sensitivity and stress testing of the Bank under different risk factors namely yield rate, forced sale value of collateral, non-performing financing and foreign exchange rate depicts that the Bank's capital adequacy ratio is above the regulatory requirements.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

40.3 Capital Adequacy Ratio (CAR) disclosure

Particulars	2017	2016**
	Rupees in '000	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	10,629,022	10,027,379
Balance in share premium account	2,406,571	-
Reserve for issue of bonus shares	-	-
Discount on issue of shares	-	-
General / Statutory Reserves	10,962,238	9,699,685
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	10,340,589	8,422,009
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	34,338,420	28,149,073
Total regulatory adjustments applied to CET1 (Note 40.3.1)	(714,720)	(612,993)
Common Equity Tier 1	33,623,700	27,536,080
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which:		
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total of Regulatory Adjustment applied to AT1 capital (Note 40.3.2)	(6,305)	(12,610)
Additional Tier 1 capital after regulatory adjustments	-	-
Tier 1 Capital (CET1 + admissible AT1)	33,623,700	27,536,080
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	7,000,000	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	2,377,711	1,494,391
Revaluation Reserves (net of taxes)	657,686	1,813,146
of which:		
- Revaluation reserves on fixed assets	-	-
- Unrealized gains / losses on AFS	657,686	1,813,146
Foreign Exchange Translation Reserves	-	-
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	10,035,397	10,307,537
Total regulatory adjustment applied to T2 capital (Note 40.3.3)	(56,305)	(62,610)
Tier 2 capital (T2) after regulatory adjustments	9,979,092	10,244,927
Tier 2 capital recognized for capital adequacy	9,979,092	10,244,927
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	9,979,092	10,244,927
TOTAL CAPITAL (T1 + admissible T2)	43,602,792	37,781,007
Total Risk Weighted Assets (RWA) {for details refer Note 40.6}	338,290,684	292,717,139

** As reported in last year annual financial statements.

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Particulars	2017	2016**
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	9.94%	9.41%
Tier-1 capital to total RWA	9.94%	9.41%
Total capital to total RWA	12.89%	12.91%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
of which:	7.275%	6.65%
- capital conservation buffer requirement	1.275%	0.65%
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	3.94%	3.41%
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)	1.275%	0.65%
Total Capital plus CCB	11.275%	10.65%

** As reported in last year annual financial statements.

Particulars	2017		2016**	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
Rupees in '000				
40.3.1 Common Equity Tier 1 capital: Regulatory adjustments				
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	512,490	-	454,914	-
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	195,925	-	145,469	-
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	6,305	31,525	12,610	31,525
Total regulatory adjustments applied to CET1	714,720	31,525	612,993	31,525
40.3.2 Additional Tier 1 Capital: regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

** As reported in last year annual financial statements.

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Particulars	2017		2016**	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
Rupees in '000				
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	6,305	-	12,610	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	6,305	-	12,610	-

40.3.3 Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	6,305	31,525	12,610	31,525
Reciprocal cross holdings in Tier 2 instruments	50,000	-	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	56,305	31,525	62,610	31,525

40.3.4 Risk Weighted Assets subject to Pre-Basel III treatment

	2017	2016**
Rupees in '000		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	126,100	94,575
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	50,440	37,830
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

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	2017	2016**
	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)	2,377,711	1,494,391
Cap on inclusion of provisions in Tier 2 under standardized approach	3,520,851	3,007,957
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	-	-

40.3.5 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.

	2017	2016**
	Rupees in '000	
Particulars		
On balance sheet exposures		
1 On-balance sheet items (excluding unrealised gain on forward contracts)	750,158,757	657,767,097
2 Forward exchange commitments with positive fair values	1,252,104	1,439,734
Total On balance sheet exposures	751,410,861	659,206,831
Off balance sheet exposures		
3 Off-balance sheet items	121,092,111	87,601,838
4 Commitment in respect of forward exchange contracts	1,160,040	1,376,300
Total Off balance sheet exposures	122,252,151	88,978,138
Capital and total exposures		
5 Tier 1 capital (Note 40.3)	33,623,700	27,536,080
6 Total exposures	873,663,012	748,184,969
Basel III leverage ratio	3.85%	3.68%

The current year's leverage ratio is 3.85% (2016: 3.68%) whereas total tier 1 capital and total exposures are Rs 33,623.700 million (2016: Rs 27,536.080 million) and Rs 873,663.012 million (2016: Rs 748,184.969 million) respectively.

** As reported in last year annual financial statements.

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40.4 Capital Structure Reconciliation

40.4.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
	Rupees in '000	
Assets		
Cash and balances with treasury banks	64,556,170	64,556,170
Balances with other banks	4,895,816	4,895,816
Due from financial institutions	147,229,221	147,229,221
Investments	119,238,246	119,238,246
Islamic financing and related assets	420,029,088	420,029,088
Operating fixed assets	11,875,358	11,875,358
Deferred tax assets	-	-
Other assets	13,875,297	13,875,297
Total assets	781,699,196	781,699,196
Liabilities and Equity		
Bills payable	11,168,093	11,168,093
Due to financial institutions	36,813,295	36,813,295
Deposits and other accounts	673,187,807	673,187,807
Sub-ordinated Sukuk	7,000,000	7,000,000
Deferred tax liabilities	8,182	8,182
Other liabilities	18,444,426	18,444,426
Total liabilities	746,621,803	746,621,803
Share capital	10,629,022	10,629,022
Reserves	13,368,809	13,368,809
Unappropriated profit	10,340,589	10,340,589
Minority Interest	-	-
Surplus on revaluation of investments - net of tax	738,973	738,973
Total liabilities and equity	781,699,196	781,699,196

40.4.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
		Rupees in '000	
Assets			
Cash and balances with treasury banks		64,556,170	64,556,170
Balances with other banks		4,895,816	4,895,816
Due from financial institutions		147,229,221	147,229,221
Investments		119,238,246	119,238,246
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	195,925	195,925
- others	e	-	-
Islamic financing and related assets		420,029,088	420,029,088
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	2,377,711	2,377,711
Operating fixed assets		11,875,358	11,875,358
- of which: Intangibles	k	512,490	512,490
Deferred tax assets		-	-
of which:			
- DTAs that rely on future profitability excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets		13,875,297	13,875,297
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		781,699,196	781,699,196
Liabilities and Equity			
Bills payable		11,168,093	11,168,093
Due to financial institutions		36,813,295	36,813,295
Deposits and other accounts		673,187,807	673,187,807
Sub-ordinated Sukuk of which:		7,000,000	7,000,000
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	7,000,000	7,000,000
Deferred tax liabilities of which:		8,182	8,182
- 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	8,182	8,182
Other liabilities		18,444,426	18,444,426
Total liabilities		746,621,803	746,621,803
Share capital		10,629,022	10,629,022
- of which: amount eligible for CET1	s	10,629,022	10,629,022
- of which: amount eligible for AT1	t	-	-
Reserves of which:	u	13,368,809	13,368,809
- portion eligible for inclusion in CET1 - Share premium		2,406,571	2,406,571
- portion eligible for inclusion in CET1 - Statutory reserve		7,777,925	7,777,925
- 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	10,340,589	10,340,589
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:		738,973	738,973
- Revaluation reserves on Property		-	-
- Unrealized Gains / Losses on AFS	aa	738,973	738,973
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and Equity		781,699,196	781,699,196

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40.4.3 Basel III Disclosure (with added column) - Step 3

Particulars	Source based on reference number from step 2	Component of regulatory capital reported by the bank
Rupees in '000		
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital	(s)	10,629,022
2 Balance in share premium account	(u)	2,406,571
3 Reserve for issue of bonus shares		-
4 General / Statutory Reserves	(u)	10,962,238
5 Gain / (Losses) on derivatives held as Cash Flow Hedge		-
6 Unappropriated / unremitted profits	(w)	10,340,589
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		34,338,420
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)	512,490
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)	195,925
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		6,305
28 Total regulatory adjustments applied to CET1		714,720
Common Equity Tier 1		33,623,700
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)		33,623,700
Tier 2 Capital		
45 Qualifying Tier 2 capital instruments under Basel III	(n)	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)	2,377,711
49 Revaluation Reserves eligible for Tier 2 of which:		657,686
50 - portion pertaining to Property		-
51 - portion pertaining to AFS securities	89% of (aa)	657,686
52 Foreign Exchange Translation Reserves	(v)	-
53 Undisclosed / Other Reserves (if any)		-
54 T2 before regulatory adjustments		10,035,397
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		6,305
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		56,305
61 Tier 2 capital (T2)		9,979,092
62 Tier 2 capital recognised for capital adequacy		9,979,092
63 Excess Additional Tier 1 capital recognised in Tier 2 capital		-
64 Total Tier 2 capital admissible for capital adequacy		9,979,092
TOTAL CAPITAL (T1 + admissible T2)		43,602,792

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40.5 Main features of regulatory capital instruments

	Main Features	Common Shares	Tier II Sukuk
1	Issuer	Meezan Bank Limited	Meezan Bank Limited
2	Unique identifier (eg PSX Symbol or Bloomberg identifier etc.)	MEBL	Meezan Bank Limited - Tier II Modaraba Sukuk
3	Governing law(s) of the instrument	Listing regulations of Pakistan 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 10,629,022	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

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40.6 Risk-weighted exposures	Minimum capital requirements		Risk weighted assets	
	2017	2016 **	2017	2016 **
	Rupees in '000			
Credit Risk				
Portfolios subject to on-balance sheet exposure (Simple Approach)				
Cash and cash equivalents	-	-	-	-
Sovereign	97,567	156,723	975,672	1,567,232
Public sector entities	516,923	434,818	5,169,232	4,348,180
Banks	776,740	1,078,324	7,767,404	10,783,235
Corporate	19,171,080	16,957,024	191,710,799	169,570,236
Retail	2,698,514	1,663,258	26,985,140	16,632,575
Residential mortgage	513,916	404,127	5,139,157	4,041,268
Past due loans	18,591	24,485	185,913	244,852
Operating fixed assets	1,136,287	846,941	11,362,868	8,469,414
All other assets	676,156	491,145	6,761,559	4,911,454
Portfolios subject to off-balance sheet exposure - non market related (Simple approach)				
Banks	104,247	80,772	1,042,470	807,717
Corporate	1,890,061	1,559,958	18,900,613	15,599,580
Retail	165,692	58,377	1,656,922	583,766
Others	542	57,868	5,423	578,681
Portfolios subject to off-balance sheet exposures - market related (Current exposure method)				
Banks	133,087	68,570	1,330,869	685,696
Customers	140,295	48,633	1,402,950	486,330
Equity Exposure Risk in the Banking Book				
Unlisted equity investments held in banking book	114,502	123,175	1,145,022	1,231,754
Recognised portion of significant investment	12,610	9,458	126,100	94,575
Market Risk				
Capital Requirement for portfolios subject to Standardised Approach				
Interest rate risk	109,095	67,883	1,363,683	848,539
Equity position risk	804,305	931,190	10,053,812	11,639,875
Foreign Exchange risk	6,032	21,541	75,401	269,267
Operational Risk				
Capital requirement for operational risk	3,610,374	3,145,833	45,129,675	39,322,913
Total	32,696,616	28,230,103	338,290,684	292,717,139
Capital Adequacy Ratio	Required	Actual	Required	Actual **
	December 2017		December 2016	
CCET1 to total RWA	6.00%	9.94%	6.00%	9.41%
Tier-1 capital to total RWA	7.50%	9.94%	7.50%	9.41%
Total capital to total RWA	11.275%***	12.89%	10.65%***	12.91%

** As reported in last year annual financial statements.

*** Capital adequacy requirement inclusive of Capital Conservation Buffer requirement (CCB)

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41 RISK MANAGEMENT

The wide variety of the Bank's business activities require the Bank to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Bank's strategy and growth. The Bank manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Bank.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Bank's risk profile.
- The Bank has set up objectives and policies to manage the risks that arise in connection with the Bank's activities. The risk management framework and policies of the Bank are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Bank."
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Bank.
- The risk management function is independent of the Bank's operations.

Risk management organisation

The Risk Management Committee comprises of two non-executive directors and one executive director. One of the non-executive directors of the Bank chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

Name of the sub-committee	Chaired by
Credit Risk Management Committee (CRMC)	President & CEO
Asset and Liability Management Committee (ALCO)	President & CEO
Compliance and Operational Risk Management Committee (CORMC)	President & CEO

CRMC is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements & internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers & prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Bank is maximized without compromising on risk appetite. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

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

The Bank's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

41.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligations is impaired resulting in economic loss to the Bank. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

Credit risk management and structure

The Bank manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Credit Policy approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Bank also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

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Watchlist procedure is also functioning which identifies financing with early warning indicators in respect of clients having the potential to become non performing. The risk management function also monitors the non-performing financing portfolio of the Bank and reports all significant matters to the 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 281,668.113 million (2016: Rs 240,636.545 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 12.89%.

41.1.1 Segmental information

41.1.1.1 Segment by class of business

	2017					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, food, forestry and fishing	106,126,840	24.75	2,070,960	0.31	49,266,978	12.54
Automobile and transportation equipment	4,597,949	1.07	3,442,964	0.51	3,784,683	0.96
Cement	8,146,923	1.90	9,193,802	1.37	5,843,285	1.49
Chemical and pharmaceuticals	20,610,092	4.81	5,504,669	0.82	11,957,919	3.04
Construction	7,184,923	1.68	9,396,335	1.40	2,821,534	0.72
Electronics and electrical appliances	4,102,683	0.96	2,379,991	0.35	3,150,997	0.80
Exports / imports	5,905,169	1.38	5,566,639	0.83	6,350,495	1.62
Financial institutions	1,030,659	0.24	2,448,317	0.36	125,173,794	31.85
Footwear and leather garments	1,323,985	0.31	1,169,170	0.17	1,859,321	0.47
Individuals	36,161,774	8.43	467,572,907	69.46	13,980,296	3.56
Insurance	35,691	0.01	2,818,368	0.42	13,929	-
Paper, board and packaging	8,221,654	1.92	1,097,194	0.16	3,206,489	0.82
Power (electricity), oil, gas and water	74,548,300	17.38	1,365,603	0.20	38,494,432	9.79
Services	4,738,616	1.11	18,261,817	2.71	3,111,369	0.79
Sugar	10,780,230	2.51	1,116,362	0.17	3,659,712	0.93
Textile	71,916,540	16.77	19,441,515	2.89	62,347,165	15.86
Transport, storage and communication	15,555,275	3.63	12,885,241	1.91	7,157,119	1.82
Wholesale and retail trade	14,315,391	3.34	20,273,782	3.01	10,615,775	2.71
Others	33,530,836	7.80	87,182,171	12.95	40,214,544	10.23
	428,833,530	100.00	673,187,807	100.00	393,009,836	100.00

	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
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
Others	22,917,997	7.17	59,581,061	10.56	41,960,352	11.42
	319,616,864	100.00	564,023,853	100.00	367,448,209	100.00

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41.1.1.2 Segmental by sector

	2017					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	134,951,330	31.47	24,306,266	3.61	19,646,280	5.00
Private	293,882,200	68.53	648,881,541	96.39	373,363,556	95.00
	<u>428,833,530</u>	<u>100.00</u>	<u>673,187,807</u>	<u>100.00</u>	<u>393,009,836</u>	<u>100.00</u>

	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	16,665,076	4.54
Private	241,737,592	75.63	557,039,304	98.76	350,783,133	95.46
	<u>319,616,864</u>	<u>100.00</u>	<u>564,023,853</u>	<u>100.00</u>	<u>367,448,209</u>	<u>100.00</u>

41.1.1.3 Details of non-performing Islamic financing and related assets and specific provisions by class of business segment:

	2017		2016	
	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	59,712	59,712	62,592	62,592
Textile	4,220,024	4,144,754	4,198,364	4,069,289
Chemical and pharmaceuticals	41,839	41,839	43,334	43,334
Sugar	108,718	108,718	108,718	108,718
Footwear and leather garments	215,346	189,571	188,113	188,121
Automobile and transportation equipment	636,494	636,094	659,566	659,057
Electronics and electrical appliances	19,616	19,616	19,616	19,616
Construction	19,930	19,930	21,597	21,597
Power (electricity), gas, water	2,796	2,796	2,796	2,796
Transport, storage and communication	12,648	9,966	12,648	9,966
Wholesale and retail trade	420,676	416,686	490,543	479,614
Paper, board and packaging	29,597	29,597	29,597	29,597
Exports / imports	258,821	252,140	260,263	249,713
Individuals	340,170	275,770	398,433	315,152
Others	219,742	219,542	351,112	333,041
	<u>6,606,129</u>	<u>6,426,731</u>	<u>6,847,292</u>	<u>6,592,203</u>

41.1.1.4 Details of non-performing Islamic financing and related assets and specific provisions by sector:

	2017		2016	
	Classified Islamic financing and related assets	Specific provisions held	Classified Islamic financing and related assets	Specific provisions held
	Rupees in '000			
Public / Government	-	-	-	-
Private	6,606,129	6,426,731	6,847,292	6,592,203
	<u>6,606,129</u>	<u>6,426,731</u>	<u>6,847,292</u>	<u>6,592,203</u>

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41.1.1.5 Geographical segment analysis

	2017			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
Rupees in '000				
Pakistan	10,252,010	781,699,196	35,077,393	393,009,836
	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

41.2 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.

41.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies 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	2017				
	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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41.2.2 Credit exposures subject to standardised approach

Exposures	2017			2016		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	151,721,981	120,907,869	30,814,112	111,679,500	64,244,659	47,434,841
50%	1,172,485	-	1,172,485	2,484,952	-	2,484,952
150%	48,780	-	48,780	-	-	-
Unrated	242,370	-	242,370	268,957	-	268,957
Sovereigns						
0%	171,965,434	42,036,396	129,929,038	185,057,759	15,000,000	170,057,759
20%	-	-	-	-	-	-
50%	1,728,346	-	1,728,346	1,564,297	-	1,564,297
100%	111,499	-	111,499	775,286	-	775,286
Public Sector entities						
20%	25,954,044	8,191,220	17,762,824	15,879,273	2,931,000	12,948,273
50%	-	-	-	3,475,000	-	3,475,000
Unrated (50%)	50,058,614	46,848,981	3,209,633	38,804,775	38,798,333	6,442
Corporate						
20%	46,789,540	5,342,857	41,446,683	43,160,828	3,575,000	39,585,828
50%	33,480,160	2,046,356	31,433,804	23,652,800	3,047	23,649,753
100%	3,515,549	-	3,515,549	2,915,500	-	2,915,500
Unrated 1	91,598,854	2,485,245	89,113,609	79,361,441	2,103,389	77,258,052
Unrated 2	95,068,947	36,561,120	58,507,827	69,607,453	14,016,685	55,590,768
Retails						
75%	43,943,059	7,962,873	35,980,186	27,348,238	5,171,471	22,176,767
Total	717,399,662	272,382,917	445,016,745	606,036,059	145,843,584	460,192,475

41.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Bank obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Bank has taken advantage of the cash collaterals available with the Bank in the form of security deposits, cash margins, certificates of Islamic investment, monthly Modaraba certificate, saving accounts, guarantees, shares and Government securities.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Bank to price risk as they are in the form of cash 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 153,185.616 million of exposure on banks is subject to the CRM of Rs 120,907.869 million. The corporate portfolio of Rs 270,453.050 million is subject to the CRM of Rs 46,435.578 million whereas claims on retail portfolio of Rs 43,943.059 million is subject to CRM of Rs 7,962.873 million. The total benefit of Rs 272,382.917 million was availed through CRM against total on-balance sheet exposure of Rs 777,080.026 million.

Under off-balance sheet, non-market related exposures; the corporate portfolio of Rs 244,326.462 million is subject to the CRM of Rs 6,138.398 million whereas claims on retail portfolio of Rs 8,351.027 million is subject to CRM of Rs 939.262 million. Total benefit of Rs 8,761.160 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 270,619.078 million.

In the year 2017, total CRM benefit was Rs 281,144.077 million as against amount of Rs 148,092.858 million in year 2016.

41.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

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For the year ended December 31, 2017

41.3 Equity position in the banking and trading book

The Bank classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 6.4 to these financial statements.

Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily; and
- 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

41.4 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.

41.4.1 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. 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:

	2017			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	756,111,458	695,071,461	(26,001,090)	35,038,907
United States Dollars	23,163,052	44,700,451	21,530,488	(6,911)
Great Britain Pounds	897,203	3,707,232	2,816,966	6,937
Japanese Yen	73,750	35	(73,560)	155
Euro	1,231,047	3,136,314	1,921,584	16,317
Singapore Dollars	3,709	3	-	3,706
Australian Dollars	92,145	1,605	(119,868)	(29,328)
Canadian Dollars	11,324	994	(11,006)	(676)
United Arab Emirates Dirham	94,171	-	(60,120)	34,051
Swiss Francs	3,675	-	(3,394)	281
Saudi Riyal	7,865	3,680	-	4,185
Swedish Korona	1,942	-	-	1,942
Malaysian Ringgit	1,752	-	-	1,752
Hongkong Dollar	843	28	-	815
Thailand Bhat	311	-	-	311
Norwegian Krone	653	-	-	653
Chinese Offshore Spot	1,695	-	-	1,695
Chinese Yuan	2,601	-	-	2,601
Total foreign currency exposure	25,587,738	51,550,342	26,001,090	38,486
Total currency exposure	781,699,196	746,621,803	-	35,077,393

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

	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

41.4.2 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in the value of equity portfolios of the Bank. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Bank invests in only Shariah compliant equities as advised by the Shariah advisor.

41.4.3 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on 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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41.4.4 Mismatch of yield rate sensitive assets and liabilities

Effective yield rate %	Total	2017									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												
-	64,556,170	-	-	-	-	-	-	-	-	-	-	64,556,170
0.18	4,895,816	111,905	-	-	-	-	-	-	-	-	-	4,783,911
5.77	147,229,221	23,868,925	49,716,251	4,376,876	69,267,169	-	-	-	-	-	-	-
5.39	119,238,246	6,926,424	6,988,489	48,745,895	-	30,698,206	15,126,496	1,124,924	2,221,122	-	-	7,406,690
6.57	420,029,088	41,964,180	152,729,213	83,255,059	16,726,426	3,679,676	6,921,316	13,278,112	1,016,739	2,690,280	-	97,768,087
-	12,115,616	-	-	-	-	-	-	-	-	-	-	12,115,616
	768,064,157	72,871,434	209,433,953	136,377,830	85,983,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	-	186,630,474
Liabilities												
-	11,168,093	-	-	-	-	-	-	-	-	-	-	11,168,093
4.10	36,813,295	16,390,656	8,731,443	10,869,365	-	-	-	-	-	-	-	821,831
2.30	673,187,807	435,662,748	-	-	-	-	-	-	-	-	-	237,525,059
6.73	7,000,000	-	7,000,000	-	-	-	-	-	-	-	-	-
-	9,086,880	-	-	-	-	-	-	-	-	-	-	9,086,880
	737,256,075	452,053,404	15,731,443	10,869,365	-	-	-	-	-	-	-	258,601,863
	30,808,082	(379,181,970)	193,702,510	125,508,465	85,983,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	-	(71,971,389)
Non financial assets												
-	11,875,358	-	-	-	-	-	-	-	-	-	-	-
-	1,759,681	-	-	-	-	-	-	-	-	-	-	-
	13,635,039	-	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
-	9,357,546	-	-	-	-	-	-	-	-	-	-	-
-	8,182	-	-	-	-	-	-	-	-	-	-	-
	9,365,728	-	-	-	-	-	-	-	-	-	-	-
	35,077,393	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
		(379,181,970)	193,702,510	125,508,465	85,983,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	-	(71,971,389)
		(379,181,970)	(185,479,460)	(59,970,995)	26,022,600	60,400,482	82,448,294	96,851,330	100,089,191	102,779,471	-	30,808,082

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												
-	56,036,849	-	-	-	-	-	-	-	-	-	-	56,036,849
0.25	12,021,351	206,975	9,000,000	-	-	-	-	-	-	-	-	2,814,376
6.11	129,115,165	12,674,955	41,977,548	964,595	73,498,067	-	-	-	-	-	-	-
5.43	310,156,297	8,048,802	3,490,476	45,527,494	1,046,419	1,045,110	57,569,439	677,069	3,176,899	-	-	9,584,599
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
-	8,648,418	-	-	-	-	-	-	-	-	-	-	8,648,418
	647,508,350	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	-	145,261,854
Liabilities												
-	9,130,998	-	-	-	-	-	-	-	-	-	-	9,130,998
4.09	32,005,501	15,990,356	5,230,649	10,784,496	-	-	-	-	-	-	-	-
2.44	564,023,853	367,439,274	-	-	-	-	-	-	-	-	-	196,584,579
6.76	7,000,000	-	7,000,000	-	-	-	-	-	-	-	-	-
-	7,491,481	-	-	-	-	-	-	-	-	-	-	7,491,481
	619,651,833	383,429,630	12,230,649	10,784,496	-	-	-	-	-	-	-	213,207,058
	27,856,517	(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	-	(67,945,204)
Non financial assets												
-	8,924,328	-	-	-	-	-	-	-	-	-	-	-
-	1,334,419	-	-	-	-	-	-	-	-	-	-	-
	10,258,747	-	-	-	-	-	-	-	-	-	-	-
Non financial liabilities												
-	6,278,737	-	-	-	-	-	-	-	-	-	-	-
-	1,362,909	-	-	-	-	-	-	-	-	-	-	-
	7,641,646	-	-	-	-	-	-	-	-	-	-	-
	30,473,618	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments												
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
		(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	-	(67,945,204)
		(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	-	27,856,517

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The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks.

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

41.5 Liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Bank's Board of Directors sets 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.

41.5.1 Maturities of assets and liabilities

41.5.1.1 Maturities of assets and liabilities based on expected maturities

	2017									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	64,556,170	64,556,170	-	-	-	-	-	-	-	-
Balances with other banks	4,895,816	4,895,816	-	-	-	-	-	-	-	-
Due from financial institutions	147,229,221	23,868,925	49,716,251	4,376,876	69,267,169	-	-	-	-	-
Investments	119,238,246	7,025,439	2,042,492	1,924,442	41,943,268	36,304,069	19,375,122	2,885,494	4,202,907	3,535,013
Islamic financing and related assets	420,029,088	59,846,509	93,323,046	91,340,404	37,052,061	17,469,639	21,555,865	34,301,026	50,660,205	14,480,333
Operating fixed assets	11,875,358	142,263	421,910	408,827	1,304,859	1,249,761	1,015,855	1,342,234	1,435,563	4,554,086
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	13,875,297	1,169,432	2,319,922	3,468,954	6,694,345	48,953	57,564	116,127	-	-
	781,699,196	161,504,554	147,823,621	101,519,503	156,261,702	55,072,422	42,004,406	38,644,881	56,298,675	22,569,432
Liabilities										
Bills payable	11,168,093	11,168,093	-	-	-	-	-	-	-	-
Due to financial institutions	36,813,295	16,637,068	8,977,855	10,869,364	-	-	329,008	-	-	-
Deposits and other accounts										
- Current accounts	237,525,059	18,716,975	15,035,336	13,990,226	19,762,085	27,956,699	21,448,513	34,037,341	62,516,595	24,061,289
- Savings deposits	266,024,480	20,723,307	16,626,530	15,456,022	21,867,212	30,938,647	23,729,384	37,642,464	69,166,365	29,874,549
- Fixed deposits	169,638,268	62,854,960	25,260,564	18,780,284	27,012,443	7,427,059	5,450,187	12,517,600	10,335,171	-
	673,187,807	102,295,242	56,922,430	48,226,532	68,641,740	66,322,405	50,626,084	84,197,405	142,018,131	53,935,838
Sub-ordinated Sukuk	7,000,000	-	-	-	-	-	-	-	7,000,000	-
Deferred Tax liabilities	8,182	-	-	-	2,046	2,046	2,046	2,044	-	-
Other liabilities	18,444,426	1,488,971	2,743,027	4,099,121	1,811,649	922,406	922,406	1,844,813	4,612,033	-
	746,621,803	131,589,374	68,643,312	63,195,017	70,455,435	67,246,857	51,881,544	86,044,262	153,630,164	53,935,838
Net assets	35,077,393	29,915,180	79,180,309	38,324,486	85,806,267	(12,174,435)	(9,877,138)	(47,399,381)	(97,331,489)	(31,366,406)
Share capital	10,629,022									
Reserves	13,368,809									
Unappropriated profit	10,340,589									
Surplus on revaluation of investments	738,973									
	35,077,393									

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	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
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	-
	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
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	-	-
	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									

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, 28.4% of current accounts and 28.1% of savings accounts are bucketed into 'Upto 1-Year maturity' whereas, 71.6% of current accounts and 71.9% of savings accounts are bucketed into maturities of above 1-Year.

4.1.5.1.2 Maturities of assets and liabilities based on contractual maturities

	2017									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	64,556,170	64,556,170	-	-	-	-	-	-	-	-
Balances with other banks	4,895,816	4,895,816	-	-	-	-	-	-	-	-
Due from financial institutions	147,229,221	23,868,925	49,716,250	4,376,876	69,267,170	-	-	-	-	-
Investments	119,238,246	7,025,782	2,042,593	1,924,537	41,948,167	36,297,159	19,376,073	2,885,636	4,203,029	3,535,270
Islamic financing and related assets	420,029,088	150,597,009	60,150,104	60,483,260	10,331,446	17,469,665	21,643,860	34,213,111	50,660,278	14,480,355
Operating fixed assets	11,875,358	144,833	433,945	422,048	771,197	1,301,938	1,065,490	1,480,428	1,568,857	4,686,622
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	13,875,297	1,169,433	2,319,763	3,468,639	6,694,345	49,428	57,564	116,125	-	-
	781,699,196	252,257,968	114,662,655	70,675,360	129,012,325	55,118,190	42,142,987	38,695,300	56,432,164	22,702,247
Liabilities										
Bills payable	11,168,093	11,168,093	-	-	-	-	-	-	-	-
Due to financial institutions	36,813,295	16,883,479	8,731,443	10,869,365	-	-	329,008	-	-	-
Deposits and other accounts										
- Current accounts	237,525,059	237,525,059	-	-	-	-	-	-	-	-
- Savings deposits	266,024,480	266,024,480	-	-	-	-	-	-	-	-
- Fixed deposits	169,638,268	62,854,959	25,260,564	18,780,284	27,012,443	7,427,059	5,450,187	12,517,600	10,335,172	-
	673,187,807	566,404,498	25,260,564	18,780,284	27,012,443	7,427,059	5,450,187	12,517,600	10,335,172	-
Sub-ordinated Sukuk	7,000,000	-	-	-	-	-	-	-	7,000,000	-
Deferred Tax liabilities	8,182	-	-	-	2,046	2,046	2,046	2,044	-	-
Other liabilities	18,444,426	1,488,971	2,743,027	4,099,121	1,811,649	922,406	922,406	1,844,813	4,612,033	-
	746,621,803	595,945,041	36,735,034	33,748,770	28,826,138	8,351,511	6,703,647	14,364,457	21,947,205	-
Net assets	35,077,393	(343,687,073)	77,927,621	36,926,590	100,186,187	46,766,679	35,439,340	24,330,843	34,484,959	22,702,247
Share capital	10,629,022									
Reserves	13,368,809									
Unappropriated profit	10,340,589									
Surplus on revaluation of investments	738,973									
	35,077,393									

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

	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
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	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	-	-
	627,293,479	481,670,250	31,881,893	32,575,987	29,129,341	8,557,078	9,421,424	14,640,980	19,416,526	-
Net assets	30,473,618	(373,670,179)	115,621,548	15,656,251	60,571,260	72,753,302	80,578,394	25,786,266	6,193,221	26,983,555
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									

Current and Savings deposits have been classified under maturity upto one month as these do not have any contractual maturity.

41.5.2 Disclosures under BASEL III Liquidity Standards

The Bank calculates the Liquidity Coverage Ratio (LCR) on monthly basis as per SBP Basel III Liquidity Standards issued under BPRD Circular No. 08 dated June 23, 2016. The objective of LCR is to promote the short-term resilience of the liquidity risk profile of the banks and this standard requires the banks to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar-days period. As of December 31, 2017, Bank's LCR stood at 126% against the SBP's minimum requirement of 90%.

Overall responsibility of liquidity risk management rests with the Board of Directors which performs its duties through the Board Risk Management Committee. Asset-Liability Management Committee comprising of Senior Management is responsible for the supervision & management of liquidity risk. The Bank's treasury function has the primary responsibility for assessing, monitoring and managing bank's liquidity and funding strategy. Treasury Middle Office being part of Risk management group is responsible for the independent identification, monitoring & analysis of risks inherent in treasury operations. The Bank has in place duly approved liquidity risk policy and strategy along with liquidity risk tolerance/appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Bank. Liquidity and related risks are managed through standardized processes established in the Bank. Board and senior management are apprised about liquidity profile of the Bank on periodic basis so as to ensure proactive liquidity management and to avoid abrupt shocks.

The Bank's prime source of liquidity is the customer's deposit base. Within deposits, the Bank strives to maintain a healthy core deposit base in form of current and saving deposits and avoid concentration in particular products, tenors and dependence on large fund providers. Further, the Bank relies on Interbank borrowing for stop gap funding minimize concentration. Usually Interbank borrowing is for short term. The Bank follows centralized funding strategy so as to ensure achievement of strategic and business objectives of the Bank.

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like cash to deposits, financing to deposit ratio, liquid assets to total deposits, Interbank borrowing to total deposits and large deposits to total deposits which are monitored on daily basis against different triggers levels and communicated to senior management and to ALCO forum regularly. Further, the Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. For maturity analysis, behavioral study techniques are also used to determine the behavior of non-contractual assets and liabilities based on historic data and statistical techniques. The Bank also ensures to maintain statutory cash and liquidity requirements all times.

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

The Bank has in place the Board approved stress testing policy. Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits and increase in assets, withdrawals of wholesale / large deposits and interbank borrowing and utilization of undrawn credit lines etc. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch for the Bank.

Contingency funding plan is a part of liquidity management framework of the Bank which identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis. Comprehensive liquidity contingency funding plan is prepared on annual basis which highlights liquidity management chain that needs to be followed. Responsibilities and crisis management phases are also incorporated in order to tackle the liquidity crisis. Moreover, contingency funding plan highlights possible funding sources, in case of a liquidity crisis.

Main drivers of LCR Results are High Quality Liquid Assets and Net cash outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are as prescribed by the regulator.

High Quality Liquid Assets composed of Level-1 Assets which can be included in the stock of liquid assets at 100% of their market value. Bank has taken cash & treasury balances, Investments in GoP Ijarah sukuk classified as available for sale category and foreign currency Sukuk issued by sovereigns. Bank does not have Level 2-A Assets which can meet the SBP criteria. Further, investment in listed common equity shares is taken in Level 2-B asset category at 50% of their market value.

The Bank relies on funds provided by depositors. Current and Saving accounts consist of 75.05% of total deposits, term deposits are 24.95% and borrowing from SBP and financial institutions is 5.5% of total deposits. Moreover the Bank does not rely on top few depositors to ensure its funding sources are well diversified. Further, currency mismatch is minimal as PKR deposits are 94.4% of Bank's total deposits.

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. Banks are expected to meet the NSFR requirement of at least 100% on an ongoing basis from December 31, 2017.

41.5.2.1 Disclosures on Liquidity Coverage Ratio

		2017	
		Total Unweighted Value (Average)	Total Weighted Value (Average)
———— Rupees in '000 ————			
High Quality Liquid Assets			
1	High Quality Liquid Assets		
	Total high quality liquid assets (HQLA)		115,848,701
Cash Outflows			
2	Retail deposits and deposits from small business customers of which:	433,993,569	43,399,357
2.1	Stable deposit	-	-
2.2	Less stable deposit	433,993,569	43,399,357
3	Unsecured wholesale funding of which:		
3.1	Operational deposits (all counterparties)	194,183,530	72,557,313
3.2	Non-operational deposits (all counterparties)	194,183,530	72,557,313
3.3	Unsecured debt	-	-
4	Secured wholesale funding	-	-
5	Additional requirements of which:	11,077,378	1,107,738
5.1	Outflows related to derivative exposures and other collateral requirements	-	-
5.2	Outflows related to loss of funding on debt products	-	-
5.3	Credit and Liquidity facilities	11,077,378	1,107,738
6	Other contractual funding obligations	-	-
7	Other contingent funding obligations	252,530,216	3,757,800
8	Total Cash Outflows		120,822,208
Cash Inflows			
9	Secured lending	13,868,249	13,868,249
10	Inflows from fully performing exposures	21,954,736	10,977,368
11	Other Cash inflows	5,229,896	2,088,477
12	Total Cash Inflows	41,052,881	26,934,094
21	Total HQLA		115,848,701
22	Total Net Cash Outflows		93,888,114
23	Liquidity Coverage Ratio (%)		126%

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

41.5.2.2 Net Stability Funding Ratio

	2017				weighted value
	unweighted value by residual maturity				
	No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
	Rupees in '000				
Available Stable Funding (ASF)					
1 Capital:					
2 Regulatory capital	33,623,700	-	-	-	33,623,700
3 Other capital instruments	2,979,092	-	-	7,000,000	9,979,092
4 Retail deposits and deposit from small business customers:					
5 Stable deposits	-	-	-	-	-
6 Less stable deposits	400,636,914	102,523,602	21,568,284	-	472,255,919
7 Wholesale funding:					
8 Operational deposits	-	-	-	-	-
9 Other wholesale funding	102,912,625	26,335,499	5,540,300	-	67,394,212
10 Other liabilities:					
11 NSFR derivative liabilities	-	-	-	-	-
12 All other liabilities and equity not included in other categories	33,756,418	-	17,337	46,330,825	35,790,694
13 Total ASF					619,043,617
Required Stable Funding (RSF)					
14 Total NSFR high-quality liquid assets (HQLA)					2,319,506
15 Deposits held at other financial institutions for operational purposes	4,783,911				2,391,956
16 Performing loans and securities:		313,924,246	105,024,024	165,230,636	394,570,524
17 Performing loans to financial institutions secured by Level 1 HQLA		77,962,052	69,267,169	-	46,327,892
18 Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions		-	-	-	-
19 Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:		177,086,295	26,835,015	100,285,584	258,575,860
20 With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		58,875,899	8,921,840	48,025,264	75,284,952
21 Securities that are not in default and do not qualify as HQLA including exchange-traded equities.		-	-	16,919,789	14,381,820
22 Other assets:			24,070,972	41,555,675	53,591,161
23 Physical traded commodities, including gold					
24 Assets posted as initial margin for derivative contracts					
25 NSFR derivative assets				1,063,795	1,063,795
26 NSFR derivative liabilities before deduction of variation margin posted					
27 All other assets not included in the above categories			24,070,972	40,491,880	52,527,366
28 Off-balance sheet items				270,619,079	13,530,954
29 Total RSF					466,404,101
30 Net Stable Funding Ratio (%)					133%

41.6 Operational risk

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Bank over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Bank has strengthened its risk management framework by developing policies, strategies, guidelines and manuals. It also includes set up of functions like operational risk management, prevention of fraud and forgery and information security function, defining responsibilities of individuals, implementing four-eyes principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

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:

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

Category	Sukuk	Number of IPS account		Face Value Rupees in '000	
		2017	2016	2017	2016
Insurance Companies	Government Ijarah	5	5	1,981,000	2,063,000
Asset Management Companies	Government Ijarah	11	11	-	-
Employee Funds / NGO's	Government Ijarah	13	12	28,000	28,000
Individuals	Government Ijarah	19	19	12,700	7,700
Others	Government Ijarah	4	4	40,000	40,500
Related parties					
Associates	Government Ijarah	3	1	95,000	35,000
Other related parties	Government Ijarah	1	1	75,000	75,000
		56	53	2,231,700	2,249,200

43. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

43.1 The Bank managed following general and specific pools during the year:

2017							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	6.42%	50%	10,872,732	3.65%	14%	1,491,157
USD Pool	Monthly	3.09%	75%	424,879	0.77%	-	-
GBP Pool	Monthly	1.32%	90%	19,505	0.13%	-	-
EUR Pool	Monthly	0.66%	90%	5,885	0.06%	-	-

2016							
General Remunerative (Savings and Fixed) Depositors' Pools	Profit Rate and weightage announcement period	Profit rate return earned - Average	Profit Sharing Ratio of Mudarib	Mudarib Fee	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	6.78%	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%	-	-

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

2017							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment Ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	4.48%	*	*	2.06%	N/A	N/A
Inter Bank Musharaka / Modaraba borrowing Pool	As required	7.63% - 5.24%	*	*	6.35% - 4.50%	N/A	N/A
Special Sharikah Certificate Musharaka / Modaraba borrowing Pool	As required	7.91% - 5.24%	*	*	6.50% - 2.40%	N/A	N/A

* The profit sharing ratio and the investment ratio varies on case to case basis.

2016							
Specific Pools	Profit Rate and weightage announcement period	Profit rate return earned	Profit Sharing Ratio	Investment Ratio	Profit rate return distributed	Percentage of Mudarib Share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	5.31%	*	*	2.63%	N/A	N/A
Inter Bank Musharaka / Modaraba borrowing Pool	As required	9.01% - 5.55%	*	*	6.75% - 3.85%	N/A	N/A
Special Sharikah Certificate Musharaka / Modaraba 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.

43.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Modaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2017	2016	2017	2017	2016	2016
PKR Pool						
Saving Accounts	23.37%	23.47%	0.67	0.66	0.67	0.62
Meezan Bachat Account	18.57%	18.88%	0.88	0.66	0.89	0.62
Karobari Munafa Account	10.83%	11.86%	1.34	0.66	1.34	0.66
Certificate of Islamic Investment Plus	12.46%	14.74%	1.49	1.16	1.50	1.12
Meezan Aamdand Certificate	8.71%	10.41%	1.67	1.57	1.89	1.58
USD Pool						
Saving Accounts	3.73%	3.39%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.71%	1.58%	1.35	0.77	1.35	0.77
GBP Pool						
Saving Accounts	0.46%	0.43%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.29%	0.29%	0.27	0.27	0.27	0.27

Notes to and forming part of the Unconsolidated Financial Statements

For the year ended December 31, 2017

43.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2017	2016
	Rupees in '000	
Profit / return earned on islamic financing and related assets, investments and placements	35,375,577	30,716,493
Other Income (including other charges)	2,209,095	1,262,613
Directly related costs attributable to pool	(959,646)	(650,841)

44 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 as follows:

Description	Rupees in '000	Reclassified	
		From	To
Takaful and tracker expenses on Ijarah	(668,218)	Administrative expenses	Profit / return earned on Islamic financing and related assets, investments and placements
Fee, subscription and clearing charges	(124,518)	Administrative expenses	Fee, commission and brokerage income

45 NON-ADJUSTING EVENT

45.1 The Board of Directors in its meeting held on February 14, 2018 has announced final cash dividend of Rs 1.25 per share (12.5%). The financial statements for the year ended December 31, 2017, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2018.

46 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 14, 2018 by the Board of Directors of the Bank.



Riyadh S. A. A.
Edrees
Chairman



Irfan Siddiqui
President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2017

Annexure 1

Statement showing written-off loans or any other financial relief of rupees 500,000 and above during the year ended December 31, 2017.

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, 2017				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	Amir Majeed Kaludi Flat No. A-104, 4th Floor, West Wind Estates, Plot No. FL-11, Block-2, Clifton, Karachi.	42301-6831572-5	Abdul Majeed Kaludi	3,484	-	105	3,589	2,184	-	-	2,184
2	Gulzar Oil Industries House No C-15 Memon Cooperative Housing Society, Hyderabad	Mrs. Razia Gulzar 41303-1435631-6	Muhammad Hussain Gulzar	-	3,055	-	3,055	-	3,055	-	3,055
3	Vital Chicks and Feeds 55 G- II, Johar Town, Lahore	Chaudhary Nasir Ahmed 35202-4426237-1	Chaudhary Muhammad Rafiq	8,090	633	255	8,978	-	633	255	888
4	Muhammad Hashim Sher House # 21-22, Hamza Town, Moza Dhana Singh Wala, Tehsil & District, Lahore	38402-3118132-5	Muhammad Nawaz	812	708	219	1,739	-	649	219	868
5	Balqees Mustafa 304-J, Phase I DHA, Lahore	35201-5955768-6	Major Waseem Mehdi	1,963	1,988	249	4,200	-	1,905	249	2,154
6	Hi-Tech CNG Station 248 G / 4, Johar Town, Lahore	Bashir Ahmed 35202-5441458-1 Zia Ahmed Arshad 35201-1298303-7 Rais Haider 35202-3623279-3	Hadayat Ali Chaudhary Alaf Din Sheikh Ilyas Hussain	13,079	4,356	290	17,725	-	4,246	290	4,536

Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2017

Annexure 1

Statement showing written-off loans or any other financial relief of rupees 500,000 and above during the year ended December 31, 2017.

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, 2017				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											
7	Munawar Hussain Javed P-782, St # 9/15, 66 Foota Bazar, Mansoorabad, Faisalabad	33101-4363065-9	Muhammad Ishaq	656	785	83	1,524	-	429	83	512
8	Fareeha Nauman Plot # 323, Block-D, Phase-V, DHA, Lahore	35202-9014729-0	Nauman Yousuf	7,500	9,678	348	17,526	-	10,413	348	10,761
9	Merkolink Distributors 21/2 Altaf Town, Multan	Shehnaz Haider 61101-1812779-4 Abdul Rasheed 36302-9081117-9 Raja Gayoor Ali 37405-0560388-7 Shahid Ahmad Qureshi 36302-7710110-9	Mueen ud din Haider Saeed Ahmed Qureshi Raja Zafar Ali Khan Faqeer Ahmad Qureshi	1,495	434	70	1,999	28	434	70	532
10	Syed Wajeeh Haider Kazmi House No. 36-D, Tipu Sultan Road, Multan Cantt, Multan	36302-5671622-5	Syed Ajmal Hussain Kazmi	3,114	2,862	58	6,034	-	2,523	238	2,761
11	Rubass Rafiq House # 27, Block-B-III, Punjab Government Cooperative Society, Lahore	35202-7643671-9	Muhammad Rafique	9,533	8,141	516	18,190	-	9,146	516	9,662
				49,726	32,640	2,193	84,559	2,212	33,433	2,268	37,913



Consolidated Financial Statements

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AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated statement of financial position of Meezan Bank Limited and its subsidiary company, Al Meezan Investment Management Limited, (the Group) as at 31 December 2017 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 audited the financial statements of Meezan Bank of Pakistan and reviewed the financial statements of its subsidiary company namely Al Meezan Investment Management Limited. These financial statements are responsibility of the Holding Company's management. Our responsibility is to express an opinion on these 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 Meezan Bank Limited and its subsidiary company as at 31 December 2017 and the results of their operations for the year then ended.

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by another firm of chartered accountants who have expressed unmodified opinion thereon dated 22 February 2017.



Chartered Accountants

Audit Engagement Partner: Arslan Khalid

Date: 14 February 2018

Karachi

Consolidated Statement of Financial Position

As at December 31, 2017

	Note	2017	2016
Rupees in '000			
ASSETS			
Cash and balances with treasury banks	7	64,556,409	56,037,043
Balances with other banks	8	4,940,090	12,067,855
Due from financial institutions - net	9	147,229,221	129,115,165
Investments - net	10	123,160,901	134,796,574
Islamic financing and related assets - net	11	419,929,149	311,530,270
Operating fixed assets	12	11,994,586	9,031,686
Deferred tax asset		-	-
Other assets - net	13	14,156,973	10,689,082
		<u>785,967,329</u>	<u>663,267,675</u>
LIABILITIES			
Bills payable	14	11,168,093	9,130,998
Due to financial institutions	15	36,813,295	32,005,501
Deposits and other accounts	16	673,180,310	563,999,852
Sub-ordinated Sukuk	17	7,000,000	7,000,000
Deferred tax liabilities	18	230,787	1,955,203
Other liabilities	19	19,165,271	14,403,557
		<u>747,557,756</u>	<u>628,495,111</u>
NET ASSETS		<u><u>38,409,573</u></u>	<u><u>34,772,564</u></u>
REPRESENTED BY			
Share capital	20	10,629,022	10,027,379
Reserves	21	13,393,125	9,724,001
Unappropriated profit		12,563,156	11,340,678
		<u>36,585,303</u>	<u>31,092,058</u>
NON-CONTROLLING INTEREST	22	1,007,975	1,221,989
		<u>37,593,278</u>	<u>32,314,047</u>
Surplus on revaluation of investments (including amount relating to share of profit from associates) - net of tax	23	816,295	2,458,517
		<u>38,409,573</u>	<u>34,772,564</u>
CONTINGENCIES AND COMMITMENTS	24		

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

Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Profit and Loss Account

For the year ended December 31, 2017

	Note	2017	2016
Rupees in '000			
Profit / return earned on Islamic financing and related assets, investments and placements	25	36,094,934	30,761,424
Profit on deposits and other dues expensed	26	15,270,733	12,871,789
Net spread earned		20,824,201	17,889,635
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net	11.10	720,189	(120,246)
Provision / (reversal of provision) against diminution in the value of investments	10.7	586,732	(64,673)
Provision against off balance sheet obligations	19.2	13,482	-
Bad debts written off directly		-	-
		1,320,403	(184,919)
Net spread after provisions		19,503,798	18,074,554
OTHER INCOME			
Fee, commission and brokerage income		6,030,008	3,817,718
Dividend income		287,977	345,288
Income from dealing in foreign currencies		1,139,648	1,207,563
Capital gain on sale of investments - net	27	939,266	1,012,424
Unrealised loss on held for trading investments		(1,708)	-
Other income	28	411,013	341,676
Total other income		8,806,204	6,724,669
		28,310,002	24,799,223
OTHER EXPENSES			
Administrative expenses	29	17,125,835	15,307,097
Other reversals of provisions		(13,524)	(74,038)
Other charges	30	10,824	3,600
Workers Welfare Fund		290,837	211,940
Total other expenses		17,413,972	15,448,599
		10,896,030	9,350,624
Share of results of associates before taxation	10.8	(963,186)	1,166,467
		9,932,844	10,517,091
Extraordinary / unusual items		-	-
Profit before taxation		9,932,844	10,517,091
Taxation - Current	31	4,599,996	3,283,846
- Prior years		373,600	268,219
- Deferred		(820,745)	362,603
		4,152,851	3,914,668
Profit after taxation		5,779,993	6,602,423
Attributable to:			
Shareholders of the Holding company		5,618,512	6,181,901
Non-controlling interest	22	161,481	420,522
		5,779,993	6,602,423
		Rupees	Restated
Basic and diluted earnings per share of the Holding company for the year	32	5.46	6.05

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

Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2017

	Note	2017	2016
Rupees in '000			
Profit after tax for the year attributable to:			
Shareholders of the Holding company		5,618,512	6,181,901
Non-controlling interest	22	161,481	420,522
		5,779,993	6,602,423
Other Comprehensive income			
Items that may not be reclassified to profit and loss account			
Remeasurements of defined benefit plan		(193,715)	63,864
Tax on remeasurements of defined benefit plan		67,452	(21,987)
		(126,263)	41,877
Comprehensive income transferred to statement of changes in equity		5,653,730	6,644,300
Attributable to:			
Shareholders of the Holding company		5,493,244	6,222,734
Non-controlling interest		160,486	421,566
		5,653,730	6,644,300
Components of comprehensive income not reflected in equity			
Share in results of associates relating to investment classified as 'available for sale'		(106,552)	101,599
Deferred tax on share of results of associates		49,902	(35,560)
(Deficit) / surplus on revaluation of investments		(2,439,341)	2,360,337
Deferred tax on revaluation of investments		853,769	(826,118)
		(1,642,222)	1,600,258

The annexed notes 1 to 49 and Annexure 1 form an integral part of these consolidated financial statements.



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President &
CEO



Faisal A. A. A.
Al-Nassar
Director



Mansur Khan
Director



Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended December 31, 2017

	Share capital	Capital reserves			Revenue reserves		Non-controlling interest	Total
		Share Premium	Statutory reserve*	Non - Distributable Capital Reserve - Gain on Bargain Purchase	General reserve	Unappropriated profit		
Rupees in '000								
Balance as at January 1, 2016	10,027,379	-	5,403,050	3,117,547	91,082	9,238,479	944,623	28,822,160
Profit after taxation for the year	-	-	-	-	-	6,181,901	420,522	6,602,423
Other comprehensive income for the year								
Remeasurements of defined benefit plan - net of tax	-	-	-	-	-	40,833	1,044	41,877
Other appropriations								
Transfer to statutory reserve	-	-	1,112,322	-	-	(1,112,322)	-	-
Transactions with owners recognised directly in equity								
Dividend payout by Subsidiary	-	-	-	-	-	-	(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)
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
Profit after taxation for the year	-	-	-	-	-	5,618,512	161,481	5,779,993
Other comprehensive income for the year								
Remeasurements of defined benefit plan - net of tax	-	-	-	-	-	(125,268)	(995)	(126,263)
Other appropriations								
Transfer to statutory reserve	-	-	1,262,553	-	-	(1,262,553)	-	-
Transactions with owners recognised directly in equity								
Dividend payout by Subsidiary	-	-	-	-	-	-	(374,500)	(374,500)
Issue of right shares (note 20.2)	601,643	2,406,571	-	-	-	-	-	3,008,214
Final cash dividend for the year 2016	-	-	-	-	-	(1,253,422)	-	(1,253,422)
Interim cash dividend for the year 2017	-	-	-	-	-	(1,754,791)	-	(1,754,791)
	-	-	-	-	-	(3,008,213)	-	(3,008,213)
Balance as at December 31, 2017	10,629,022	2,406,571	7,777,925	3,117,547	91,082	12,563,156	1,007,975	37,593,278

* 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

Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Cash Flow Statement

For the year ended December 31, 2017

	Note	2017	2016
Rupees in '000			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		9,932,844	10,517,091
Less: Dividend income		(287,977)	(345,288)
		9,644,867	10,171,803
Adjustments for non-cash charges and other items:			
Depreciation		1,510,979	1,424,562
Amortisation		177,508	178,529
Provision / (reversal of provision) against non-performing Islamic financing and related assets - net		720,189	(120,246)
Provision / (reversal of provision) against diminution in value of investments		586,732	(64,673)
Charge for defined benefit plan		286,498	274,330
Unrealised loss on held for trading investments		1,708	-
Gain on sale of operating fixed assets		(73,554)	(53,681)
Share of results of associates		963,186	(1,166,467)
		4,173,246	472,354
		13,818,113	10,644,157
(Increase) / decrease in operating assets			
Due from financial institutions		(18,114,056)	(28,035,689)
Islamic financing and related assets		(109,119,068)	(103,841,201)
Other assets		(3,841,870)	3,210,925
		(131,074,994)	(128,665,965)
Increase in operating liabilities			
Bills payable		2,037,095	2,570,674
Due to financial institutions		4,807,794	18,395,950
Deposits and other accounts		109,180,458	92,200,379
Other liabilities		3,731,828	93,109
		119,757,175	113,260,112
		2,500,294	(4,761,696)
Contribution to defined benefit plan		(128,975)	(283,163)
Income tax paid		(4,227,963)	(2,761,382)
Net cash used in operating activities		(1,856,644)	(7,806,241)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investment in securities		7,538,154	19,033,714
Dividend received		661,956	556,770
Investments in operating fixed assets		(4,719,204)	(2,518,774)
Proceeds from sale of fixed assets		141,371	99,113
Net cash generated from investing activities		3,622,277	17,170,823
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of Right Shares		3,008,214	-
Issuance of Sub-ordinated Sukuk		-	7,000,000
Dividend paid to Equity shareholders of the Bank		(3,007,746)	(3,006,982)
Dividend paid to Non-controlling interest		(374,500)	(144,200)
Net cash (used in) / generated from financing activities		(374,032)	3,848,818
Net increase in cash and cash equivalents		1,391,601	13,213,400
Cash and cash equivalents at the beginning of the year	33	68,104,898	54,891,498
Cash and cash equivalents at the end of the year	33	69,496,499	68,104,898

The annexed notes 1 to 49 and Annexure 1 form an integral part of these consolidated financial statements.

Riyadh S. A. A.
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Chairman

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Faisal A. A. A.
Al-Nassar
Director

Mansur Khan
Director

Shabbir Hamza
Khandwala
Chief Financial Officer

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

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 Act, 2017 (previously 'Companies Ordinance, 1984), and its shares are quoted on the Pakistan Stock Exchange Limited. The Bank was registered as an 'Investment Finance Company' on August 8, 1997, and carried on the business of investment banking as permitted under SRO 585(I)/87 dated July 13, 1987, in accordance and in conformity with the principles of Islamic Shariah. A 'Certificate of Commencement of Business' was issued to the Bank on September 29, 1997.

1.3 The Bank was granted a 'Scheduled Islamic Commercial Bank' license on January 31, 2002 and formally commenced operations as a Scheduled Islamic Commercial Bank with effect from March 20, 2002 on receiving notification in this regard from the State Bank of Pakistan (the SBP) under section 37 of the State Bank of Pakistan Act, 1956. Currently, the Bank is engaged in corporate, commercial, consumer, investment and retail banking activities.

1.4 The Bank was operating through six hundred and one branches as at December 31, 2017 (2016: five hundred and seventy one). 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 Energy Fund
- Meezan Gold Fund
- Meezan Cash Fund
- Meezan Dedicated Equity Fund
- Meezan Strategic Allocation Fund
- Meezan Asset Allocation Fund
- Meezan Financial Planning Fund of Funds

The country of establishment in respect of all of the above funds is Pakistan. Further, all the above funds are individual open end schemes and have been established by execution of trust deeds between AMIML and the Central Depository Company of Pakistan Limited (CDC) as the trustee.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

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 the Meezan Bank Limited (Holding company) for the year ended December 31, 2017 and the condensed interim financial statements of Al Meezan Investment Management Limited (AMIML) for the six months period ended December 31, 2017 which have only been subjected to review but are not audited. AMIML prepares its annual financial statements up to June 30 each year. In preparing the consolidated profit and loss account for the year ended December 31, 2017 the results for the period from January 1, 2017 to June 30, 2017 have been calculated from the audited financial statements of AMIML for the year ended June 30, 2017 after eliminating the results for the six months period ended December 31, 2016.

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, 2017 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, 2017.

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, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
Al Meezan Mutual Fund Limited	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
Meezan Islamic Fund	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
Meezan Islamic Income Fund	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
Meezan Sovereign Fund	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
KSE Meezan Index Fund	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
Meezan Cash Fund	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
Meezan Tahaffuz Pension Fund - Equity Sub Fund	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
Meezan Financial Planning Fund of Funds - Conservative	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
Meezan Gold Fund	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

Entity	Source of information
Meezan Financial Planning Fund of Funds - MAAP II	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.
Meezan Tahaffuz Pension Fund - Gold Sub Fund	Financial statements for the half year ended December 31, 2017 and for the period from August 4, 2016 to December 31, 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the period from August 4, 2016 to June 30, 2017.
Meezan Energy Fund	Financial statements for the the half year ended December 31, 2017 and for the period from November 29, 2016 to December 31, 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the period from November 29, 2016 to June 30, 2017.
Meezan Strategic Allocation Fund - MSAP II	Financial statements for the half year ended December 31, 2017 and for the period from December 21, 2016 to December 31, 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the period from December 21, 2016 to June 30, 2017.
Meezan Financial Planning Fund of Funds - MAAP III	Financial statements for the half years ended December 31, 2017 and 2016 (unaudited but subject to a limited review by its statutory auditors) and audited financial statements for the year ended June 30, 2017.

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 by Securities & Exchange Commission of Pakistan (SECP), provisions of the Companies Ordinance, 1984 (repealed - note 3.1.1), the Banking Companies Ordinance, 1962, and the directives issued by the SECP and SBP. Wherever the requirements of provisions of the Companies Ordinance, 1984 (repealed - note 3.1.1), the Banking Companies Ordinance, 1962, the IFAS notified by the SECP and directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of the Companies Ordinance, 1984 (repealed - note 3.1.1) and the Banking Companies Ordinance, 1962, IFAS notified by the SECP and the directives issued by the SECP and the SBP shall prevail.

3.1.1 The Companies Ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, as allowed by the SECP vide its circular dated October 04, 2017, these consolidated financial statements have been prepared in accordance with the provisions of the repealed Companies Ordinance, 1984.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

- 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 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 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 repealed Companies Ordinance, 1984, will not be applicable with respect to the investment in mutual funds established under Trust structure.

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

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except as describe below:

New Standards, Interpretations and Amendments

The Group has adopted the following accounting standards, amendments and interpretation of IFRSs which became effective for the current year:

Standards or Interpretations

- IAS 7 Statement of Cash Flow – Disclosure Initiative - (Amendments)
- IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

Improvements to Accounting Standards Issued by the IASB in September 2014

- IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

The adoption of the above amendments, improvements to accounting standards and interpretations did not have any effect on the financial statements.

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

- 3.7.1 The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation.

Standards, Interpretations and Amendments	Effective date (accounting periods beginning on or after)
- IFRS 2 – Share-based Payments – Classification and Measurement of Share-based Payments Transactions (Amendments)	January 01, 2018
- IFRS 10 – Consolidated Financial Statements and IAS 28 - Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
- IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts – (Amendments)	January 01, 2018
- IFRS 9 – Financial Instruments: Classification and Measurement	July 01, 2018

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

Standards, Interpretations and Amendments	Effective date (accounting periods beginning on or after)
- IFRS 9 – Prepayment Features with Negative Compensation – (Amendments)	January 01, 2018
- IFRS 15 – Revenue from Contracts with Customers	January 01, 2018
- IFRIC Interpretation 22 – Foreign Currency Transactions and Advance Consideration	January 01, 2018
- IFRIC 23 – Uncertainty over Income Tax Treatments	January 01, 2019

The above standards, amendments and interpretations are not expected to have any material impact on the Group's financial statements in the period of initial application. With regard to IFRS 9, the Group considers that as the Prudential Regulations and other SBP directives currently provide the accounting framework for the measurement and valuation of investments and provision against non performing financing, the implementation of IFRS 9 may require changes in the regulatory regime. Therefore, the Group expects that the SBP would issue suitable guidance and instruction on the application of IFRS 9 for the banking sector of Pakistan.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after January 01, 2018 and January 01, 2019. The Group expects that such improvements to the standards will not have any impact on its financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standards

IFRS 14 – Regulatory Deferral Accounts

IFRS 16 – Leases

IFRS 17 – Insurance Contracts

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

- Classification of investments in accordance with the Group's policy (notes 6.4 and 10);
- Provision against non-performing Islamic financing and related assets (notes 6.3.2 and 11);
- Impairment of investments in equity instruments of subsidiary, associates and non associate entities (notes 6.4.5 and 10)
- Accounting for defined benefit plan (notes 6.12 and 35);
- Depreciation / amortisation of fixed assets and intangible assets (notes 6.5 and 12); and
- Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 6.7, 18, 19 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.

5 BASIS OF MEASUREMENT

5.1 These consolidated 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.

Notes to and forming part of the Consolidated Financial Statements

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5.2 Functional and Presentation Currency

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

5.3 Rounding off

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

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

6.1 Cash and cash equivalents

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

6.2 Due to / from financial institutions

Bai Muajjal

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

Musharaka / Modaraba

In Musharaka / Modaraba, the Group invests in the Shariah compliant business pools of the financial institutions at the agreed profit and loss sharing ratio.

Musharaka from State Bank of Pakistan under IERS

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

6.3 Islamic financing and related assets

Murabaha

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

Ijarah

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 the Group's share over the tenure of the transaction.

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For the year ended December 31, 2017

Running Musharakah

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

Bai Muajjal

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

Service Ijarah

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

Wakalah tul Istithmar

In Wakalah tul Istithmar financing, the Group enters into investment agency transaction with customer acting as an agent of the Group. Under this mechanism, the funds disbursed are invested by the customer on behalf of the Group and are recorded as financing upon their investment in the business. At the end of each quarter / half year / other defined period, the customer pays the provisional profit which is subject to adjustment upon actual declaration of wakalah business performance by the agent.

Musawamah

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

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

6.3.2 Provision against non-performing Islamic financing and related assets

Specific provision

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

General provision

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

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

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

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

6.3.3 Inventories

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

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

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

6.4 Investments

6.4.1 Classification

The Group classifies its investments as follows:

- Held for trading

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

- Held to maturity

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

- Available for sale

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

6.4.2 Regular way contracts

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

6.4.3 Initial recognition and measurement

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

6.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- Held for trading

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

- Held to maturity

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

- 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 Consolidated Statement of Comprehensive Income but is kept in a separate account which is shown in the Consolidated Statement of Financial Position below equity.

Notes to and forming part of the Consolidated Financial Statements

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6.4.5 Impairment

Available for sale and Held to maturity investments

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

6.4.6 Cost of investment is determined on moving average basis.

6.5 Operating fixed assets

6.5.1 Tangible assets

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

6.5.2 Intangible assets

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

6.5.3 Subsequent costs

Subsequent costs are included in the asset's carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group 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.

6.5.4 Depreciation / amortisation

Depreciation / amortisation is charged to the profit and loss account by applying the straight line method in accordance with the rates specified in notes 12.2 and 12.4 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.

6.5.5 Capital work-in-progress

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

6.5.6 Useful lives and residual values

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

6.5.7 Impairment

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

6.6 Ijarah Assets (IFAS 2)

Ijarah assets are stated at cost less accumulated 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 Consolidated Financial Statements

For the year ended December 31, 2017

- 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.

- 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'.

6.7 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.

6.8 Non-banking assets acquired in satisfaction of claims

The non-banking assets acquired in satisfaction of claims are carried at revalued amounts less accumulated depreciation. These assets are revalued by professionally qualified valuers with sufficient regularity to ensure their net carrying value does not differ materially from their fair value. Surplus arising on revaluation of property, if any, is credited to the 'surplus on revaluation of assets' account which is shown in the Consolidated Statement of Financial Position below equity. Any deficit arising on revaluation is taken to consolidated profit and loss account directly. Legal fees, transfer cost and direct cost of acquiring title to property is charged to the consolidated profit and loss account.

6.9 Deposits

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

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Modaraba 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, pre-mature withdrawals can be made as per approved terms only.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

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.

6.10 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 profit and loss account.

6.11 Pool Management

The Group operates general and specific pools for deposits and inter-bank funds accepted / acquired under Modaraba and Musharakah modes.

Under the general deposits pools, the Group accepts funds on Modaraba 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 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 / Modaraba 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 Group's Shariah Advisor. However, Hiba are 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 assets 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 Pools

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 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.

Notes to and forming part of the Consolidated Financial Statements

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FI Pools

The FI pool assets generally comprise of Sovereign Guarantee Sukuks only and the related liability of the FI pool comprise of Musharakah / Modarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Group.

Equity Pools

All other assets including fixed assets, exposure in shares, PKR bai-salam financing and subsidized financing 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 for financing costs / assets such as land, building, furniture, fixtures, computers and IT system from its own sources / equity.

6.12 Staff retirement benefits

Defined benefit plan of MBL

The liability recognised in the Consolidated Statement of Financial Position in respect of defined benefit gratuity scheme is the present value of the defined benefit obligation at the Consolidated Statement of Financial Position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. Last valuation was conducted as on December 31, 2017 by the Holding company.

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, 2017 by the Holding company.

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 Group also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

6.13 Compensated absences

The Group recognises liability in respect of employees compensated absences in the period in which these are earned upto the date of Consolidated Statement of Financial Position. The provision has been recognised on the basis of actuarial valuation conducted as at December 31, 2017 on the basis of projected unit credit method.

6.14 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Consolidated Statement of Financial Position are considered as non adjusting events and are recorded in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

6.15 Foreign currency transactions

Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward contracts are reported in Rupees at exchange rates prevalent on the Consolidated Statement of Financial Position date.

Forward contracts other than contracts with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contracts. Forward contracts with the SBP relating to foreign currency deposit, are valued at spot rate prevailing at the Consolidated Statement of Financial Position date. Exchange gains and losses are included in the consolidated profit and loss account currently.

Notes to and forming part of the Consolidated Financial Statements

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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.

6.16 Provisions and contingent assets and liabilities

Provisions are recognised when the Group has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each date of Consolidated Statement of Financial Position and are adjusted to reflect the current best estimate.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

6.17 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.

6.18 Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards as applicable in Pakistan.

6.19 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) Rental on ijarah contracts under Islamic Financial Accounting Standard - 2 Ijarah (IFAS 2) are recognised as income on an accrual basis.
- iii) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- iv) Profit on Diminishing Musharakah financing is recognised on an accrual basis.
- v) Profit on Running Musharakah financing is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vi) Profit on Tijarah and Istisna financing is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Group.
- vii) Profit on Service Ijarah is recognised on an accrual basis commencing from the date of confirmation of sale.
- viii) Profit on Wakalah tul Istithmar is recognized on accrual basis and is adjusted upon actual declaration of wakalah business performance by the agent.
- ix) Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, 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 musharakah assets, if any, is taken to the consolidated profit and loss account in the period in which they arise.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

- 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.
- 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 other commissions are recognised as and when services are provided. Performance fee related to advisory services are recorded on confirmation.

6.20 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.

6.20.1 Business segments

Corporate Finance

Corporate Finance includes investment banking, syndications, IPO related activities (excluding investments), secondary private placements, underwriting and securitisation.

Trading and Sales

It includes equity, foreign exchanges, commodities, own securities and placements.

Retail Banking

It includes retail financings, deposits and banking services offered to its retail customers and small and medium enterprises.

Corporate and Commercial Banking

It includes project finance, export finance, trade finance, Ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers.

Agency Services

It includes depository receipts, custody, issuer and paying agents.

Asset Management

It includes asset management, investment advisory, portfolio management, etc.

6.20.2 Geographical segments

The Group operates only in Pakistan.

6.21 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, 2017

	Note	2017	2016
7 CASH AND BALANCES WITH TREASURY BANKS			
		Rupees in '000	
In hand			
- local currency		16,244,570	14,725,216
- foreign currencies		2,515,745	2,159,517
With the State Bank of Pakistan in			
- local currency current accounts	7.1	25,011,106	20,323,435
- foreign currency current accounts	7.1	4,100,803	3,138,134
With the National Bank of Pakistan in			
- local currency current accounts		16,684,185	15,690,741
		<u>64,556,409</u>	<u>56,037,043</u>

7.1 These include local and foreign currency amounts required to be maintained by the Holding company with the SBP as stipulated by the SBP. These accounts are non-remunerative in nature.

	Note	2017	2016
8 BALANCES WITH OTHER BANKS			
		Rupees in '000	
In Pakistan			
- in current accounts		3,742,824	2,046,545
- in deposit accounts / term deposit receipts		827	9,000,000
Outside Pakistan			
- in current accounts		1,084,534	814,335
- in deposit accounts	8.1	111,905	206,975
		<u>4,940,090</u>	<u>12,067,855</u>

8.1 The return on these balances is around 0.58% (2016: 0.28%) per annum.

	Note	2017	2016
9 DUE FROM FINANCIAL INSTITUTIONS			
		Rupees in '000	
Bai Muajjal:			
With Scheduled Banks - Secured	9.1	142,229,221	77,829,747
With State Bank of Pakistan		-	31,413,175
With Scheduled / Other Banks		15,500	19,887,743
	9.2	142,244,721	129,130,665
Musharakah - Secured	9.3	5,000,000	-
Commodity Murabaha		26,066	26,066
		<u>147,270,787</u>	<u>129,156,731</u>
Provision against non-performing amounts due from financial institutions	9.5	(41,566)	(41,566)
		<u>147,229,221</u>	<u>129,115,165</u>

9.1 The average return on this product is 5.80% (2016: 5.75%) per annum. The balances have maturities ranging between January 2018 to November 2018 (2016: January 2017 to December 2017). These Bai Muajjal are secured against Federal Government securities received as collateral and having market value of Rs 146,067 million as at December 31, 2017 (2016: Rs 80,305 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

	2017	2016
	Rupees in '000	
9.2 Bai Muajjal Placements	150,162,125	136,298,219
Less: Deferred Income	(3,440,686)	(3,631,432)
Profit Receivable shown in other assets	(4,476,718)	(3,536,122)
Bai Muajjal Placements	<u>142,244,721</u>	<u>129,130,665</u>

9.3 The average return on this product is 5.83% (2016: Nil) per annum and are due to mature in November 2018 (2016: Nil). These Musharakahs are secured against Federal Government securities received as collateral and having market value of Rs 5,068 million as at December 31, 2017 (2016: Nil).

	2017	2016
	Rupees in '000	
9.4 Particulars of due from financial institutions		
In local currency	147,229,221	129,115,165
In foreign currencies	-	-
	<u>147,229,221</u>	<u>129,115,165</u>
9.5 Provision against non-performing amounts due from financial institutions		
Opening balance	41,566	41,566
Less: charge / reversal	-	-
Closing balance	<u>41,566</u>	<u>41,566</u>

10 INVESTMENTS

10.1 Investments by types

Note	2017			2016		
	Held by the Group	Given as collateral	Total	Held by the Group	Given as collateral	Total
Rupees in '000						
Available for sale securities						
- Sukuk	83,842,156	-	83,842,156	92,574,003	-	92,574,003
- Share / units	5,271,140	-	5,271,140	4,423,912	-	4,423,912
10.3	89,113,296	-	89,113,296	96,997,915	-	96,997,915
Held to maturity securities						
- Sukuk	28,000,000	-	28,000,000	28,000,000	-	28,000,000
Held for trading securities						
- Sukuk	102,474	-	102,474	-	-	-
Associates (listed) - Related parties						
- Certificates / units of funds	5,779,700	-	5,779,700	6,605,447	-	6,605,447
Investment at cost / carrying value	<u>122,995,470</u>	<u>-</u>	<u>122,995,470</u>	<u>131,603,362</u>	<u>-</u>	<u>131,603,362</u>
Less: Provision for diminution in value of investments	(969,744)	-	(969,744)	(383,012)	-	(383,012)
Investments (net of provision)	<u>122,025,726</u>	<u>-</u>	<u>122,025,726</u>	<u>131,220,350</u>	<u>-</u>	<u>131,220,350</u>
Surplus on revaluation of investment classified as "available for sale"	1,136,883	-	1,136,883	3,576,224	-	3,576,224
Deficit on revaluation of investments classified as "held for trading"	(1,708)	-	(1,708)	-	-	-
Investments at market value	<u>123,160,901</u>	<u>-</u>	<u>123,160,901</u>	<u>134,796,574</u>	<u>-</u>	<u>134,796,574</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

	Note	2017	2016
10.2 Investments by segments			
		Rupees in '000	
Federal Government Securities			
GoP Ijarah Sukuk	10.3 & 10.4	84,895,331	96,937,287
Sukuk certificates / bonds			
Sukuk Certificates	10.3 & 10.5	22,015,953	16,093,197
Global Sukuk Bonds	10.3	5,033,346	7,543,519
Fully paid up ordinary shares			
Listed companies	10.3	4,367,016	3,519,788
Unlisted companies	10.3	854,124	854,124
Units of open end funds			
- associates	10.6	5,779,700	6,605,447
- others	10.3	50,000	50,000
Investments at cost / carrying value		122,995,470	131,603,362
Less: Provision for diminution in value of investments	10.7	(969,744)	(383,012)
Investments net of provision		122,025,726	131,220,350
Surplus on revaluation of investments classified as 'available for sale'		1,136,883	3,576,224
Deficit on revaluation of investments classified as 'held for trading'		(1,708)	-
Investments at market value		<u>123,160,901</u>	<u>134,796,574</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

10.3 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	2017		2016		2017		2016	
	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 parts and accessories								
Honda Atlas Cars (Pakistan) Limited	369,700	408,000	91,345	75,930	189,438	Unrated	272,805	Unrated
Indus Motor Company Limited	-	47,400	-	42,684	-	Not Applicable	76,529	Unrated
Construction and materials (cement)								
Cherat Cement Company Limited	624,800	263,000	89,564	23,917	69,297	A / A1	45,773	A / A1
D.G. Khan Cement Company Limited	1,488,146	1,343,546	294,670	219,443	198,995	Unrated	297,904	Unrated
Fauji Cement Company Limited	1,094,500	2,195,000	38,807	74,365	27,373	Unrated	98,951	Unrated
Kohat Cement Limited	263,800	263,800	40,306	40,306	37,449	Unrated	76,935	Unrated
Lucky Cement Company Limited	549,265	531,265	362,982	339,620	284,195	Unrated	460,214	Unrated
Pioneer Cement Limited	589,600	160,200	83,211	22,709	37,216	A / A1	22,763	A / A1
Power Cement Limited	18,040,667	-	225,508	-	157,675	A- / A2	-	Not Applicable
Electricity								
K - Electric Limited*	11,850,000	10,800,000	88,351	80,981	74,774	AA / A1+	101,196	AA / A1+
Hub Power Company Limited	2,612,190	3,096,690	163,225	172,167	237,709	AA+ / A1+	382,379	AA+ / A1+
Oil and gas								
Attock Refinery Limited	50,600	290,900	12,552	94,050	11,846	AA / A1+	123,720	AA / A1+
Hascol Petroleum Limited	25,000	-	7,053	-	6,176	AA- / A1	-	Not Applicable
Hi-Tech Lubricants Limited	450,000	-	51,848	-	31,950	Unrated	-	Not Applicable
Mari Petroleum Company Limited	266,600	308,600	177,156	205,065	386,802	Unrated	424,297	Unrated
National Refinery Limited	85,000	-	69,508	-	36,624	AA+ / A1+	-	Not Applicable
Oil and Gas Development Company Limited	862,000	537,000	130,608	74,252	140,325	AAA / A1+	88,793	AAA / A1+
Pakistan State Oil Company Limited	885,108	732,590	184,839	176,205	259,434	AA / A1+	318,098	AA / A1+
Pakistan Oilfields Limited	696,426	743,626	296,529	311,072	413,858	Unrated	397,557	Unrated
Pakistan Petroleum Limited	578,847	620,147	104,757	112,707	119,190	Unrated	116,699	Unrated
Sui Northern Gas Pipeline Limited	2,387,500	1,522,000	265,358	85,878	225,881	AA - / A1	124,150	AA - / A1
Chemicals								
Engro Corporation Limited	635,800	535,800	176,325	143,653	174,686	AA / A1+	169,361	AA / A1+
Engro Fertilizers Limited	5,370,000	5,900,000	349,411	386,752	363,656	AA- / A1+	401,082	AA- / A1+
Engro Polymers & Chemicals Limited	1,050,000	-	35,493	-	29,988	A / A1	-	Not Applicable
ICI Pakistan Limited	121,145	104,965	50,618	34,026	93,033	Unrated	104,307	Unrated
Sitara Chemical Industries Limited	25,000	-	14,147	-	7,525	A+ / A1	-	Not Applicable
General Industries								
Abbot Laboratories (Pakistan) Limited	99,800	95,000	80,287	72,634	69,621	Unrated	90,924	Unrated
Cherat Packaging Limited	198,625	175,000	56,999	54,046	39,526	Unrated	59,147	Unrated
Glaxo Smithkline Pakistan Limited	108,900	-	28,039	-	18,282	Unrated	-	Not Applicable
Packages Limited	523,479	566,879	223,947	242,513	266,885	AA / A1+	481,875	AA / A1+
The Searle Company Limited	496,349	324,976	116,748	83,181	156,280	Unrated	212,466	Unrated
Ferozsons Laboratories Limited	-	60,000	-	51,022	-	Not Applicable	44,925	Unrated
Personal Goods (textile)								
Nishat Mills Limited	25,000	740,100	3,521	72,039	3,738	AA / A1+	112,695	AA / A1+
Fixed line telecommunication								
Pakistan Telecommunication Company Limited (A)	250,000	-	3,229	-	3,263	Unrated	-	Not Applicable
Food Producers								
Al Shaheer Corporation Limited	483,575	483,575	27,981	27,980	10,745	Unrated	27,757	Unrated
Engro Foods Limited	140,000	50,000	17,880	7,464	11,243	Unrated	9,597	Unrated
Electrical Goods								
Pak Elecktron Limited	2,478,125	1,788,125	174,808	112,819	117,686	A+ / A1	127,458	A+ / A1
Engineering								
Crescent Steel & Allied Products Limited	333,875	239,375	51,717	27,257	42,509	A+ / A2	36,907	A+ / A2
International Industries Limited	167,400	-	53,372	-	40,194	AA- / A1	-	Not Applicable
International Steels Limited	360,000	-	47,290	-	38,293	A+ / A1	-	Not Applicable
K.S.B. Pumps Company Limited	41,500	41,500	10,614	10,614	12,699	Unrated	16,942	Unrated
Amreli Steels Limited	-	244,000	-	12,732	-	Not Applicable	16,248	A / A1
Financial Institutions								
Orient Rental Modaraba	6,638,953	-	66,390	-	79,999	Unrated	-	Not Applicable
Miscellaneous								
Shifa International Hospitals Limited	71	91,771	23	29,705	21	Unrated	28,211	Unrated
	63,317,346	35,304,830	4,367,016	3,519,788	4,526,079		5,368,665	

* The nominal value of these shares is Rs 3.5 each.

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Name of the investee	Note	2017		2016		2017		2016	
		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 *		25,055,300	25,055,300	250,553	250,553	250,553	Unrated	250,553	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 ***		4,000,000	4,000,000	253,240	253,240	253,240	A / A1	253,240	A / A1
Pak Kuwait Takaful Company Limited****		2,812,500	2,812,500	28,125	28,125	28,125	BBB	28,125	BBB
S.W.I.F.T. SCRL - at cost		5	5	3,342	3,342	3,342	Unrated	3,342	Unrated
		<u>53,068,873</u>	<u>53,068,873</u>	<u>854,124</u>	<u>854,124</u>	<u>854,124</u>		<u>854,124</u>	
Units of open end funds									
Atlas Islamic Income Fund		98,894	98,894	50,000	50,000	50,939	AA-(f)	51,150	AA-(f)
GoP Sukuk									
GoP Ijarah Sukuk - GIS-16	10.3.1	399,833	399,833	40,052,437	39,928,380	40,263,828	Govt. Guaranteed	40,962,774	Govt. Guaranteed
GoP Ijarah Sukuk - GISF-1	10.3.2	20,000	20,000	1,973,172	2,068,211	2,027,000	Govt. Guaranteed	2,065,200	Govt. Guaranteed
GoP Ijarah Sukuk - GISF-2	10.3.3	899	269,407	89,843	26,940,696	90,565	Govt. Guaranteed	27,482,208	Govt. Guaranteed
GoP Ijarah Sukuk - GISF-3	10.3.4	147,790	-	14,779,879	-	14,770,133	Govt. Guaranteed	-	Not Applicable
		<u>568,522</u>	<u>689,240</u>	<u>56,895,331</u>	<u>68,937,287</u>	<u>57,151,526</u>		<u>70,510,182</u>	
Sukuk Certificates									
Albaraka Bank Pakistan Limited I - at cost	10.3.5	200	200	114,285	142,857	114,285	A	142,857	A
Albaraka Bank Pakistan Limited II - at cost	10.3.6	150	-	150,000	-	150,000	A+	-	Not Applicable
Arzoo Textile Mills Limited - at cost	10.3.7	11,000	11,000	52,300	52,300	52,300	Unrated	52,300	Unrated
Dubai Islamic Bank Pakistan Limited - at cost	10.3.8	258	-	258,000	-	258,000	A+	-	Not Applicable
Engro Fertilizers Limited II - at cost	10.3.9	100,000	100,000	350,000	450,000	350,000	AA- / A1+	450,000	AA- / A1+
K-Electric Limited - at cost	10.3.10	520,000	520,000	2,340,000	2,600,000	2,340,000	AA / A1+	2,600,000	AA / A1+
Liberty Power Tech Limited - at cost	10.3.11	18,140,480	18,140,480	870,008	1,078,025	870,008	A+ / A1	1,078,025	A+ / A1
Neelum Jehlum Private Limited - at cost	10.3.12	35,750	35,750	3,575,000	3,575,000	3,575,000	AAA	3,575,000	AAA
Pakistan International Airlines - at cost	10.3.13	300,000	300,000	1,500,000	1,500,000	1,500,000	Govt. Guaranteed	1,515,000	Govt. Guaranteed
Pakistan Mobile Communications Limited - at cost	10.3.14	560,000	560,000	1,866,667	2,800,000	1,866,667	AA- / A1	2,800,000	AA- / A1
Sui Southern Gas Company Limited II - at cost	10.3.15	280,000	100,000	233,333	250,000	233,333	AA- / A1+	250,000	AA- / A1+
Sui Southern Gas Company Limited III - at cost	10.3.16	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	10.3.17	200,000	200,000	1,000,000	1,000,000	1,000,000	AA- / A1+	1,000,000	AA- / A1+
Sui Southern Gas Company Limited V - at cost*****	10.3.18	400,000	-	4,000,000	-	4,000,000	AA- / A1+	-	Not Applicable
Quetta Textile Mills Limited - at cost	10.3.19	30,000	30,000	72,619	72,619	72,619	Unrated	72,619	Unrated
Sitara Peroxide Limited - at cost	10.3.20	30,000	30,000	59,063	59,063	59,063	Unrated	59,063	Unrated
WAPDA Dasu Sukuk - at cost	10.3.21	347,222	-	3,472,204	-	3,472,204	AAA	-	Not Applicable
Sui Southern Gas Company Limited I - at cost		-	180,000	-	225,000	-	Not Applicable	225,000	AA- / A1+
WAPDA Second Sukuk - at cost		-	346,000	-	288,333	-	Not Applicable	289,775	Govt. Guaranteed
		<u>21,355,060</u>	<u>20,953,430</u>	<u>21,913,479</u>	<u>16,093,197</u>	<u>21,913,479</u>		<u>16,109,639</u>	
Global Sukuk Bonds									
Hong Kong Sukuk	10.3.22	5,000	5,000	552,010	522,879	548,724	AA+	523,819	AAA
Luxembourg Sukuk	10.3.23	250	250	33,063	27,649	33,554	AAA	28,083	AAA
Republic of Indonesia Sukuk I	10.3.24	5,000	5,000	552,086	522,993	558,926	BAA3	516,073	BAA3
Republic of Indonesia Sukuk II	10.3.25	5,000	5,000	554,118	525,205	581,093	BAA3	526,413	BAA3
Republic of Indonesia Sukuk III	10.3.26	5,000	5,000	552,413	523,345	576,709	BAA3	521,811	BAA3
Saudi Electric Company Sukuk - 10 years	10.3.27	5,000	5,000	572,920	547,367	577,140	A2	554,288	A2
Sime Darby Berhad Global Sukuk - 5 years	10.3.28	5,000	5,000	552,094	523,095	551,871	BAA1	519,007	BAA1
Sime Darby Berhad Global Sukuk - 10 years	10.3.29	5,000	5,000	555,240	526,568	542,336	BAA1	498,522	BAA1
Qatar Islamic Bank II	10.3.30	5,000	5,000	549,888	520,173	538,295	A+	521,821	A+
State of Qatar Sukuk - 10 years	10.3.31	5,000	5,000	559,514	531,422	547,056	AA2	534,828	AA2
First Gulf Bank Sukuk		-	5,000	-	523,381	-	Not Applicable	524,169	A2
Hazine M.V. Sukuk I		-	5,000	-	522,016	-	Not Applicable	518,359	BA1
Hazine M.V. Sukuk II		-	1,500	-	156,898	-	Not Applicable	152,293	BA1
Qatar Islamic Bank I		-	10,000	-	1,046,419	-	Not Applicable	1,050,012	A+
Saudi Electric Company Sukuk - 5 years		-	5,000	-	524,109	-	Not Applicable	524,807	A2
		<u>45,250</u>	<u>71,750</u>	<u>5,033,346</u>	<u>7,543,519</u>	<u>5,055,704</u>		<u>7,514,305</u>	
				<u>89,113,296</u>	<u>96,997,915</u>	<u>89,551,851</u>		<u>100,408,065</u>	

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

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

*** 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. Shah Nawaz Akhter.

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

Notes to and forming part of the Consolidated Financial Statements

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	Name of the security	Profit rate	Profit payment	Face value per certificate	Maturity date
10.3.1	GoP Ijarah Sukuk - GIS-16	Weighted average yield of 6 months treasury bills minus 50 basis points	Semi-annually	Rs 100,000	December 18, 2018
10.3.2	GoP Ijarah Sukuk - GISF-1	6.1 % p.a.	Semi-annually	Rs 100,000	February 15, 2019
10.3.3	GoP Ijarah Sukuk - GISF-2	5.59% p.a.	Semi-annually	Rs 100,000	March 29, 2019
10.3.4	GoP Ijarah Sukuk - GISF-3	5.24% p.a.	Semi-annually	Rs 100,000	June 30, 2020
10.3.5	Albaraka Bank Pakistan Limited I	6 months KIBOR plus 1.25%	Semi-annually	Rs 571,425	September 26, 2021
10.3.6	Albaraka Bank Pakistan Limited II	6 months KIBOR plus 0.75%	Semi-annually	Rs 1,000,000	August 22, 2024
10.3.7	Arzoo Textile Mills Limited	Not applicable	Semi-annually	Rs 5,000	April 14, 2014
10.3.8	Dubai Islamic Bank Pakistan Limited	6 months KIBOR plus 0.5%	Semi-annually	Rs 1,000,000	August 14, 2027
10.3.9	Engro Fertilizers Limited II	6 months KIBOR plus 1.75%	Semi-annually	Rs 3,500	July 09, 2019
10.3.10	K-Electric Limited	3 months KIBOR plus 1.00%	Quarterly	Rs 4,750	June 17, 2022
10.3.11	Liberty Power Tech Limited	3 months KIBOR plus 3.00%	Quarterly	Rs. 51	January 01, 2021
10.3.12	Neelum Jehlum Private Limited	6 months KIBOR plus 1.75%	Semi-annually	Rs 100,000	June 26, 2026
10.3.13	Pakistan International Airlines	6 months KIBOR plus 1.75%	Semi-annually	Rs 5,000	October 20, 2019
10.3.14	Pakistan Mobile Communications Limited	3 months KIBOR plus 0.88%	Quarterly	Rs 3,750	December 22, 2019
10.3.15	Sui Southern Gas Company Limited II	3 months KIBOR plus 0.70%	Quarterly	Rs 1,250	May 28, 2018
10.3.16	Sui Southern Gas Company Limited III	3 months KIBOR plus 0.40%	Quarterly	Rs 5,000	October 30, 2019
10.3.17	Sui Southern Gas Company Limited IV	6 months KIBOR plus 0.5%	Semi-annually	Rs 5,000	December 15, 2022
10.3.18	Sui Southern Gas Company Limited V	6 months KIBOR plus 1.10%	Semi-annually	Rs 10,000	April 02, 2027
10.3.19	Quetta Textile Mills Limited	3 months KIBOR plus 3.00%	Quarterly	Rs 2,421	March 26, 2020
10.3.20	Sitara Peroxide Limited	1 month KIBOR plus 1.00%	Monthly	Rs 1,969	August 19, 2016
10.3.21	WAPDA Dasu Sukuk	6 months KIBOR plus 1.45%	Semi-annually	Rs 10,000	May 08, 2032
10.3.22	Hong Kong Sukuk	2.005 % p.a.	Semi-annually	USD 1,000	September 18, 2019
10.3.23	Luxembourg Sukuk	0.44 % p.a.	Annually	EUR 1,000	October 07, 2019
10.3.24	Republic of Indonesia Sukuk I	3.30 % p.a.	Semi-annually	USD 1,000	November 21, 2022
10.3.25	Republic of Indonesia Sukuk II	4.35 % p.a.	Semi-annually	USD 1,000	September 10, 2024
10.3.26	Republic of Indonesia Sukuk III	4.325 % p.a.	Semi-annually	USD 1,000	May 28, 2025
10.3.27	Saudi Electric Company Sukuk - 10 years	4.211 % p.a.	Semi-annually	USD 1,000	April 03, 2022
10.3.28	Sime Darby Berhad Global Sukuk - 5 years	2.053 % p.a.	Semi-annually	USD 1,000	January 29, 2018
10.3.29	Sime Darby Berhad Global Sukuk - 10 years	3.29 % p.a.	Semi-annually	USD 1,000	January 29, 2023
10.3.30	Qatar Islamic Bank -II	2.754 % p.a.	Semi-annually	USD 1,000	October 27, 2020
10.3.31	State of Qatar Sukuk - 10 years	3.241 % p.a.	Semi-annually	USD 1,000	January 18, 2023

10.4 Held to Maturity Securities

	Name of the security	Profit Rate	2017	2016	2017	2016
			Number of Certificates		Rupees in '000	
10.4.1	GoP Ijarah Sukuk - GISF-2 *	5.59% p.a.	280,000	280,000	28,000,000	28,000,000

* These Sukuk 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.

10.5 Held for Trading securities

	Name of the security	Profit Rate	2017	2016	2017	2016	2017	2016
			Number of Certificates		Cost		Market Value	
			Rupees in '000					
10.5.1	Fatima Fertilizer Company Limited	6 months KIBOR plus 0.2%	19,614	-	102,474	-	100,766	-

Notes to and forming part of the Consolidated Financial Statements

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10.6 Associates (listed)

The Group holds investments in units / certificates of Rs 50 each, unless stated otherwise, in the following listed investee entities:

Name of the investee	2017		2016	
	Number of units		Carrying amount Rupees in '000	
Units of open end funds				
Meezan Balanced Fund *	19,787,384	19,740,417	300,966	360,263
Al Meezan Mutual Fund *	71,976,823	57,406,055	1,259,594	1,293,932
Meezan Islamic Fund	22,865,955	17,899,779	1,441,241	1,490,515
Meezan Islamic Income Fund	19,704,135	14,640,389	1,029,738	770,231
KSE Meezan Index Fund	6,072,694	5,579,218	417,255	538,506
Meezan Tahaffuz Pension - Equity sub-fund **	260,077	260,077	126,530	159,162
Meezan Financial Planning Fund - Conservative	105,971	105,614	6,790	6,962
Meezan Cash Fund	10,303,266	-	530,206	-
Meezan Gold Fund	1,000,000	1,702,462	52,270	83,455
Meezan Financial Planning Fund of Funds - MAAP II	507,341	494,071	27,117	32,609
Meezan Tahaffuz Pension - Gold sub-fund **	300,000	300,000	28,152	26,430
Meezan Energy Fund	7,103,076	4,000,000	336,118	216,080
Meezan Strategic Allocation Fund - MSAP II	1,999,600	1,999,600	85,163	100,620
Meezan Financial Planning Fund of Funds - MAAP III	2,626,733	2,568,004	138,560	167,460
Meezan Sovereign Fund	-	21,593,102	-	1,136,229
Meezan Financial Planning Fund of Funds - MCPP II	-	3,964,321	-	222,993
			<u>5,779,700</u>	<u>6,605,447</u>

* The nominal value is Rs 10 each

** The nominal value is Rs 100 each

10.7 Provision for diminution in value of investments

	2017			2016		
	Associates	Others	Total	Associates	Others	Total
	Rupees in '000					
Opening balance	-	383,012	383,012	24,514	423,171	447,685
Charge / (reversal) for the year						
- on associates (unlisted)	-	-	-	3,611	-	3,611
- on available for sale investments						
- charge for the year	-	605,434	605,434	-	33,840	33,840
- reversal for the year	-	(18,702)	(18,702)	-	(102,124)	(102,124)
	-	586,732	586,732	3,611	(68,284)	(64,673)
Transfer	-	-	-	(28,125)	28,125	-
Closing balance	-	969,744	969,744	-	383,012	383,012

10.7.1 Particulars of provision in respect of type and segment

	2017	2016
	Rupees in '000	
Available for sale securities		
Fully paid up-ordinary shares	785,762	199,030
Sukuk	183,982	183,982
	<u>969,744</u>	<u>383,012</u>

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10.8 Associates accounted for under the equity method of accounting

	Meezan Islamic 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 - MCPI I	Meezan Financial Planning Fund of Funds - MCPII	Meezan Financial Planning Fund of Funds - MAAP II	Meezan Financial Planning Fund of Funds - MAAP III	Total
Opening balance - January 1, 2016	643,637	1,524,475	233,789	-	114,098	285,492	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	289,489	(336,610)	374	30,000	(2)	100,736	24,590	(281,865)	(200,092)	(123,098)	(1,039)	27,771	200,000	100,000	633	(147,555)	-	947	126,940	(178,801)
Share of profit / (loss) in associates - P&L	318,596	344,863	77,493	(3,570)	45,066	163,840	28,026	59,561	17,283	(1,538)	(19)	(270)	16,080	620	674	11,876	31,748	8,925	47,203	1,166,467
Share of profit in associates - OCI	74,365	26,777	437	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	101,559
Dividend received	(42,175)	(68,990)	(11,830)	-	-	(11,562)	-	(48,584)	-	-	-	(1,443)	-	-	(581)	(10,343)	(10,704)	(1,263)	(6,683)	(214,158)
Closing balance - December 31, 2016	1,283,932	1,490,515	360,263	26,430	159,162	538,506	770,231	1,136,229	-	-	-	83,455	216,080	100,620	6,982	-	222,993	32,609	167,460	6,805,447
Investment / (redemption) during the year	341,816	496,501	800	-	-	39,432	267,316	(969,292)	-	-	530,000	(35,545)	156,498	-	24	-	(200,000)	834	3,660	602,044
Share of profit / (loss) in associates - P&L	(244,600)	(388,338)	(29,839)	1,722	(32,632)	(93,732)	(7,809)	(77,556)	-	-	206	4,360	(23,459)	(15,457)	5,827	-	(22,993)	(6,326)	(32,560)	(963,186)
Share of (loss) in associates - OCI	(61,509)	(93,460)	(5,583)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(106,552)
Dividend received	(70,045)	(117,977)	(24,675)	-	-	(66,951)	-	(59,381)	-	-	-	-	(13,001)	-	(6,023)	-	-	-	-	(358,053)
Closing balance - December 31, 2017	1,259,694	1,441,241	300,966	28,152	126,530	417,255	1,029,738	-	-	530,206	52,270	336,118	85,163	67,900	27,117	-	138,560	-	-	5,779,700

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11	ISLAMIC FINANCING AND RELATED ASSETS	Note	2017	2016
			Rupees in '000	
	In Pakistan			
	Murabaha financing and related assets			
	- Murabaha financing	11.1	7,854,995	7,786,937
	- Advances against Murabaha		6,487,946	3,993,151
	- Murabaha inventory		4,573,868	4,967,432
	- Financing under Islamic Export Refinance - Murabaha	11.2	599,862	723,956
	- Advance against Islamic Export Refinance - Murabaha		236,121	122,221
			19,752,792	17,593,697
	Running Musharakah financing			
	- Running Musharakah financing		132,032,737	70,517,803
	- Financing under Islamic Export Refinance - Running Musharakah		13,882,800	7,784,000
			145,915,537	78,301,803
	Istisna financing and related assets			
	- Istisna financing		2,432,621	3,155,616
	- Istisna - advance		44,548,652	28,112,137
	- Istisna inventory		3,352,093	1,876,007
	- Financing under Islamic Export Refinance - Istisna		170,111	128,743
	- Advances under Islamic Export Refinance - Istisna		5,489,701	7,261,153
	- Financing under Islamic Export Refinance - Istisna - Inventory		1,076,361	828,634
			57,069,539	41,362,290
	Tijarah financing and related assets			
	- Tijarah financing		498,305	337,506
	- Tijarah inventory		7,213,736	5,182,105
	- Islamic Export Refinance - Tijarah - financing		254,802	244,051
	- Islamic Export Refinance - Tijarah - Inventory		217,500	227,584
			8,184,343	5,991,246
	Musawamah financing and related assets			
	- Musawamah financing	11.3	6,468,792	7,159,774
	- Musawamah Inventory		5,272,054	2,590,940
	- Advances against Musawamah		7,523,238	4,908,188
	- Financing under Islamic Export Refinance - Musawamah	11.4	95,308	325,512
	- Advances under Islamic Export Refinance - Musawamah		111,350	100,000
	- Financing under Islamic Export Refinance - Musawamah - Inventory		-	110,000
			19,470,742	15,194,414
	Ijarah financing and related assets			
	- Net investment in Ijarah		124,058	149,054
	- Net book value of assets/investment in Ijarah under IFAS 2	11.5	31,019,341	20,671,262
			31,143,399	20,820,316
	Advances against Ijarah		5,389,253	3,906,242
			36,532,652	24,726,558
	Diminishing Musharakah financing and related assets			
	- Diminishing Musharakah financing - Housing		11,991,953	9,374,585
	- Diminishing Musharakah financing - Others		65,438,474	79,478,870
	- Advances against Diminishing Musharakah		7,125,407	12,971,982
			84,555,834	101,825,437
	Musharakah financing		580,720	746,640
	Wakalah Tul Istithmar financing		31,250,000	12,750,000
	Bai Muajjal financing	11.6	605,703	101,496
	Advance against Service Ijarah financing		3,000,000	718,750
	Labbaik (Qard for Hajj and Umrah)		3,382	5,871
	Financing against bills			
	- Financing against bills - Salam		11,834,926	13,183,818
	- Financing against bills - Murabaha - Advance		1,738	1,738
			11,836,664	13,185,556
	Salam Financing and related assets			
	- Salam Financing		464,337	-
	- Salam inventory		77,200	-
	- Advances against Salam financing		3,595,916	2,000,000
			4,137,453	2,000,000
	Staff financing	11.7	3,226,026	2,739,104
	Other financing		2,612,204	2,374,002
	Gross Islamic Financing and Related Assets		428,733,591	319,616,864
	Less: Provision against non-performing financing	11.10	(8,804,442)	(8,086,594)
	Islamic financing and related assets - net of provision	11.8	419,929,149	311,530,270

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	Note	2017	2016
Rupees in '000			
11.1	Murabaha receivable - Gross	8,222,190	8,134,131
	Less: Deferred income	(110,813)	(119,342)
	Profit receivable shown in other assets	(256,382)	(227,852)
	Murabaha financing	<u>7,854,995</u>	<u>7,786,937</u>
11.1.1	Murabaha Sale Price	8,222,190	8,134,131
	Murabaha Purchase Price	(7,854,995)	(7,786,937)
		<u>367,195</u>	<u>347,194</u>
11.2	Financing under Islamic Export Refinance - Murabaha - Gross	613,210	741,100
	Less: Deferred income	(1,848)	(4,616)
	Profit receivable shown in other assets	(11,500)	(12,528)
	Financing under Islamic Export Refinance - Murabaha	<u>599,862</u>	<u>723,956</u>
11.3	Musawamah financing - Gross	6,688,479	7,340,823
	Less: Deferred income	(107,833)	(107,675)
	Profit receivable shown in other assets	(111,854)	(73,374)
	Musawamah financing	<u>6,468,792</u>	<u>7,159,774</u>
11.4	Financing under Islamic Export Refinance - Musawamah - Gross	96,526	329,995
	Less: Deferred income	(604)	(2,973)
	Profit receivable shown in other assets	(614)	(1,510)
	Financing under Islamic Export Refinance - Musawamah	<u>95,308</u>	<u>325,512</u>

11.5 Net book value of assets / investments in Ijarah under IFAS 2 is net of depreciation of Rs 16,118 million (2016: Rs 10,951 million).

	2017	2016	
Rupees in '000			
11.6	Bai Muajjal financing - gross	673,153	133,325
	Less: Deferred income	(33,689)	(10,835)
	Profit receivable shown in other assets	(33,761)	(20,994)
	Bai Muajjal financing	<u>605,703</u>	<u>101,496</u>

11.7 This includes Rs. 434 million (2016 : Rs. 314 million) representing profit free financings to staff advanced under the Bank's Human Resource Policies.

11.8 Particulars of financing - net

	2017	2016
Rupees in '000		
11.8.1 In		
- local currency	407,611,881	288,487,503
- foreign currencies	12,317,268	23,042,767
	<u>419,929,149</u>	<u>311,530,270</u>
11.8.2 Short-term (upto one year)	281,462,081	173,362,097
Long-term (over one year)	138,467,068	138,168,173
	<u>419,929,149</u>	<u>311,530,270</u>

11.9 Islamic financing and related assets include Rs 6,606 million (2016: Rs 6,847 million) which have been placed under non-performing status as detailed below:

Category of classification	2017			Provision required	Provision held
	Domestic	Overseas	Total		
Rupees in '000					
Other Assets Especially Mentioned	10,845	-	10,845	-	-
Substandard	176,553	-	176,553	40,636	40,636
Doubtful	16,588	-	16,588	6,068	6,068
Loss	6,402,143	-	6,402,143	6,380,027	6,380,027
	<u>6,606,129</u>	<u>-</u>	<u>6,606,129</u>	<u>6,426,731</u>	<u>6,426,731</u>

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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>

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

	2017			2016		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
Opening balance	6,592,203	1,494,391	8,086,594	6,840,068	1,366,772	8,206,840
Charge for the year	116,422	883,320	999,742	235,753	127,619	363,372
Less: Reversals	(279,553)	-	(279,553)	(483,618)	-	(483,618)
	(163,131)	883,320	720,189	(247,865)	127,619	(120,246)
Amount Written off	(2,341)	-	(2,341)	-	-	-
Closing balance	<u>6,426,731</u>	<u>2,377,711</u>	<u>8,804,442</u>	<u>6,592,203</u>	<u>1,494,391</u>	<u>8,086,594</u>

11.10.1 The Group maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing issued by the SBP.

In addition, the Group has also maintain a general provision of Rs 1,975 million (2016: Rs 1,125 million) against financing, made on prudent basis, in view of prevailing economic conditions. This general provision is in addition to the requirements of Prudential Regulations.

11.10.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Group has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financing. The accumulated benefit availed as at December 31, 2017 amounts to Rs 8.4 million (2016: Rs 10.2 million). The additional profit arising from availing the FSV benefit - net of tax amounts to Rs 5.4 million as at December 31, 2017 (2016: Rs 6.6 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

11.10.3 Particulars of provision against non-performing financing:

	2017			2016		
	Specific	General	Total	Specific	General	Total
	Rupees in '000					
In local currency	6,241,410	2,377,711	8,619,121	6,390,778	1,494,391	7,885,169
In foreign currencies	185,321	-	185,321	201,425	-	201,425
	<u>6,426,731</u>	<u>2,377,711</u>	<u>8,804,442</u>	<u>6,592,203</u>	<u>1,494,391</u>	<u>8,086,594</u>

11.11 Particulars of write offs

	Note	2017		2016	
		Rupees in '000			
Against provisions	11.10	2,341	-	-	-
Directly charged to profit and loss account		-	-	-	-
		<u>2,341</u>	<u>-</u>	<u>-</u>	<u>-</u>
Write offs Rs 500,000 and above - Domestic		2,212	-	-	-
Write offs below Rs 500,000 - Domestic		129	-	-	-
		<u>2,341</u>	<u>-</u>	<u>-</u>	<u>-</u>

Notes to and forming part of the Consolidated Financial Statements

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11.11.1 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 during the year ended December 31, 2017 is given as Annexure 1.

11.12 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	2017	2016
		Rupees in '000	
Balance at the beginning of the year		2,851,665	2,222,265
Disbursements during the year		1,137,325	998,780
Repayments during the year		(756,762)	(369,380)
Balance at the end of the year	11.12.1	<u>3,232,228</u>	<u>2,851,665</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	2017	2016
		Rupees in '000	
Balance at the beginning of the year		2,484,365	944,387
Additions / disbursements during the year		6,613,113	7,562,436
Deletions / repayments during the year		(8,420,974)	(6,022,458)
Balance at the end of the year	11.12.2	<u>676,504</u>	<u>2,484,365</u>

Financing to Executives and Directors

	Executives		Directors	
	2017	2016	2017	2016
	Rupees in '000			
Opening balance	1,831,807	1,501,231	-	-
Financing disbursed during the year	567,323	726,836	-	-
Financing repaid during the year	(342,340)	(396,260)	-	-
Closing balance	<u>2,056,790</u>	<u>1,831,807</u>	<u>-</u>	<u>-</u>

11.12.1 These include financing 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 3,232 million (2016: Rs 2,852 million). The maximum amount has been calculated by reference to the month end balance.

11.12.2 This represents a Running Musharaka facility to an associated company (2016: Istisna, Diminishing Musharakah and Running Musharakah facilities to associated companies).

Notes to and forming part of the Consolidated Financial Statements

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12 OPERATING FIXED ASSETS	Note	2017	2016
		Rupees in '000	
Capital work-in-progress	12.1	562,887	314,408
Property and equipment	12.2	10,934,864	8,288,994
		11,497,751	8,603,402
Intangible assets	12.4	496,835	428,284
		11,994,586	9,031,686
12.1 Capital work-in-progress			
- Advances to suppliers and contractors for civil works		237,106	85,697
- Advances for computer hardware		64,005	55,104
- Advances for purchase of vehicles		153,158	61,586
- Advances for computer software		32,778	38,636
- Advances for other office machines		73,984	66,463
- Advances for furniture and fixtures		1,856	6,922
		562,887	314,408

12.2 Property and equipment

	2017							
	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2017	Rate of depreciation %
	As at January 1, 2017	Additions / Adjustments / (Disposals)	As at December 31, 2017	As at January 1, 2017	Charge / Adjustments / (On disposals)	As at December 31, 2017		
	Rupees in '000							
Leasehold Land	1,719,600	2,586,533	4,306,133	-	-	-	4,306,133	-
Buildings on leasehold land	1,330,757	26,992 5,943 -	1,363,692	370,289	61,572 9,751 -	441,612	922,080	5
Leasehold improvements	5,005,849	686,260 (2,626) (39,999)	5,649,484	1,829,972	484,616 10,626 (29,224)	2,295,990	3,353,494	10
Furniture and fixtures	607,718	84,102 930 (5,345)	687,405	317,447	58,665 (938) (2,839)	372,335	315,070	10
Electrical, office and computer equipments	4,286,270	499,798 12,203 (124,792)	4,673,479	2,789,311	676,051 12,267 (119,723)	3,357,906	1,315,573	10, 20 and 33
Vehicles	1,142,028	338,942 21,164 (205,737)	1,296,397	496,209	230,075 3,869 (156,270)	573,883	722,514	20
	14,092,222	4,222,627 37,614 (375,873)	17,976,590	5,803,228	1,510,979 35,575 (308,056)	7,041,726	10,934,864	

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

	2016							
	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2016	Rate of depreciation %
	As at January 1, 2016	Additions / (Disposals)	As at December 31, 2016	As at January 1, 2016	Charge / (Disposals)	As at December 31, 2016		
	Rupees in '000							
Leasehold lands	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	

12.3 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, 2016							
Cost	939,417	1,308,951	4,167,986	559,156	3,844,570	1,031,314	11,851,394
Accumulated depreciation	-	304,838	1,384,932	268,404	2,227,441	396,183	4,581,798
Net book value	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
Year ended December 31, 2017							
Additions	2,586,533	26,992	686,260	84,102	499,798	338,942	4,222,627
Adjustments	-	(3,808)	(13,252)	1,868	(64)	17,295	2,039
Net book value of disposals	-	-	(10,775)	(2,506)	(5,069)	(49,467)	(67,817)
Depreciation charge	-	(61,572)	(484,616)	(58,665)	(676,051)	(230,075)	(1,510,979)
Net book value as at December 31, 2017	4,306,133	922,080	3,353,494	315,070	1,315,573	722,514	10,934,864

12.3.1 Included in cost of operating fixed assets are fully depreciated / amortised items still in use aggregating Rs 2,867 million (2016: Rs 2,324 million).

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

12.3.2 Details of disposal of fixed assets are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Disposal under the Group's staff policy						
Vehicles						
Honda Civic	2,418	1,209	1,209	1,631	Buyback	Mr. Tariq Munir (Executive, Ex-Employee)
Honda Civic	2,071	2,036	35	677	Buyback	Mr. Khurram Shaikh (Executive, Ex-Employee)
Honda Civic	2,067	2,067	-	620	Buyback	Mr. Kamran Zafar (Executive, Employee)
Honda Civic	1,985	1,985	-	596	Buyback	Mr. Mashkoor AG Khan (Executive, Employee)
Honda Civic	1,930	1,930	-	579	Buyback	Mr. Mashkoor Hassan Siddiqui (Executive, Ex-Employee)
Honda Civic	2,080	2,080	-	-	Buyback	Mr. Muhammad Shoaib (CEO - AMIML)
Toyota Corolla	2,023	2,023	-	-	Buyback	Mr. Owais Wasti (CFO - AMIML)
Toyota Corolla	1,748	1,078	670	1,036	Buyback	Mr. Shoaib Malick (Executive, Ex-Employee)
Toyota Corolla	1,726	1,381	345	806	Buyback	Mr. Muhammad Tufail (Executive, Employee)
Toyota Corolla	1,706	1,223	483	894	Buyback	Mr. Muhammad Asim Ahsan (Executive, Employee)
Toyota Corolla	1,692	1,466	226	693	Buyback	Mr. Muhammad Khushal (Executive, Ex-Employee)
Toyota Corolla	1,691	1,635	56	537	Buyback	Mr. Alam Zeb (Executive, Ex-Employee)
Toyota Corolla	1,673	1,645	28	502	Buyback	Ms. Naheed Ashfaq (Executive, Employee)
Toyota Corolla	1,673	1,673	-	502	Buyback	Mr. Arif Aslam Khan (Executive, Employee)
Toyota Corolla	1,608	1,608	-	482	Buyback	Mr. Hafeez Khaskheli (Executive, Employee)
Toyota Corolla	1,608	1,608	-	482	Buyback	Mr. Ehmar Hamad (Executive, Employee)
Toyota Corolla	1,608	1,608	-	482	Buyback	Mr. Babar Ali Pirzada (Executive, Employee)
Toyota Corolla	1,607	1,607	-	482	Buyback	Mr. Muhammad Asadullah (Executive, Employee)
Toyota Corolla	1,581	1,581	-	474	Buyback	Mr. Mian Nasir Mahmood (Executive, Employee)
Toyota Corolla	1,568	1,568	-	470	Buyback	Mr. Adnan Masood (Executive, Employee)
Toyota Corolla	1,546	1,546	-	464	Buyback	Mr. Kamran Mahmood (Executive, Employee)
Toyota Corolla	1,497	1,497	-	449	Buyback	Mr. Fayyaz Hussain Madni (Executive, Ex-Employee)
Honda City	1,671	1,225	446	874	Buyback	Mr. Muhammad Munir (Executive, Employee)
Honda City	1,510	654	856	1,168	Buyback	Mr. Afzal Mujtaba (Executive, Ex-Employee)
Honda City	1,507	628	879	1,102	Buyback	Mr. Muhammad Suhail (Executive, Ex-Employee)
Honda City	1,506	1,506	-	452	Buyback	Mr. Haroon Khan (Executive, Employee)
Honda City	1,506	1,305	201	651	Buyback	Mr. Mir Haider Khan (Executive, Ex-Employee)
Honda City	1,505	1,505	-	452	Buyback	Mr. Waqas Ahmed Nazami (Executive, Employee)
Honda City	1,502	1,502	-	451	Buyback	Mr. Faisal Anwar Malik (Executive, Employee)
Honda City	1,495	1,420	75	529	Buyback	Syed Ahmar Sarosh (Executive, Ex-Employee)
Honda City	1,411	1,411	-	423	Buyback	Mr. Shoaib Ghani Memon (Executive, Employee)
Honda City	1,411	1,411	-	423	Buyback	Mr. Mirza Amir Iqbal (Executive, Employee)
Honda City	1,411	1,411	-	423	Buyback	Mr. Riaz Ahmed Akbani (Executive, Employee)
Honda City	1,402	1,402	-	421	Buyback	Mr. Jahangir Ahmed Nawabi (Executive, Employee)
Honda City	1,391	1,391	-	417	Buyback	Mr. Asim Butt (Executive, Employee)
Honda City	1,359	1,359	-	408	Buyback	Mr. Jaffar Ashraf (Executive, Employee)
Honda City	1,359	1,359	-	408	Buyback	Mr. Zulfiqar Ali (Executive, Employee)
Honda City	1,359	1,359	-	408	Buyback	Mr. Usman Ullah Cheema (Executive, Employee)
Honda City	1,357	1,357	-	407	Buyback	Mr. Ahsan Sarfaraz (Executive, Employee)
Honda City	1,357	1,357	-	407	Buyback	Mr. Asif Ehsan Sheikh (Executive, Employee)
Honda City	1,347	1,347	-	404	Buyback	Mr. Ateeq Ur Rehman (Executive, Employee)
Honda City	1,263	1,263	-	379	Buyback	Mr. Kashif Asghar Butt (Executive, Ex-Employee)
Suzuki Cultus	1,018	730	288	528	Buyback	Mr. Waqar Usman (Executive, Employee)
Suzuki Cultus	975	894	81	341	Buyback	Mr. Usman Sajjad (Executive, Employee)
Suzuki Cultus	975	959	16	293	Buyback	Mr. Saad Ikram (Executive, Employee)
Suzuki Cultus	972	956	16	291	Buyback	Mr. Jawad Rafique (Executive, Employee)
Suzuki Cultus	959	959	-	288	Buyback	Mr. Zia Ur Rehman (Executive, Employee)
Suzuki Cultus	959	943	16	288	Buyback	Mr. Noman Ahmed (Executive, Employee)
Suzuki Cultus	959	943	16	288	Buyback	Mr. Mirza Ayub Baig (Executive, Employee)
Suzuki Cultus	959	959	-	288	Buyback	Mr. Muhammad Waseem (Executive, Employee)
Suzuki Cultus	959	959	-	288	Buyback	Mr. Farooq Anwar (Executive, Employee)
Suzuki Cultus	959	959	-	288	Buyback	Mr. Habib Ur Rehman (Executive, Employee)
Suzuki Cultus	958	958	-	287	Buyback	Mr. Tauqeer Ahmed (Executive, Employee)
Suzuki Cultus	955	955	-	286	Buyback	Mr. Muhammad Qaiser (Executive, Employee)
Suzuki Cultus	939	939	-	282	Buyback	Late Syed Arshad Ali (Executive, Ex-Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Tariq Ibrar (Executive, Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Ghulam Shabbir (Executive, Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Ashfaq Ahmed (Executive, Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Wazir Gul (Executive, Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Asif Sattar (Executive, Ex-Employee)
Suzuki Cultus	919	919	-	276	Buyback	Mr. Julabeeb ur Rehman (Executive, Employee)
Suzuki Cultus	919	888	31	276	Buyback	Mr. Haji Muhammad Afridi (Executive, Employee)
Suzuki Cultus	899	899	-	270	Buyback	Mr. Rana Muhammad Ashfaq (Executive, Employee)

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
Suzuki Cultus	899	899	-	270	Buyback	Mr. Hadi Usman Shah (Executive, Employee)
Suzuki Cultus	899	899	-	270	Buyback	Mr. Naveed Ur Rehman Khan (Executive, Employee)
Suzuki Cultus	899	899	-	270	Buyback	Mr. Qamar Shahzad (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Anwar Mukhtar (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Umer Ashfaq (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Iftikhar Nasir (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Javed Ahmed (Executive, Employee)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Atta Ul Mustafa Jamil (Executive, Employee)
Suzuki Cultus	1,022	783	239	238	Buyback	Mr. Ali Hassan Khan (Executive, AMIML)
Suzuki Cultus	1,050	648	402	403	Buyback	Mr. Ahmed Hassan (Executive, AMIML)
Suzuki Cultus	1,054	580	474	900	Buyback	Mr. Owais Wasti (CFO, AMIML)
Suzuki Cultus	879	879	-	264	Buyback	Mr. Ahmed Shoeb Raza (Executive, Employee)
Suzuki Cultus	843	843	-	253	Buyback	Mr. Zain ul Abideen (Executive, Employee)
Suzuki Cultus	843	843	-	253	Buyback	Mr. Zahid Hussain (Executive, Employee)
Suzuki Cultus	798	798	-	239	Buyback	Mr. Umer Farooq (Executive, Employee)
Suzuki Cultus	1,053	825	228	228	Buyback	Mr. Usman Iqbal (Executive, AMIML)
Suzuki Cultus	1,001	1,001	-	-	Buyback	Mr. Salman Masood (Executive, AMIML)
Suzuki Cultus	878	878	-	263	Buyback	Mr. Saleem Ahmed Abbasi (Executive, Ex-Employee)
Suzuki Cultus	859	859	-	258	Buyback	Mr. Junaid Alam (Executive, Employee)
Suzuki Cultus	779	779	-	234	Buyback	Mr. Safdar Ameer Buzder (Executive, Employee)
Suzuki Swift	959	959	-	288	Buyback	Mr. Abid Hussain (Executive, Employee)
Suzuki Swift	1,020	799	221	221	Buyback	Mr. Anwer Arshad (Executive, AMIML)
Honda Civic (Quantity: 2)	4,724	1,731	2,993	3,473	Buyback	Non-executive employees
Toyota Corolla (Quantity: 1)	1,688	1,125	563	921	Buyback	Non-executive employee
Suzuki Cultus (Quantity: 3)	2,816	2,395	421	1,177	Buyback	Non-executive employees
Suzuki Wagon R (Quantity: 1)	982	229	753	924	Buyback	Non-executive employee
	117,953	105,686	12,267	42,370		

Electrical, office and Computer equipments

Computer related equipments	115	115	-	11	Buyback	Mr. Arshad Majeed (Executive, Employee)
Computer related equipments	93	93	-	4	Buyback	Mr. Imran Asghar Khan (Executive, Employee)
Computer related equipments	86	86	-	9	Buyback	Mr. Muhammad Arsalan Mujeeb (Executive, Employee)
Computer related equipments	71	71	-	7	Buyback	Mr. Tariq Mehraj (Executive, Employee)
Computer related equipments	64	19	45	48	Buyback	Mr. Aasim Salim (Executive, Ex-Employee)
Computer related equipments	60	60	-	6	Buyback	Mr. Muhammad Munir (Executive, Employee)
Computer related equipments	60	60	-	5	Buyback	Mr. Muhammad Irfan (Executive, Employee)
Computer related equipments	60	59	1	12	Buyback	Mr. Muhammad Tariq Munir (Executive, Ex-Employee)
Computer related equipments	60	60	-	5	Buyback	Mr. Muhammad Asim Ahsan (Executive, Employee)
Computer related equipments	60	60	-	6	Buyback	Mr. Zaki Alam (Executive, Employee)
Computer related equipments	59	59	-	6	Buyback	Mr. Zia Ullah Khan (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Atique Ahmed Siddiqui (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Rashid Bilal Khan (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Qamar Alam (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Aneeq Ejaz Qureshi (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Asad Amin (Executive, Employee)
Computer related equipments	54	54	-	5	Buyback	Mr. Faisal Iqbal (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Humayun Mirza (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Abrar Hussain (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Omer Amir Ahmed (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Muhammad Arif Rana (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Syed Kaleem Ahmed Riaz (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Faisal Saifullah (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Mukarram Hasan (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Sohail Akhter (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Syed Fahd Azam (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Umer Mansoor (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Sajjad Nawaz (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Aamer Rasheed Malik (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Ghulam Samdani Bhatti (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Arif Aslam Khan (Executive, Employee)
Computer related equipments	53	53	-	6	Buyback	Mr. Faisal Qamar (Executive, Employee)

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
Computer related equipments	53	53	-	5	Buyback	Mr. Muhammad Fayyaz Ismail (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Syed Tanveer Hussain (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Muhammad Ali Hasan (Executive, Employee)
Computer related equipments	53	53	-	5	Buyback	Mr. Mohammad Sohail Khan (Executive, Employee)
Computer related equipments	51	51	-	6	Buyback	Syed Atif Hussain (Executive, Employee)
Computer related equipments	51	51	-	6	Buyback	Mr. Haji Muhammad Afridi (Executive, Employee)
Computer related equipments	51	51	-	5	Buyback	Mr. Khurram Masood (Executive, Employee)
Computer related equipments	50	50	-	5	Buyback	Mr. Syed Tariq Hassan (Executive, Employee)
Computer related equipments	50	50	-	5	Buyback	Mr. Shahbaz Ali (Executive, Employee)
Computer related equipments	50	50	-	5	Buyback	Mr. Muhammad Waseem (Executive, Employee)
Computer related equipments	50	50	-	5	Buyback	Mr. Mubasher Bukhari (Executive, Employee)
Computer related equipments	49	38	11	5	Buyback	Mr. Faizan Javed Khan (Executive, Employee)
Computer related equipments	46	45	1	4	Buyback	Mr. Usama Siddiqui (Executive, Ex-Employee)
Computer related equipments	44	44	-	4	Buyback	Mr. Naveed Ehsan Sheikh (Executive, Employee)
Computer related equipments	44	43	1	4	Buyback	Mr. Taha Shamim Siddiqui (Executive, Employee)
Computer related equipments	44	44	-	4	Buyback	Mr. Zafar Iqbal (Executive, Employee)
Computer related equipments	44	44	-	4	Buyback	Mr. Mehdi Abbas Nandwani (Executive, Employee)
Computer related equipments	44	44	-	4	Buyback	Mr. Hammad Pervez Khan (Executive, Employee)
Computer related equipments	42	42	-	4	Buyback	Mr. Altaf Hasan Khan (Executive, Employee)
Computer related equipments	40	40	-	4	Buyback	Mr. Imran Akhtar (Executive, Employee)
Computer related equipments	40	40	-	4	Buyback	Mr. Badar Munir (Executive, Employee)
Computer related equipments	40	40	-	4	Buyback	Mr. Kalb E Abbas (Executive, Employee)
Computer related equipments	40	40	-	4	Buyback	Mr. Asad Nouman (Executive, Employee)
Computer related equipments	39	39	-	3	Buyback	Mr. Rukhsar Ali (Executive, Employee)
Computer related equipments	33	33	-	3	Buyback	Mr. Muhammad Saleem (Executive, Employee)
Computer related equipments	33	33	-	3	Buyback	Syed Wajahat Ali (Executive, Employee)
Computer related equipments	33	33	-	3	Buyback	Syed Akbar hussain (Executive, Employee)
Computer related equipments	33	33	-	3	Buyback	Mr. Muhammad Faheem Tahir (Executive, Employee)
Computer related equipments	29	29	-	3	Buyback	Syed Mazhar Alam (Executive, Employee)
Computer related equipments	24	24	-	2	Buyback	Mr. Muhammad Shahzad (Executive, Employee)
Computer related equipments	12	12	-	1	Buyback	Mr. Ghulam Qadir (Executive, Employee)
Computer related equipments	11	11	-	1	Buyback	Mr. Iqbal Hussain Seyal (Executive, Employee)
Computer related equipments	11	11	-	1	Buyback	Mr. Muhammad Arif (Executive, Employee)
Computer related equipments	11	11	-	1	Buyback	Syed Akbar hussain (Executive, Employee)
Computer related equipments (Quantity: 105)	2,817	2,817	-	287	Buyback	Non-executive employees
	6,075	6,016	59	642		

Other disposals

Items having book value in aggregate more than Rs 250,000 or cost more than Rs 1,000,000

Vehicles

Honda Civic	1,323	1,323	-	1,056	Negotiation	Mr. Umer Sarwar
Toyota Corolla	1,753	468	1,285	1,594	Negotiation	Syed Riaz Ahmed
Honda City	1,648	385	1,263	1,423	Negotiation	Mr. Zahid Qadri
Honda City	1,643	520	1,123	1,464	Negotiation	Mr. Sajid Mehmood Siddiqi
Honda City	1,636	1,227	409	1,254	Negotiation	Mr. Waqar Ahmed Khan
Honda City	1,562	937	625	1,286	Negotiation	Mr. Waqar Ahmed Khan
Honda City	1,545	1,082	463	1,223	Negotiation	Mr. Mohsin Mumtaz
Honda City	1,540	1,206	334	1,233	Negotiation	Mr. Mohsin Mumtaz
Honda City	1,522	837	685	968	Negotiation	Mr. Waqar Ahmed Khan
Honda City	1,507	628	879	1,321	Negotiation	Syed Riaz Ahmed
Honda City	1,505	1,354	151	1,157	Negotiation	Mr. Adnan Naseer Ahmed
Honda City	1,502	375	1,127	1,328	Negotiation	Mr. Umer Sarwar
Honda City	1,498	1,148	350	1,140	Negotiation	Mr. Muhammad Ahmed
Suzuki Cultus	1,075	520	555	743	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,052	666	386	792	Negotiation	Mr. Sultan Hassan
Suzuki Cultus	1,052	561	491	758	Negotiation	Mr. Naheed Arshad Butt
Suzuki Cultus	1,052	666	386	756	Negotiation	Mr. Usman Shahid
Suzuki Cultus	1,044	574	470	783	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,044	592	452	788	Negotiation	M/s Suzuki North Motors
Suzuki Cultus	1,042	799	243	680	Negotiation	Mr. Zeeshan Jamil
Suzuki Cultus	1,042	625	417	825	Negotiation	Mr. Imtiaz Hussain
Suzuki Cultus	1,032	619	413	803	Negotiation	Mr. Sultan Hassan

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Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Suzuki Cultus	1,032	585	447	832	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,032	516	516	778	Negotiation	Mr. Adnan Naseer
Suzuki Cultus	1,032	482	550	756	Negotiation	Mr. Shahbaz Munawar
Suzuki Cultus	1,032	619	413	735	Negotiation	Mr. Kashif Chema
Suzuki Cultus	1,032	516	516	791	Negotiation	Mr. Khalil Ur Rehman
Suzuki Cultus	1,029	583	446	801	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	1,027	616	411	789	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,027	496	531	852	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,027	445	582	756	Negotiation	Mr. Ibrar Hussain
Suzuki Cultus	1,027	445	582	831	Negotiation	Mr. Ibrar Hussain
Suzuki Cultus	1,027	513	514	793	Negotiation	Mr. Asif Raza Malik
Suzuki Cultus	1,027	633	394	836	Negotiation	Mr. Naghman Nawaz
Suzuki Cultus	1,025	427	598	883	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	1,025	461	564	813	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	1,025	598	427	856	Negotiation	Mr. Naghman Nawaz
Suzuki Cultus	1,024	529	495	843	Negotiation	Mr. Imtiaz Hussain
Suzuki Cultus	1,018	645	373	752	Negotiation	Mr. Mohammad Ummar
Suzuki Cultus	1,018	696	322	808	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,018	763	255	671	Negotiation	Mr. Naheed Arshad Butt
Suzuki Cultus	1,017	356	661	880	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,017	356	661	902	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	1,017	305	712	870	Negotiation	Mr. Khurram Imtiaz
Suzuki Cultus	1,017	441	576	876	Negotiation	Mr. Sultan Hassan
Suzuki Cultus	1,017	288	729	871	Negotiation	M/s Suzuki North Motors
Suzuki Cultus	1,017	305	712	786	Negotiation	Mr. Adnan Naseer
Suzuki Cultus	1,017	458	559	835	Negotiation	Syed Yasir Hussain Shah
Suzuki Cultus	1,017	390	627	860	Negotiation	Ms. Anwar Sultana
Suzuki Cultus	1,017	305	712	880	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,017	237	780	878	Negotiation	M/s Suzuki North Motors
Suzuki Cultus	1,017	356	661	783	Negotiation	Ms. Komal Amir
Suzuki Cultus	1,014	253	761	855	Negotiation	Mr. Zeeshan Jamil
Suzuki Cultus	1,014	270	744	898	Negotiation	Mr. Waqar Ahmed Khan
Suzuki Cultus	1,012	236	776	883	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	1,012	489	523	850	Negotiation	Mr. Qaiser Iqbal
Suzuki Cultus	1,012	354	658	870	Negotiation	Mr. Nasir Zahoor
Suzuki Cultus	1,005	854	151	653	Negotiation	Mr. Zulfiqar Ali
Suzuki Cultus	1,001	684	317	744	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	1,001	834	167	754	Negotiation	Mr. Nasir Iqbal Rana
Suzuki Cultus	1,001	734	267	749	Negotiation	Mr. Farooq Taj
Suzuki Cultus	999	699	300	734	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	999	250	749	933	Negotiation	Mr. Mohsin Mumtaz
Suzuki Cultus	999	666	333	744	Negotiation	Mr. Noman Hasan Khan
Suzuki Cultus	571	571	-	200	Negotiation	Mr. Faisal Jiwani
Suzuki Wagon R	1,032	722	310	793	Negotiation	Mr. Ghulam Mustafa
Suzuki Cultus (Quantity: 3)	3,110	1,087	2,023	2,916	Takaful Claim	M/s EFU General Insurance Limited
	77,092	40,180	36,912	61,548		
Electrical, office and Computer equipments						
Generator (Quantity: 3)	4,396	4,396	-	1,142	Negotiation	M/s Nadeem Metal Works
Generator	1,075	358	717	708	Takaful Claim	M/s Adamjee Insurance Company Limited
Automated Teller Machine	640	192	448	421	Takaful Claim	M/s Adamjee Insurance Company Limited
	6,111	4,946	1,165	2,271		
Leasehold improvements						
Civil works	10,136	1,206	8,930	6,670	Takaful Claim	M/s Adamjee Insurance Company Limited
Civil works	1,800	1,800	-	-	Discarded	
	11,936	3,006	8,930	6,670		

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds
	Rupees in '000			
Items having book value in aggregate less than Rs 250,000 or cost less than Rs 1,000,000				
Vehicles	10,692	10,404	288	7,412
Electrical, office and Computer equipments	112,606	108,761	3,845	17,322
Furniture and Fixtures	5,345	2,839	2,506	2,895
Leasehold improvements	28,063	26,218	1,845	241
	<u>375,873</u>	<u>308,056</u>	<u>67,817</u>	<u>141,371</u>

12.4 Intangible assets

	COST			AMORTISATION			Net book value as at December 31, 2017	Rate of amortisation %
	As at January 1, 2017	Additions/ adjustments/ (disposals)	As at December 31, 2017	As at January 1, 2017	Charge/ adjustments/ (disposals)	As at December 31, 2017		
	Rupees in '000							
Computer software	1,150,670	248,098	1,423,012	722,386	177,508	926,177	496,835	10-20
		34,812			36,851			
		(10,568)			(10,568)			
2016	1,010,136	140,534	1,150,670	543,857	178,529	722,386	428,284	10-20

12.5 Intangible assets - Movement of net book value

	Year ended December 31, 2016				Year ended December 31, 2017			
	Net book value as at January 1, 2016	Additions during the year	Amortisation charge for the year	Net book value as at December 31, 2016	Additions during the year	Amortisation charge for the year	Adjustment during the year	Net book value as at December 31, 2017
	Rupees in '000							
Computer software	466,279	140,534	178,529	428,284	248,098	177,508	(2,039)	496,835

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

13 OTHER ASSETS	Note	2017	2016
Rupees in '000			
Profit / return accrued in local currency		10,686,197	7,891,923
Profit / return accrued in foreign currency		35,639	117,863
Advances, deposits, advance rent and other prepayments	13.1	1,603,846	1,157,256
Dividends receivable		21,836	9,736
Stamps		10,815	8,335
Security deposits		104,889	103,322
Unrealised gain on forward foreign exchange contracts - net		1,063,795	264,383
Advance for Investments		-	500,000
Non-banking assets acquired in satisfaction of claims	13.2	246,201	284,255
Others		604,766	607,831
		<u>14,377,984</u>	<u>10,944,904</u>
Provision against other assets	13.3	(221,011)	(255,822)
		<u>14,156,973</u>	<u>10,689,082</u>

13.1 This includes prepaid rent and prepaid takaful aggregating Rs 473 million (2016: Rs 453 million) and Rs 679 million (2016: Rs 455 million) respectively which are being amortised over a period of one year.

13.2 Market value of the non-banking assets acquired in satisfaction of claims is Rs 224.118 million (2016: Rs 221.877 million). Provision amounting to Rs 22.1 million in respect of non-banking assets is included in provision against other assets.

13.3 Provision against other assets	2017	2016
Rupees in '000		
Opening balance	255,822	341,084
Charge for the year	25,166	15,383
Reversals during the year	(48,726)	(99,426)
Amount adjusted / written off	(11,251)	(1,219)
Closing balance	<u>221,011</u>	<u>255,822</u>

14 BILLS PAYABLE

In Pakistan	11,168,093	9,130,998
Outside Pakistan	-	-
	<u>11,168,093</u>	<u>9,130,998</u>

15 DUE TO FINANCIAL INSTITUTIONS

In Pakistan	36,813,295	32,005,501
Outside Pakistan	-	-
	<u>36,813,295</u>	<u>32,005,501</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

	Note	2017	2016
Rupees in '000			
15.1	Particulars of due to financial institutions with respect to currencies		
	In local currency	36,813,295	32,005,501
	In foreign currencies	-	-
		<u>36,813,295</u>	<u>32,005,501</u>
15.2	Details of due to financial institutions secured / unsecured		
	Secured		
	Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	15.2.1 21,141,464	16,841,788
	Other financial institution	15.2.2 329,008	168,506
	Unsecured		
	Overdrawn nostro accounts	492,823	295,207
	Other Musharakah / Modarabas	15.2.3 14,850,000	14,700,000
		<u>36,813,295</u>	<u>32,005,501</u>
15.2.1	These Musharakah are on a profit and loss sharing basis maturing between January 03, 2018 to June 27, 2018 and are secured against demand promissory notes executed in favor of SBP. A limit of Rs 25,700 million (December 31, 2016: Rs 19,200 million) has been allocated to the Group by SBP under Islamic Export Refinance Scheme.		
15.2.2	These Musharakah are on profit and loss sharing basis. A limit of USD 10 million has been allocated to the Group under the agreement with Karandaaz.		
15.2.3	These Musharakahs / Modarabas are on profit and loss sharing basis. The expected average return on these Musharakah/ Modarabas is around 5.95% (2016: 5.71%) per annum. These balances are maturing latest by January 08, 2018 (2016: January 19, 2017).		
15.3	Particulars of due to financial institutions	2017	2016
Rupees in '000			
	Short - term	36,484,287	31,836,995
	Long - term	329,008	168,506
		<u>36,813,295</u>	<u>32,005,501</u>
16	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	- Fixed deposits	167,981,117	141,796,085
	- Savings deposits	258,421,153	220,228,372
	- Current accounts - non-remunerative	236,032,293	195,597,883
	- Margin	5,513,350	2,118,269
		<u>667,947,913</u>	<u>559,740,609</u>
	Financial institutions		
	- Remunerative deposits	4,863,061	3,307,614
	- Non-remunerative deposits	369,336	951,629
		<u>5,232,397</u>	<u>4,259,243</u>
		<u>673,180,310</u>	<u>563,999,852</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

16.1 Particulars of deposits	2017	2016
	Rupees in '000	
In		
- local currency		
Modaraba based deposits	410,852,749	347,370,022
Qard based deposits	224,691,136	187,682,195
	635,543,885	535,052,217
- foreign currencies		
Modaraba based deposits	24,802,602	20,045,839
Qard based deposits	12,833,823	8,901,796
	37,636,425	28,947,635
	673,180,310	563,999,852

17 SUB-ORDINATED SUKUK

In 2016, the Holding company issued regulatory Shariah compliant unsecured, subordinated privately placed Tier II Sukuk based on Modaraba of Rs 7,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017 (Section 120 of the repealed 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 (Modaraba Profit Amount)	The Modaraba 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 6.68% 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.

18 DEFERRED TAX LIABILITIES

	2017	2016
	Rupees in '000	
Taxable temporary differences on:		
Excess of accounting book values over tax written down values of owned assets	495,002	632,001
Surplus on revaluation of available for sale investments	419,953	1,251,679
Tax on accumulated profit on associates	288,914	530,837
Others	-	67,416
Deductible temporary differences on:		
Provision for diminution in value of investments	(351,664)	(146,078)
Income not accrued due to non-culmination of islamic financing	(495,668)	(332,824)
Provision against Workers' Welfare Fund	(21,061)	(29,241)
Provision against non-banking assets acquired in satisfaction of claims and other assets	(89,855)	(18,587)
Others	(14,834)	-
	230,787	1,955,203

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

19	OTHER LIABILITIES	Note	2017	2016
			Rupees in '000	
	Return on deposits and other dues			
	- payable in local currency	19.1	2,268,390	2,023,164
	- payable in foreign currency		42,913	29,709
	Unearned income		22,146	23,605
	Accrued expenses		2,445,960	2,931,137
	Current taxation (provision less payments)		1,919,085	1,260,356
	Unclaimed dividends		6,761	6,294
	Payable to defined benefit plan	35.2	726,369	374,847
	Provision against off-balance sheet obligations	19.2	118,880	105,398
	Security deposits against Ijarah		9,211,429	6,078,190
	Charity payable	19.3	139	1,509
	Payable on account of credit murabaha		11,566	117,092
	Advance against future Diminishing Musharakah		55,320	121,773
	Withholding taxes payable		129,473	130,997
	Workers Welfare Fund payable	19.4	994,865	834,456
	Others		1,211,975	365,030
			<u>19,165,271</u>	<u>14,403,557</u>

19.1 This includes Rs 84 million (2016: Rs 56 million) in respect of return accrued on borrowings from SBP under the Islamic Export Refinance Scheme.

19.2	Provision against off-balance sheet obligations	Note	2017	2016
			Rupees in '000	
	Opening balance		105,398	105,398
	Charge for the year		13,482	-
	Closing balance		<u>118,880</u>	<u>105,398</u>

19.3	Reconciliation of charity payable		2017	2016
	Balance as at January 1		1,509	4,903
	Additions during the year		31,439	28,198
	Less: Transferred to charity savings account (included in deposits and other accounts)	19.3.1	(32,809)	(31,592)
	Balance as at December 31		<u>139</u>	<u>1,509</u>

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

19.3.1 Charity paid through saving account during the year is Rs 31.1 million (2016: Rs 37.8 million). Charity in excess of Rs 100,000 was paid to the following organizations:

	2017	2016
	Rupees in '000	
Ihsan Trust - Related Party	25,000	17,000
Lahore Businessmen Association for Rehabilitation of the Disabled	1,000	500
Patients' Behbud Society for Aga Khan University Hospital	1,000	-
Fatimid Foundation Peshawar Centre	500	-
Family Educational Services Foundation	350	-
Sargodhian Spirit Trust	300	-
Binoria Welfare Trust	200	-
Care Foundation	200	100
Creek General Hospital Karachi	200	-
Health Education and Livelihood Promoter	200	-
Muhammad Shafi Trust	200	-
Muslim Welfare Centre	200	-
Pakistan Disabled Foundation	200	200
Pakistan Association of Deaf	200	200
SINA Health, Education & Welfare Trust	200	-
Eye Donor Organization	150	100
Nigheban Trust	150	-
Burns Centre Civil Hospital, Karachi	100	-
Infaq Memorial Trust	100	250
Karigar Training Institute	100	-
Mercy Pak	100	-
National Institute of Cardiovascular Disease	100	-
Noor-e-Ali Trust	100	-
Pakistan Association of Blind	100	-
SOS Children Village Karachi	100	-
Afzal Memorial Thelesimia Foundation	-	200
Akhuwat Foundation	-	100
Al Mustafa Trust Rawalpindi	-	150
Centre For Development of Social Services	-	200
Child Aid Association	-	100
Disabled Welfare Association	-	100
Fatimid Foundation Kidney Centre & General Hospital	-	150
Garage School	-	300
Hands	-	100
Institute of Business Administration - National Talent Hunt Program	-	12,770
Idara - Al Khair	-	500
Jamal Noor Hospital	-	100
Jinnah Foundation	-	100
Kiran Foundation	-	500
Karachi Education Initiative	-	1,297
Medical Aid Foundation (Rahat Kada)	-	200
Muhammadi Blood Bank	-	100
Pakistan Eye Bank	-	100
Patients Aid Foundation - Jinnah Hospital	-	200
Prevention of Blindness Trust	-	200
Rashid Memorial Welfare Organization	-	500
Saylani Welfare	-	100
Shafi Trust	-	100
Society for Heart Care	-	1,000
The Indus Hospital	-	100
The Kidney Center	-	100
Welfare Society for Patient Care	-	100
	31,050	37,817

19.3.2 The balance in Charity's saving account is Rs 2.059 million (2016: Rs 0.128 million).

19.3.3 Charity was not paid to any organization in which a director or his spouse had any interest at any time during the year.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

19.4 The Group has made full provision for Workers Welfare Fund based on profit for the respective years (2008-2017). Last 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 continues to maintain the provision in respect of WWF.

20 SHARE CAPITAL

20.1 Authorised capital

2017 (Number of Shares)		2016 (Number of Shares)	2017 Rupees in '000		2016 Rupees in '000
2,000,000,000		2,000,000,000	20,000,000		20,000,000
Ordinary shares of Rs 10 each					
Issued, subscribed and paid-up capital					
2017 (Number of Shares)		2016 (Number of Shares)	2017 Rupees in '000		2016 Rupees in '000
Ordinary shares					
516,517,908		456,353,635	5,165,179		4,563,536
546,384,260		546,384,260	5,463,843		5,463,843
1,062,902,168		1,002,737,895	10,629,022		10,027,379
			Fully paid in cash		
			Issued as bonus shares		

20.2 The Board of the Directors of the Holding company, in its meeting held on July 26, 2017 approved the issuance of 60,164,273 Right Shares to existing shareholders in the ratio of 6 ordinary shares for every 100 existing ordinary shares held by them at issue price of Rs 50 per share including premium of Rs 40 per share. The right issue was successfully completed and Right Shares were issued to shareholders in October, 2017.

20.3 Shareholding held by associated companies as at December 31, 2017 are as follows:

	Number of shares held	Percentage of shareholding
Noor Financial Investment Company - Kuwait	522,033,439	49.11%
Pakistan Kuwait Investment Company (Private) Limited	318,870,646	30.00%
Islamic Development Bank - Saudi Arabia	99,104,338	9.32%
Meezan Islamic Fund	2,840,077	0.27%
Meezan Dedicated Equity Fund	510,000	0.14%
Meezan Balanced Fund	79,819	0.01%
Meezan Asset Allocation Fund	6,410	0.00%

21 RESERVES	Note	2017 Rupees in '000	2016 Rupees in '000
Share Premium	20.2	2,406,571	-
Statutory reserve	21.1	7,777,925	6,515,372
Non Distributable Capital Reserve - Gain on Bargain Purchase		3,117,547	3,117,547
General reserve		91,082	91,082
		13,393,125	9,724,001

21.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount not less than 20% of the profit is to be transferred each year to a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

22 NON-CONTROLLING INTEREST	2017	2016
	Rupees in '000	
Opening balance	1,221,989	944,623
Share of profit for the year	161,481	420,522
Remeasurements of defined benefit plan - net of tax (directly recognised in equity)	(995)	1,044
Dividend payout by Subsidiary	(374,500)	(144,200)
Closing balance	<u>1,007,975</u>	<u>1,221,989</u>

23 SURPLUS ON REVALUATION OF INVESTMENTS	2017	2016
	Rupees in '000	
Quoted shares / units of mutual fund *	885,750	2,185,634
Other securities	278,553	1,560,122
	<u>1,164,303</u>	<u>3,745,756</u>
Less: Deferred tax liability	(348,008)	(1,287,239)
	<u>816,295</u>	<u>2,458,517</u>

*This includes surplus on revaluation of "available for sale" securities of associates.

24 CONTINGENCIES AND COMMITMENTS	2017	2016
	Rupees in '000	
24.1 Direct credit substitutes		
Guarantees favoring - Banks	<u>369,446</u>	<u>209,015</u>
24.2 Transaction related contingent liabilities		
Guarantees favoring - Government	12,306,548	10,925,552
- Banks	653,233	244,589
- Others	3,583,442	4,066,533
	<u>16,543,223</u>	<u>15,236,674</u>
24.3 Trade related contingent liabilities		
Import letters of credit	66,003,500	51,612,802
Acceptances	7,144,255	4,323,808
	<u>73,147,755</u>	<u>55,936,610</u>
24.4 Other contingencies		

The Income Tax Department has amended the deemed assessment orders of the Holding company for prior years including the tax year 2017. The additions / disallowances were mainly due to allocation of expenses relating to dividends and capital gains, allowability of provision against loans and advances, provision against investments and provision against other assets. In the amended order for tax year 2015, additional issues with respect to the taxability of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches have also been raised. The Holding company has obtained stay order from the High Court of Sindh against the demands raised through the amended order for the tax year 2015. Both the Holding company and the department have filed appeals with the Appellate Authorities in respect of the aforementioned matters.

The management of the Holding company, in consultation with its tax advisors, is confident that the decision in respect of the above matters would be in Holding Company's favour and accordingly no provision has been made in these financial statements with respect thereto. The additional tax liability in respect of gain on bargain purchase and non-adjustment of loss pertaining to HSBC Bank Middle East – Pakistan Branches is Rs 1,096 million and Rs 706 million respectively.

Notes to and forming part of the Consolidated Financial Statements

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	Note	2017	2016	
		Rupees in '000		
24.5	Commitments in respect of forward exchange contracts			
	Purchases	75,272,094	72,008,025	
	Sales	49,286,572	69,766,108	
24.6	Commitments for the acquisition of operating fixed assets	202,293	129,320	
24.7	Commitments in respect of Islamic financing and related assets	24.7.1	139,288,755	123,675,880
24.7.1	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 liability is unilaterally withdrawn.			
24.8	Other commitments	2017	2016	
		Rupees in '000		
	Bills for collection (inland)	125,354	144,063	
	Bills for collection (foreign)	38,774,344	30,342,514	
		38,899,698	30,486,577	
25	PROFIT / RETURN EARNED ON ISLAMIC FINANCING AND RELATED ASSETS, INVESTMENTS AND PLACEMENTS	Note	2017	2016
			Rupees in '000	
	On financing to			
	- Customers	25.1	21,495,183	14,930,713
	On investments in			
	- Available for sale securities		4,413,411	8,260,849
	- Held for trading securities		8,324	5,547
	- Held to maturity securities		1,565,200	1,192,125
	On deposits with financial institutions		8,612,816	6,372,190
			36,094,934	30,761,424
25.1	This includes income on Ijarah under IFAS 2 which is net off takaful expense of Rs 914 million (2016: Rs 668 million) recovered from customers.			
26	PROFIT ON DEPOSITS AND OTHER DUES EXPENSED	Note	2017	2016
			Rupees in '000	
	Deposits and other accounts		13,385,784	11,868,001
	Other Musharakahs / Modarabas / Murabaha	26.1	1,884,949	1,003,788
			15,270,733	12,871,789
26.1	This includes Rs 316 million (2016: Rs 263 million) paid / payable to SBP under Islamic Export Refinance Scheme.			
27	CAPITAL GAIN ON SALE OF INVESTMENTS - NET		2017	2016
			Rupees in '000	
	Shares / units of mutual funds - listed		642,230	1,005,189
	Sukuks		297,036	7,235
			939,266	1,012,424

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

28	OTHER INCOME	Note	2017	2016
			Rupees in '000	
	Gain on termination of Ijarah financing		144,206	108,327
	Gain on termination of diminishing musharakah financing		19,767	13,857
	Gain on sale of operating fixed assets		73,554	53,681
	Others	28.1	173,486	165,811
			411,013	341,676

28.1 This includes recoveries against loans written off by HSBC ME prior to its acquisition by the Group amounting Rs 23.553 million (2016: Rs 33.409 million).

29	ADMINISTRATIVE EXPENSES	Note	2017	2016
			Rupees in '000	
	Salaries, allowances and other employee benefits	29.1 & 29.3	8,279,263	7,332,157
	Charge for defined benefit plan		286,498	274,330
	Contribution to defined contribution plan		249,853	217,400
	Non - executive directors' fees		42,843	39,081
	Rent, electricity, taxes, insurance, etc.		2,601,550	2,434,834
	Depreciation	12.2	1,510,979	1,424,562
	Amortisation	12.4	177,508	178,529
	Communication		459,052	430,687
	Stationery and printing		402,584	319,535
	Repairs and maintenance		549,898	499,565
	Security charges including cash transportation charges		789,696	652,632
	Local transportation and car running		328,067	250,939
	Fees, subscription and clearing charges		359,710	176,581
	Entertainment		58,444	50,078
	Office supplies		201,948	176,410
	Hardware and software maintenance		259,807	245,533
	Advertisement and publicity		215,016	279,630
	Travelling		89,664	86,774
	Brokerage, commission and bank charges		183,656	123,496
	Legal and professional charges	29.2	32,503	23,220
	Auditors' remuneration	29.4	10,882	13,100
	Donation	29.5	-	200
	Others		36,414	77,824
			17,125,835	15,307,097

29.1 This includes remuneration to Shariah Advisor amounting to Rs 11.5 million (2016: Rs 10.7 million).

29.2 This includes remuneration to Shariah Board amounting to Rs 0.8 million (2016: Rs 0.6 million).

29.3 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 in respect of the bonus relating to all Executives and for the President & CEO and Deputy CEO of the Holding company amounted to Rs 665 million (2016: Rs 570.67 million), Rs 83.14 million (2016: Rs 78.44 million) and Rs 55.40 million (2016: Rs 52.27 million).

29.4	Auditors' remuneration	2017	2016
		Rupees in '000	
	Audit fee	3,985	3,900
	Fee for interim review	872	1,182
	Special certifications and sundry advisory services	3,776	2,965
	Tax services	210	2,930
		8,843	10,977
	Sindh sales tax on services	643	788
	Out of pocket expenses	1,396	1,335
		10,882	13,100

29.5	Donation	2017	2016
	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 Consolidated Financial Statements

For the year ended December 31, 2017

	Note	2017	2016
		Rupees in '000	
30 OTHER CHARGES			
Penalties imposed by the State Bank of Pakistan		10,824	3,600
31 TAXATION			
Current			
- for the year		4,599,996	3,283,846
- for prior years	31.1	373,600	268,219
		4,973,596	3,552,065
Deferred			
- for the year		(820,745)	362,603
		4,152,851	3,914,668

31.1 During the current year, the Finance Act 2017 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 373.6 million in the current year which is determined at the applicable tax rate of 4 percent on taxable income for the tax year 2017 (i.e year ended December 31, 2016).

	Note	2017	2016
		Rupees in '000	
31.2 Relationship between tax expense and accounting profit			
Profit before taxation		9,932,844	10,517,091
Effects of:			
- Tax calculated at the applicable rate of 35%		3,476,495	3,853,036
- Income chargeable to tax at reduced rate		105,031	(217,172)
- Prior years charge		373,600	268,219
- Permanent differences		5,326	(11,739)
- Others		192,399	22,324
Tax charge for the year		4,152,851	3,914,668
32 BASIC AND DILUTED EARNINGS PER SHARE			
Profit for the year		5,618,512	6,181,901
			Number
Weighted average number of ordinary shares		1,029,187,450	1,021,328,339
			Rupees
Basic earnings per share of the Holding company for the year	32.1	5.46	Restated 6.05

32.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2017 and 2016.

	Note	2017	2016
		Rupees in '000	
33 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	7	64,556,409	56,037,043
Balances with other banks	8	4,940,090	12,067,855
		69,496,499	68,104,898

Notes to and forming part of the Consolidated Financial Statements

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		2017	2016
		Number of Staff	
34	STAFF STRENGTH		
	Permanent	7,142	6,601
	Contractual basis	1,489	1,504
	Group's own staff strength at the end of the year	8,631	8,105
	Outsourced	1,399	1,388
	Total staff strength at the end of the year	10,030	9,493

35 DEFINED BENEFIT PLAN

35.1 General description - Defined Benefit Plan (Gratuity Scheme) of MBL

The activities of the gratuity scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2000 under the provisions of a trust deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the MBL and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the MBL and scheme participants in accordance with the Fund's trust deed. The disclosures from notes 35.2 to 35.14 pertain to defined benefit plan of MBL.

35.2 The amount recognised in the Consolidated Statement of Financial Position (in respect of the gratuity scheme) is determined as follows:

	2017	2016
	Rupees in '000	
Present value of defined benefit obligations	1,297,029	968,320
Fair value of plan assets	(855,904)	(844,964)
	441,125	123,356

35.3 Plan assets (in respect of the gratuity scheme) consist of the following:

	2017		2016	
	Rupees in '000	%	Rupees in '000	%
Meezan Aamdan Certificates	606,937	71%	533,224	63%
Al Meezan Mutual Fund	63,882	8%	-	-
Meezan Asset Allocation Plan	164,157	19%	250,178	30%
Fatima Fertilizer Company Limited - Sukuk	11,772	1%	60,000	7%
Savings account with Meezan Bank Limited	9,156	1%	1,562	0%
	855,904	100%	844,964	100%

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

35.4 The movement in the defined benefit obligation (in respect of the gratuity scheme) over the year is as follows:

	2017		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	968,320	(844,964)	123,356
Current service cost	237,847	-	237,847
Return expense / (income)	83,547	(77,996)	5,551
	<u>1,289,714</u>	<u>(922,960)</u>	<u>366,754</u>
Remeasurements:			
- Return on plan assets, excluding amounts included in return expense / (income)	-	110,363	110,363
- (Gain) / loss from change in demographic assumptions	-	-	-
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience losses / (gains)	87,364	-	87,364
	<u>87,364</u>	<u>110,363</u>	<u>197,727</u>
	<u>1,377,078</u>	<u>(812,597)</u>	<u>564,481</u>
Contribution	-	(123,356)	(123,356)
Benefit payments	(80,049)	80,049	-
At December 31	<u>1,297,029</u>	<u>(855,904)</u>	<u>441,125</u>
	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 return expense / (income)	-	(1,340)	(1,340)
- (Gain) / loss from change in demographic assumptions	-	-	-
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience losses / (gains)	(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>

Notes to and forming part of the Consolidated Financial Statements

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35.5 Charge for defined benefit plan (in respect of the gratuity scheme)	2017	2016
	Rupees in '000	
Current service cost	237,847	224,443
Net return cost	5,551	8,824
	<u>243,398</u>	<u>233,267</u>

Total expense recognized in Profit and Loss Account amounted to Rs 279.078 million (2016: Rs 268.150 million) of which Rs 243.398 million (2016: Rs 233.267 million) pertains to approved Gratuity funded Scheme and Rs 35.680 million (2016: Rs 34.883 million) pertains to End of Service unfunded Defined Benefit scheme. Total expense recognized in Other Comprehensive Income amounted to Rs 189.878 million (2016: credit / reversal of Rs 59.832 million) of which Rs 197.727 million (2016: credit / reversal of Rs 59.911 million) pertains to approved defined Benefit Gratuity Scheme and credit / reversal of Rs 7.849 million (2016: charge of 0.079 million) pertains to End of Service unfunded Defined Benefit scheme.

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 gratuity scheme)	2017	2016
Discount rate	9.50% p.a	9.00% p.a
Expected rate of increase in salaries	9.50% p.a	9.00% p.a
Expected rate of return on investments	9.50% p.a	9.00% 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 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%	(140,491)	168,203
Salary growth rate	1.0%	173,133	(146,889)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy / Withdrawal rate		(129,703)	129,703

Methodology followed for calculating sensitivities

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Consolidated Statement of Financial Position.

35.10 The weighted average duration of the defined benefit obligation is 11.75 years.

35.11 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2017	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
Gratuity	<u>120,675</u>	<u>60,846</u>	<u>200,992</u>	<u>5,330,012</u>	<u>5,712,525</u>

Notes to and forming part of the Consolidated Financial Statements

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35.12 Historical information	2017	2016	2015	2014	2013
	Rupees in '000				
Defined benefit obligation	1,297,029	968,320	817,468	574,550	410,819
Fair value of plan assets	(855,904)	(844,964)	(590,988)	(451,069)	(332,294)
Deficit	441,125	123,356	226,480	123,481	78,525
Remeasurements of plan liabilities	(87,364)	58,571	(39,732)	(35,521)	(32,941)
Remeasurements of plan assets	(110,363)	1,340	(789)	2,475	(25,763)

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 274.647 million as per the actuarial valuation report of the Bank as of December 31, 2017.

35.14 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform to the yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the MBL's support, the current investment strategy manages this risk adequately.
Changes in Sukuk (bond) yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to off set inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the MBL on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

35.15 End of Service Unfunded Defined Benefit of MBL

The Holding company also operates an End of Service unfunded defined benefit for the founding President and Chief Executive Officer.

The charge in respect of current service cost is recognised based on expected period of future service. The charge for the year of this benefit amounted to Rs 27.831 million out of which Rs 35.680 million has been recognized in the Consolidated Profit and Loss Account and the credit / reversal of Rs 7.849 million in Consolidated Other Comprehensive Income. The present value of defined benefit obligation recognised in respect of this benefit amounts to Rs 274.758 million.

The principal actuarial assumptions comprise of discount rate of 9.5 percent and salary increase rate of 9.5 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 5.573 million (in case the discount rate is increased) and Rs 5.749 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 0.275 million (in case of ten percent increase in assumption) and higher by Rs 0.275 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 as of December 31, 2017.

Notes to and forming part of the Consolidated Financial Statements

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36 DEFINED CONTRIBUTION PLAN

The Group also operates a recognized contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Group and the employees, to the fund at a rate of 10% of basic salary.

	2017	2016
	Rupees in '000	
Contribution from the Group	249,853	217,400
Contribution from the employees	249,853	217,400
	<u>499,706</u>	<u>434,800</u>

37 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President and Chief Executive		Directors		Executives	
	2017	2016	2017	2016	2017	2016
	Rupees in '000					
Fees*	-	-	42,843	39,081	-	-
Managerial remuneration	42,717	40,298	28,463	26,852	1,710,271	1,511,121
Charge for gratuity scheme	-	-	2,033	1,918	98,279	86,110
Contribution to defined contribution plan	-	-	2,440	2,302	122,786	102,743
House Rent	16,476	15,544	10,978	10,357	587,476	511,135
Utilities	3,661	3,454	2,440	2,302	130,556	113,592
Medical	7,758	3,854	2,751	2,459	127,958	111,371
Conveyance	1,706	1,412	1,088	880	-	-
Others	1,536	1,349	1,508	1,210	3,251	6,457
	<u>73,854</u>	<u>65,911</u>	<u>94,544</u>	<u>87,361</u>	<u>2,780,577</u>	<u>2,442,529</u>
Number of persons	<u>1</u>	<u>1</u>	<u>11</u>	<u>12</u>	<u>1,270</u>	<u>1,089</u>

* This includes amounts charged in these financial statements as fees to ten (2016: eleven) non-executive directors.

- 37.1** Executives mean employees, other than Chief Executive 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".
- 37.2** The Chief Executive, the Deputy Chief Executive Officer (the Executive Director) and certain executives have been provided with free use of the Group cars.
- 37.3** In addition to the above, all Executives of the Holding company, including the President & Chief Executive Officer and Deputy Chief Executive Officer of the Holding company are also entitled to bonus which is disclosed in note 29.3 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 35.15 to these financial statements.

38 FAIR VALUE OF FINANCIAL INSTRUMENT

- 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 Group's accounting policy as stated in note 6.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

Notes to and forming part of the Consolidated Financial Statements

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38.2 Off-balance sheet financial instruments	2017		2016	
	Book value	Fair value	Book value	Fair value
	Rupees in '000			
Forward purchase of foreign exchange - net	72,953,918	75,547,124	73,222,495	72,555,307
Forward sale of foreign exchange - net	47,965,438	49,494,849	71,184,529	70,252,958

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	2017			
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Investments - Net				
Financial Assets				
Available for sale securities				
Ordinary shares - listed	4,526,079	-	-	4,526,079
Units of open end fund	50,939	-	-	50,939
GoP Sukuk	-	57,151,526	-	57,151,526
PIA Sukuk	-	1,500,000	-	1,500,000
Global Sukuk Bonds	5,055,704	-	-	5,055,704
Forward purchase of foreign exchange contracts	-	75,547,124	-	75,547,124
Forward sale of foreign exchange contracts	-	49,494,849	-	49,494,849
Held for trading securities				
Sukuk	100,766	-	-	100,766
	2016			
Recurring Fair Value Measurements	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 Sukuk	-	70,510,182	-	70,510,182
WAPDA Sukuk	-	289,775	-	289,775
PIA Sukuk	-	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

Investment in associates (listed - mutual funds) have market value of Rs 5,780 million (2016: Rs 6,605 million) as disclosed in note 10.6 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 fund, Fatima Fertilizer Sukuk and global sukuk bonds classified as available for sale or held for trading instruments.

(b) Financial instruments in level 2

Financial instruments included in level 2 comprise of GoP ijarah sukuk and PIA sukuk classified as "available for sale".

(c) Financial instruments in level 3

Currently, no financial instruments are classified in level 3.

Valuation techniques used in determination of fair values within level 2

Item	Valuation approach and input used
GoP Sukuk and PIA Sukuk	The fair value of GoP Ijarah Sukuk and PIA Sukuk quoted are derived using PKISRV rates. The PKISRV rates are announced by FMA (Financial Market Association) through Reuters. The rates announced are simple average of quotes received from eight different pre-defined/ approved dealers / brokers.
Forward foreign exchange contracts	The valuation has been determined by interpolating the mid rates announced by State Bank of Pakistan.

38.4 Non-banking assets acquired in satisfaction of claims have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 13. The valuations are conducted by the valuation experts appointed by the holding company which are also on the panel of State Bank of Pakistan. The valuation experts used a market based approach to arrive at the fair value of the Holding company's properties. The market approach used prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a qualitative disclosure of sensitivity has not been presented in these consolidated financial statements.

38.5 Financial assets not measured at fair value

	Carrying Value	
	2017	2016
	Rupees in '000	
Cash and balances with treasury banks	64,556,409	56,037,043
Balances with other banks	4,940,090	12,067,855
Due from financial institutions	147,229,221	129,115,165
Investments - net	48,996,187	43,231,825
Islamic financing and related assets - net	419,929,149	311,530,270
Other assets - net	12,397,292	8,826,890

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39 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	2017						Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	Asset Management	
	Rupees in '000						
Total income	1,719,764	16,094,750	9,173,788	15,849,469	13,513	1,086,668	43,937,952
Total expenses	(1,420,428)	(14,678,214)	(7,265,558)	(13,864,737)	(4,730)	(924,292)	(38,157,959)
Net income	299,336	1,416,536	1,908,230	1,984,732	8,783	162,376	5,779,993
Segment assets	22,003,813	323,855,589	112,844,698	322,995,096	-	4,268,133	785,967,329
Segment non performing assets	181,682	785,762	1,611,389	5,284,946	-	162,528	8,026,307
Segment provision held*	181,682	785,762	2,058,498	6,793,679	-	162,528	9,982,149
Segment liabilities	876,882	19,664,580	698,318,648	27,761,693	-	935,953	747,557,756
Segment return on assets (ROA) (%)	1.57%	0.66%	2.07%	0.69%	-	3.80%	-
Segment cost of funds (%)	2.45%	2.45%	2.45%	2.45%	-	-	-

	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	6,582,410	10,510,331	17,492	2,587,648	38,652,560
Total expenses	(1,013,800)	(15,593,999)	(5,202,999)	(8,953,126)	(6,122)	(1,280,091)	(32,050,137)
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%	-	-	-

*Includes general provision

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 includes major shareholders, associated companies, retirement benefit funds, directors and key management personnel and their close family members.

40.2 Transactions with related parties are entered in the normal course of business.

40.3 Key management personnel

- President and Chief Executive Officer - Holding Company
- Deputy Chief Executive Officer - Holding Company

40.4 Details of transactions with related parties and balances with them as at the year-end are as follows:

	Total		Associates		Key management personal / Directors		Other related parties	
	2017	2016	2017	2016	2017	2016	2017	2016
	Rupees in '000							
Islamic financing and related assets								
At January 1	2,484,365	944,387	2,484,365	944,387	-	-	-	-
Addition during the year	6,613,113	7,562,436	6,613,113	7,562,436	-	-	-	-
Repayment during the year	(8,420,974)	(6,022,458)	(8,420,974)	(6,022,458)	-	-	-	-
At December 31	676,504	2,484,365	676,504	2,484,365	-	-	-	-
Investments - At December 31	5,779,700	7,055,447	5,779,700	7,055,447	-	-	-	-
Deposits								
At December 31	4,381,811	3,654,710	1,248,619	1,300,974	429,167	402,039	2,704,025	1,951,697

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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.

	Total		Associates		Key Management Personnel / Directors		Other Related Parties	
	2017	2016	2017	2016	2017	2016	2017	2016
Rupees in '000								
Balances								
Profit receivable on financing / investments	10,228	26,418	10,228	26,418	-	-	-	-
Dividend receivable	-	4,286	-	4,286	-	-	-	-
Fee receivable	4,688	7,995	4,688	7,995	-	-	-	-
Payable to defined benefit plan	726,369	374,847	-	-	274,758	246,926	451,611	127,921
Advance against future Diminishing Musharakah	-	52,994	-	52,994	-	-	-	-
Letters of guarantee (unfunded)	-	1,201,001	-	1,201,001	-	-	-	-
Letters of credit (unfunded)	29,851	938,923	29,851	938,923	-	-	-	-
Transactions, income and expenses								
Profit earned on financing / investments	152,697	73,290	152,697	73,290	-	-	-	-
Return on deposits / borrowing expensed	180,522	152,792	32,964	29,875	11,301	5,863	136,257	117,054
Dividend income earned	377,626	256,296	377,626	256,296	-	-	-	-
Investments made	1,243,264	1,364,874	1,243,264	1,364,874	-	-	-	-
Capital gain (net)	252,766	318,432	252,766	318,432	-	-	-	-
Charge for diminution in value of investments	-	9,814	-	9,814	-	-	-	-
Charge for defined benefit gratuity scheme	480,213	210,466	-	-	-	-	480,213	210,466
Contribution to defined contribution plan	249,853	217,400	-	-	-	-	249,853	217,400
Contribution to staff benevolent fund	20,000	19,347	-	-	-	-	20,000	19,347
Fees and other income earned	2,010,154	1,480,525	2,010,154	1,480,525	-	-	-	-
Charity paid	25,000	17,000	-	-	-	-	25,000	17,000
Remuneration to key management personnel:								
- Salaries and benefits (excluding end of service benefit) (notes 37 & 29.3)	264,095	244,901	-	-	264,095	244,901	-	-
- End of service benefit charge for the founder president (note 35.15)	27,831	34,962	-	-	27,831	34,962	-	-
Fees to non-executive directors (note 37)	42,843	39,081	-	-	42,843	39,081	-	-

40.5 Associates - Key Information

	2017 (Unaudited)	2016
	—————	—————
	Mutual Funds*	—————
	—————	—————
	Rupees in '000	—————
Assets	104,297,210	114,348,475
Liabilities	2,718,908	2,402,357
Operating revenue	(12,051,032)	23,436,427
(Loss) / Profit after tax	(12,067,539)	22,201,119

* Information is based on reviewed financial information as at December 31, 2017 and December 31, 2016.

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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 the requirements which were applicable last year.

41.1 Capital structure

Under Basel III framework, the Group's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, balance in share premium account, reserve for bonus issue, minority interest, general reserves and unappropriated profit (net of losses), etc after regulatory deductions for reciprocal crossholdings, deficit on revaluation of available for sale investments and deduction for book value of intangibles; and
 - b) Additional Tier 1 capital (AT1), which includes instruments issued by the Group which meet the specified criteria after certain regulatory deductions.
- Tier II capital, which includes Sub-ordinated Sukuk, general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (upto a maximum of 89%).

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.

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 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.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 11.275% as of December 31, 2017 whereas the Consolidated CAR stood at 13.36% at the year ended December 31, 2017.

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.

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.

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41.3 Capital Adequacy Ratio (CAR) disclosure	2017	2016**
Particulars	Rupees in '000	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	10,629,022	10,027,379
Balance in share premium account	2,406,571	-
Reserve for issue of bonus shares	-	-
General / Statutory Reserves	10,986,554	9,724,001
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	12,563,156	11,340,678
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	412,930	635,145
CET 1 before Regulatory Adjustments	36,998,233	31,727,203
Total regulatory adjustments applied to CET1 (Note 41.3.1)	(725,538)	(636,634)
Common Equity Tier 1	36,272,695	31,090,569
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	37,294	25,826
- of which: instrument issued by subsidiaries subject to phase out	37,294	25,826
AT1 before regulatory adjustments	37,294	25,826
Total of Regulatory Adjustment applied to AT1 capital (Note 41.3.2)	(15,000)	(13,694)
Additional Tier 1 capital after regulatory adjustments	22,294	12,132
Tier 1 Capital (CET1 + admissible AT1)	36,294,989	31,102,701
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	7,000,000	7,000,000
Capital instruments subject to phase out arrangement issued	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries	62,157	43,044
- 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	2,377,711	1,494,391
Revaluation Reserves (net of taxes)	726,503	1,917,644
of which:		
- Revaluation reserves on fixed assets	-	-
- Unrealized gains/losses on AFS	726,503	1,917,644
Foreign Exchange Translation Reserves	-	-
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	10,166,371	10,455,079
Total regulatory adjustment applied to T2 capital (Note 41.3.3)	(50,000)	(50,000)
Tier 2 capital (T2) after regulatory adjustments	10,116,371	10,405,079
Tier 2 capital recognized for capital adequacy	10,116,371	10,405,079
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	10,116,371	10,405,079
TOTAL CAPITAL (T1 + admissible T2)	46,411,360	41,507,780
Total Risk Weighted Assets (RWA) {for details refer Note 41.6}	347,270,256	303,202,895

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Particulars	2017	2016
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	10.45%	10.25%
Tier-1 capital to total RWA	10.45%	10.26%
Total capital to total RWA	13.36%	13.69%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
of which:	7.275%	6.65%
- capital conservation buffer requirement	1.275%	0.65%
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	4.45%	4.25%
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)	1.275%	0.65%
Total Capital plus CCB	11.275%	10.65%

Particulars	2017		2016**	
	Amount	Pre-BaseI III treatment*	Amount	Pre-BaseI 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)	529,613	-	466,920	-
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	195,925	-	169,714	-
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	725,538	-	636,634	-
41.3.2 Additional Tier 1 Capital: regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	15,000	-	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	2017		2016**	
	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	15,000	-	13,694	-

*This column highlights items that are still subject to Pre BaseI 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	-	-	-	-
Reciprocal cross holdings in Tier 2 instruments	50,000	-	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	-	50,000	-

41.3.4 Risk Weighted Assets subject to Pre-BaseI III treatment

	2017	2016**
	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)	-	-

*This column highlights items that are still subject to Pre BaseI III treatment during the transitional period

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	2017	2016**
	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)	2,377,711	1,494,391
Cap on inclusion of provisions in Tier 2 under standardized approach	3,523,148	3,016,910
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.

Particulars	2017	2016**
	Rupees in '000	
On balance sheet exposures		
1 On-balance sheet items		
(excluding unrealised gain on forward contracts)	785,241,791	663,267,675
2 Forward exchange commitments with positive fair values	1,252,104	1,439,734
Total On balance sheet exposures	786,493,895	664,707,409
Off-balance sheet items		
3 Off-balance sheet items	121,092,111	87,731,058
4 Commitment in respect of forward exchange contracts	1,160,040	1,376,300
Total Off balance sheet exposures	122,252,151	89,107,358
Capital and total exposures		
5 Tier 1 capital (Note 41.3)	36,294,989	31,102,701
Total exposures	908,746,046	753,814,767
Basel III leverage ratio	3.99%	4.13%

The current year's leverage ratio is 3.99% (2016: 4.13%) whereas total tier 1 capital and total exposures are Rs 36,294.989 million (2016: Rs 31,102.701 million) and Rs 908,746.046 million (2016: Rs 753,814.767 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	64,556,409	64,556,409
Balances with other banks	4,940,090	4,940,090
Due from financial institutions	147,229,221	147,229,221
Investments	123,160,901	123,160,901
Islamic financing and related assets	419,929,149	419,929,149
Operating fixed assets	11,994,586	11,994,586
Deferred tax assets	-	-
Other assets	14,156,973	14,156,973
Total assets	785,967,329	785,967,329
Liabilities and Equity		
Bills payable	11,168,093	11,168,093
Due to financial institutions	36,813,295	36,813,295
Deposits and other accounts	673,180,310	673,180,310
Sub-ordinated sukuk	7,000,000	7,000,000
Deferred tax liabilities	230,787	230,787
Other liabilities	19,165,271	19,165,271
Total liabilities	747,557,756	747,557,756
Share capital	10,629,022	10,629,022
Reserves	13,393,125	13,393,125
Unappropriated profit	12,563,156	12,563,156
Minority Interest	1,007,975	1,007,975
Surplus on revaluation of investments - net of tax	816,295	816,295
Total liabilities and equity	785,967,329	785,967,329

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		64,556,409	64,556,409
Balances with other banks		4,940,090	4,940,090
Due from financial institutions		147,229,221	147,229,221
Investments		123,160,901	123,160,901
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	195,925	195,925
- others	e	-	-
Islamic financing and related assets		419,929,149	419,929,149
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	2,377,711	2,377,711
Operating fixed assets		11,994,586	11,994,586
- of which: Intangibles	k	529,613	529,613
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		14,156,973	14,156,973
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		785,967,329	785,967,329
Liabilities and Equity			
Bills payable		11,168,093	11,168,093
Due from financial institutions		36,813,295	36,813,295
Deposits and other accounts		673,180,310	673,180,310
Sub-ordinated sukuk of which:		7,000,000	7,000,000
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	7,000,000	7,000,000
Deferred tax liabilities of which:		230,787	230,787
- 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	230,787	230,787
Other liabilities		19,165,271	19,165,271
Total liabilities		747,557,756	747,557,756
Share capital		10,629,022	10,629,022
- of which: amount eligible for CET1	s	10,629,022	10,629,022
- of which: amount eligible for AT1	t	-	-
Reserves of which:	u	13,393,125	13,393,125
- portion eligible for inclusion in CET1 - Share Premium		2,406,571	2,406,571
- portion eligible for inclusion in CET1 - Statutory reserve		7,777,925	7,777,925
- 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	12,563,156	12,563,156
Minority Interest of which:		1,007,975	1,007,975
- portion eligible for inclusion in CET1	x	412,930	412,930
- portion eligible for inclusion in AT1	y	37,294	37,294
- portion eligible for inclusion in Tier 2	z	62,157	62,157
Surplus on revaluation of assets of which:		816,295	816,295
- Revaluation reserves on Property		-	-
- Unrealized Gains/Losses on AFS	aa	816,295	816,295
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
Total liabilities and Equity		785,967,329	785,967,329

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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 group
Rupees in '000		
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital	(s)	10,629,022
2 Balance in share premium account	(u)	2,406,571
3 Reserve for issue of bonus shares		-
4 General / Statutory Reserves	(u)	10,986,554
5 Gain / (Losses) on derivatives held as Cash Flow Hedge		-
6 Unappropriated / unremitted profits	(w)	12,563,156
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)	412,930
8 CET 1 before Regulatory Adjustments		36,998,233
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)	529,613
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)	195,925
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		725,538
Common Equity Tier 1		36,272,695
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)	37,294
33 - of which: instrument issued by subsidiaries subject to phase out		37,294
34 AT1 before regulatory adjustments		37,294

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Particulars	Source based on reference number from step 2	Component of regulatory capital reported by group
		Rupees in '000
Additional Tier 1 Capital: regulatory adjustments		
35 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		15,000
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		15,000
43 Additional Tier 1 capital		22,294
44 Additional Tier 1 capital recognised for capital adequacy		22,294
Tier 1 Capital (CET1 + admissible AT1)		36,294,989
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	(z)	62,157
- of which: instruments issued by subsidiaries subject to phase out		-
48 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	2,377,711
49 Revaluation Reserves eligible for Tier 2 of which:		726,503
50 - portion pertaining to Property		-
51 - portion pertaining to AFS securities	89% of (aa)	726,503
52 Foreign Exchange Translation Reserves	(v)	-
53 Undisclosed / Other Reserves (if any)		-
54 T2 before regulatory adjustments		10,166,371
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)		10,116,371
62 Tier 2 capital recognised for capital adequacy		10,116,371
63 Excess Additional Tier 1 capital recognised in Tier 2 capital		-
64 Total Tier 2 capital admissible for capital adequacy		10,116,371
TOTAL CAPITAL (T1 + admissible T2)		46,411,360

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41.5 Main features of regulatory capital instruments of the Holding Company

	Main Features	Common Shares	Tier II Sukuk
1	Issuer	Meezan Bank Limited	Meezan Bank Limited
2	Unique identifier (eg PSX Symbol or Bloomberg identifier etc.)	MEBL	Meezan Bank Limited - Tier II Modaraba Sukuk
3	Governing law(s) of the instrument	Listing regulations of Pakistan 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 10,629,022	Rs 7,000,000
9	Par value of instrument	Rs 10	Rs 1,000,000
10	Accounting classification	Shareholders equity	Liability - Sub-ordinated 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

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41.6 Risk-weighted exposures	Minimum capital requirements		Risk weighted assets	
	2017	2016**	2017	2016**
	Rupees in '000			
Credit Risk				
Portfolios subject to on-balance sheet exposure (Simple Approach)				
Cash and cash equivalents	-	-	-	-
Sovereign	97,567	156,723	975,672	1,567,232
Public sector entities	516,923	434,818	5,169,232	4,348,180
Banks	777,626	1,079,254	7,776,259	10,792,536
Corporate	19,161,086	16,957,024	191,610,860	169,570,236
Retail	2,698,514	1,663,258	26,985,140	16,632,575
Residential mortgage	513,916	404,127	5,139,157	4,041,268
Past due loans	18,591	24,485	185,913	244,852
Operating fixed assets	1,148,210	856,477	11,482,096	8,564,766
All other assets	704,323	561,770	7,043,235	5,617,699
Portfolios subject to off-balance sheet exposure - non market related (Simple approach)				
Banks	104,247	80,772	1,042,470	807,717
Corporate	1,890,061	1,559,953	18,900,613	15,599,530
Retail	165,692	58,377	1,656,922	583,766
Others	542	57,868	5,423	578,681
Portfolios subject to off-balance sheet exposures - market related (Current exposure method)				
Banks	133,087	68,570	1,330,869	685,696
Customers	140,295	48,633	1,402,950	486,330
Equity Exposure Risk in the Banking Book				
Unlisted equity investments held in banking book	114,502	123,175	1,145,022	1,231,754
Market Risk				
Capital Requirement for portfolios subject to Standardised Approach				
Interest rate risk	137,423	114,157	1,717,789	1,426,960
Equity position risk	1,281,666	1,452,958	16,020,830	18,161,975
Foreign Exchange risk	6,032	21,541	75,401	269,267
Operational Risk				
Capital requirement for operational risk	3,808,352	3,359,350	47,604,403	41,991,875
Total	33,418,655	29,083,290	347,270,256	303,202,895
Capital Adequacy Ratio	Required	Actual	Required	Actual**
	December 2017		December 2016	
CET1 to total RWA	6.00%	10.45%	6.00%	10.25%
Tier-1 capital to total RWA	7.50%	10.45%	7.50%	10.26%
Total capital to total RWA	11.275%***	13.36%	10.65%***	13.69%

**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 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 the Holding Company
Asset and Liability Management Committee (ALCO)	President & CEO of the Holding Company
Compliance and Operational Risk Management Committee (CORMC)	President & CEO of the Holding Company

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 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 MBL is maximized without compromising on risk appetite. ALCO also ensures that MBL's overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

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

The Group's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

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 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 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 281,851.833 million (2016: Rs 241,352.818 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 13.36%.

42.1.1 Segmental information

42.1.1.1 Segment by class of business

	2017					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, food, forestry and fishing	106,126,840	24.75	2,070,960	0.31	49,266,978	12.54
Automobile and transportation equipment	4,597,949	1.07	3,442,964	0.51	3,784,683	0.96
Cement	8,146,923	1.90	9,193,802	1.37	5,843,285	1.49
Chemical and pharmaceuticals	20,610,092	4.81	5,504,669	0.82	11,957,919	3.04
Construction	7,184,923	1.68	9,396,335	1.40	2,821,534	0.72
Electronics and electrical appliances	4,102,683	0.96	2,379,991	0.35	3,150,997	0.80
Exports / imports	5,905,169	1.38	5,566,639	0.83	6,350,495	1.62
Financial institutions	930,720	0.22	2,440,820	0.36	125,173,794	31.85
Footwear and leather garments	1,323,985	0.31	1,169,170	0.17	1,859,321	0.47
Individuals	36,161,774	8.43	467,572,907	69.46	13,980,296	3.56
Insurance	35,691	0.01	2,818,368	0.42	13,929	-
Paper, board and packaging	8,221,654	1.92	1,097,194	0.16	3,206,489	0.82
Power (electricity), oil, gas and water	74,548,300	17.39	1,365,603	0.20	38,494,432	9.79
Services	4,738,616	1.11	18,261,817	2.71	3,111,369	0.79
Sugar	10,780,230	2.50	1,116,362	0.17	3,659,712	0.93
Textile	71,916,540	16.77	19,441,515	2.89	62,347,165	15.86
Transport, storage and communication	15,555,275	3.63	12,885,241	1.91	7,157,119	1.82
Wholesale and retail trade	14,315,391	3.34	20,273,782	3.01	10,615,775	2.70
Others	33,530,836	7.82	87,182,171	12.95	40,214,544	10.24
	428,733,591	100.00	673,180,310	100.00	393,009,836	100.00

	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	142,226,631	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	73.57	15,260,443	4.15
Insurance	52,731	0.00	1,457,518	0.26	12,368	0.02
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
Others	22,917,997	7.17	59,581,061	10.56	41,960,352	11.42
	319,616,864	100.00	563,999,852	100.00	367,448,209	100.00

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42.1.1.2 Segmental by sector

	2017					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	134,951,330	31.48	24,306,266	3.61	19,646,280	5.00
Private	293,782,261	68.52	648,874,044	96.39	373,363,556	95.00
	<u>428,733,591</u>	<u>100.00</u>	<u>673,180,310</u>	<u>100.00</u>	<u>393,009,836</u>	<u>100.00</u>

	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	16,665,076	4.54
Private	241,737,592	75.63	557,015,303	98.76	350,783,133	95.46
	<u>319,616,864</u>	<u>100.00</u>	<u>563,999,852</u>	<u>100.00</u>	<u>367,448,209</u>	<u>100.00</u>

42.1.1.3 Details of non-performing Islamic financing and related assets and specific provisions by class of business segment:

	2017		2016	
	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	59,712	59,712	62,592	62,592
Textile	4,220,024	4,144,754	4,198,364	4,069,289
Chemical and pharmaceuticals	41,839	41,839	43,334	43,334
Sugar	108,718	108,718	108,718	108,718
Footwear and leather garments	215,346	189,571	188,113	188,121
Automobile and transportation equipment	636,494	636,094	659,566	659,057
Electronics and electrical appliances	19,616	19,616	19,616	19,616
Construction	19,930	19,930	21,597	21,597
Power (electricity), gas, water	2,796	2,796	2,796	2,796
Transport, storage and communication	12,648	9,966	12,648	9,966
Wholesale and retail trade	420,676	416,686	490,543	479,614
Paper, board and packaging	29,597	29,597	29,597	29,597
Exports / imports	258,821	252,140	260,263	249,713
Individuals	340,170	275,770	398,433	315,152
Others	219,742	219,542	351,112	333,041
	<u>6,606,129</u>	<u>6,426,731</u>	<u>6,847,292</u>	<u>6,592,203</u>

42.1.1.4 Details of non-performing Islamic financing and related assets and specific provisions by sector:

	2017		2016	
	Classified Islamic financing and related assets	Specific provisions held	Classified Islamic financing and related assets	Specific provisions held
	Rupees in '000			
Public / Government	-	-	-	-
Private	6,606,129	6,426,731	6,847,292	6,592,203
	<u>6,606,129</u>	<u>6,426,731</u>	<u>6,847,292</u>	<u>6,592,203</u>

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42.1.1.5 Geographical segment analysis

	2017			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees in '000			
Pakistan	9,932,844	785,967,329	38,409,573	393,009,836

	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	367,448,209

42.2 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 of Basel II. Meanwhile, none of the Group'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 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	2017				
	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 III requirements.

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42.2.2 Credit exposures subject to standardised approach

Exposures	2017			2016		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	151,721,981	120,907,869	30,814,112	111,726,004	64,244,659	47,481,345
50%	1,172,485	-	1,172,485	2,484,952	-	2,484,952
150%	48,780	-	48,780	-	-	-
Unrated	286,644	-	286,644	268,957	-	268,957
Sovereigns						
0%	171,965,673	42,036,396	129,929,277	185,057,759	15,000,000	170,057,759
20%	-	-	-	-	-	-
50%	1,728,346	-	1,728,346	1,564,297	-	1,564,297
100%	111,499	-	111,499	775,286	-	775,286
Public Sector entities						
20%	25,954,044	8,191,220	17,762,824	15,879,273	2,931,000	12,948,273
50%	-	-	-	3,475,000	-	3,475,000
Unrated (50%)	50,058,614	46,848,981	3,209,633	38,804,775	38,798,333	6,442
Corporate						
20%	46,789,540	5,342,857	41,446,683	43,160,828	3,575,000	39,585,828
50%	33,480,160	2,046,356	31,433,804	23,652,800	3,047	23,649,753
100%	3,515,549	-	3,515,549	2,915,500	-	2,915,500
Unrated 1	91,498,915	2,485,245	89,013,670	79,361,441	2,103,389	77,258,052
Unrated 2	95,068,947	36,561,120	58,507,827	69,607,453	14,016,685	55,590,768
Retails						
75%	43,943,059	7,962,873	35,980,186	27,348,238	5,171,471	22,176,767
Total	717,344,236	272,382,917	444,961,319	606,082,563	145,843,584	460,238,979

42.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Group obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Group has taken advantage of the cash collaterals available with the Group in the form of security deposits, cash margins, certificates of Islamic investment, monthly Modaraba certificate, saving accounts, guarantees, shares and Government securities.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Group to price risk as they are in the form of cash collaterals. Since eligible collaterals for CRM purposes are all in the form of cash collaterals, they generally do not pose risk to the Group in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The Group mainly takes the benefit of CRM against its claims on banks, corporate and retail portfolio. Under the standardized approach for on-balance sheet exposures, Rs 153,229.890 million of exposure on banks is subject to the CRM of Rs 120,907.869 million. The corporate portfolio of Rs 270,353.111 million is subject to the CRM of Rs 46,435.578 million whereas claims on retail portfolio of Rs 43,943.059 million is subject to CRM of Rs 7,962.873 million. The total benefit of Rs 272,382.917 million was availed through CRM against total on-balance sheet exposure of Rs 777,438.114 million.

Under off-balance sheet, non-market related exposures; the corporate portfolio of Rs 244,326.462 million is subject to the CRM of Rs 6,138.398 million whereas claims on retail portfolio of Rs 8,351.027 million is subject to CRM of Rs 939.262 million. Total benefit of Rs 8,761.160 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs 270,619.078 million.

In the year 2017, total CRM benefit was Rs 281,144.077 million as against amount of Rs 148,092.858 million in year 2016.

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 holding company has further defined limits to avoid excessive concentration of portfolio.

42.3 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 6.4 to these consolidated financial statements.

Notes to and forming part of the Consolidated 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 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.

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 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:

	2017			Net foreign currency exposure
	Assets	Liabilities	Off-balance sheet items	
	Rupees in '000			
Pakistan Rupees	760,379,591	696,007,414	(26,001,090)	38,371,087
United States Dollars	23,163,052	44,700,451	21,530,488	(6,911)
Great Britain Pounds	897,203	3,707,232	2,816,966	6,937
Japanese Yen	73,750	35	(73,560)	155
Euro	1,231,047	3,136,314	1,921,584	16,317
Singapore Dollars	3,709	3	-	3,706
Australian Dollars	92,145	1,605	(119,868)	(29,328)
Canadian Dollars	11,324	994	(11,006)	(676)
United Arab Emirates Dirham	94,171	-	(60,120)	34,051
Swiss Francs	3,675	-	(3,394)	281
Saudi Riyal	7,865	3,680	-	4,185
Swedish Korona	1,942	-	-	1,942
Malaysian Ringgit	1,752	-	-	1,752
Hongkong Dollar	843	28	-	815
Thailand Bhat	311	-	-	311
Norwegian Krone	653	-	-	653
Chinese Offshore Spot	1,695	-	-	1,695
Chinese Yuan	2,601	-	-	2,601
Total foreign currency exposure	25,587,738	51,550,342	26,001,090	38,486
Total currency exposure	785,967,329	747,557,756	-	38,409,573

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	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

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 Group. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Group invests in only Shariah compliant equities as advised by the 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 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.

Notes to and forming part of the Consolidated Financial Statements

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42.4.4 Mismatch of yield rate sensitive assets and liabilities

Effective yield rate %	2017										Non-yield bearing financial instruments
	Total	Exposed to yield risk								Above 10 years	
		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		
Rupees in '000											
On-balance sheet financial instruments											
Assets											
	64,556,409	-	-	-	-	-	-	-	-	-	64,556,409
Cash and balances with treasury banks	4,940,090	111,905	-	-	-	-	-	-	-	-	4,828,185
Balances with other banks	147,229,221	23,868,925	49,716,251	4,376,876	69,267,169	-	-	-	-	-	-
Due from financial institutions	123,160,901	7,027,190	6,988,489	48,745,895	-	30,698,206	15,126,496	1,124,924	2,221,122	-	11,228,579
Investments	419,929,149	41,964,180	152,729,213	83,155,120	16,726,426	3,679,676	6,921,316	13,278,112	1,016,739	2,690,280	97,768,067
Islamic financing and related assets	12,397,292	-	-	-	-	-	-	-	-	-	12,397,292
Other assets	772,213,062	72,972,200	209,433,953	136,277,891	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	190,778,552
Liabilities											
	11,168,093	-	-	-	-	-	-	-	-	-	11,168,093
Bills payable	36,813,295	16,390,656	8,731,443	10,869,365	-	-	-	-	-	-	821,831
Due to financial institutions	673,180,310	435,655,251	-	-	-	-	-	-	-	-	237,525,059
Deposits and other accounts	7,000,000	-	7,000,000	-	-	-	-	-	-	-	-
Sub-ordinated Sūkuk	9,807,725	-	-	-	-	-	-	-	-	-	9,807,725
Other liabilities	737,969,423	452,045,907	15,731,443	10,869,365	-	-	-	-	-	-	259,322,708
On-balance sheet gap	34,243,639	(379,073,707)	193,702,510	125,408,526	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	(68,544,156)
Non financial assets											
- Operating fixed assets	11,994,586	-	-	-	-	-	-	-	-	-	-
- Other assets	1,759,681	-	-	-	-	-	-	-	-	-	-
	13,754,267	-	-	-	-	-	-	-	-	-	-
Non financial liabilities											
- Other liabilities	9,357,546	-	-	-	-	-	-	-	-	-	-
- Deferred tax liabilities	230,787	-	-	-	-	-	-	-	-	-	-
	9,588,333	-	-	-	-	-	-	-	-	-	-
Total net assets	38,409,573	-	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments											
Forward Lending	-	-	-	-	-	-	-	-	-	-	-
Forward borrowings	-	-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap	-	-	-	-	-	-	-	-	-	-	-
Total yield risk rate sensitivity gap	-	(379,073,707)	193,702,510	125,408,526	85,993,595	34,377,882	22,047,812	14,403,036	3,237,861	2,690,280	(68,544,156)
Cumulative yield risk rate sensitivity gap	-	(379,073,707)	(185,371,197)	(59,962,671)	26,030,924	60,408,806	82,456,618	96,859,654	100,097,515	102,787,795	34,243,639

Effective yield rate %	2016										Non-yield bearing financial instruments
	Total	Exposed to yield risk								Above 10 years	
		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		
Rupees in '000											
On-balance sheet financial instruments											
Assets											
	56,037,043	-	-	-	-	-	-	-	-	-	56,037,043
Cash and balances with treasury banks	12,067,855	206,975	9,000,000	-	-	-	-	-	-	-	2,860,880
Balances with other banks	129,115,165	12,674,955	41,977,548	964,595	73,498,067	-	-	-	-	-	-
Due from financial institutions	134,796,574	8,048,802	3,490,476	45,527,484	1,113,242	1,045,110	57,559,439	677,069	3,176,899	-	14,158,053
Investments	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
Islamic financing and related assets	8,826,890	-	-	-	-	-	-	-	-	-	8,826,890
Other assets	652,373,797	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	150,060,478
Liabilities											
	9,130,998	-	-	-	-	-	-	-	-	-	9,130,998
Bills payable	32,005,501	15,990,356	5,230,649	10,784,496	-	-	-	-	-	-	-
Due to financial institutions	563,999,852	367,450,340	-	-	-	-	-	-	-	-	196,549,512
Deposits and other accounts	7,000,000	-	7,000,000	-	-	-	-	-	-	-	-
Sub-ordinated Sūkuk	8,074,591	-	-	-	-	-	-	-	-	-	8,074,591
Other liabilities	620,210,942	383,440,696	12,230,649	10,784,496	-	-	-	-	-	-	213,755,101
On-balance sheet gap	32,162,855	(320,862,684)	126,255,760	104,133,805	85,922,088	3,497,253	67,593,131	8,953,519	8,743,673	9,620,933	(63,694,623)
Non financial assets											
- Operating fixed assets	9,031,686	-	-	-	-	-	-	-	-	-	-
- Other assets	1,862,192	-	-	-	-	-	-	-	-	-	-
	10,893,878	-	-	-	-	-	-	-	-	-	-
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)	126,255,760	104,133,805	85,922,088	3,497,253	67,593,131	8,953,519	8,743,673	9,620,933	(63,694,623)
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	32,162,855

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks.

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

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42.5 Liquidity risk

Liquidity risk is the potential for loss to the Group arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Holding company's Board of Directors sets the policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the liquidity position on a daily basis. The main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

43. Maturities of assets and liabilities

43.1 Maturities of assets and liabilities based on expected maturities

	2017									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	64,556,409	64,556,409	-	-	-	-	-	-	-	-
Balances with other banks	4,940,090	4,940,090	-	-	-	-	-	-	-	-
Due from financial institutions	147,229,221	23,868,925	49,716,251	4,376,876	69,267,169	-	-	-	-	-
Investments	123,160,901	10,948,094	2,042,492	1,924,442	41,943,268	36,304,069	19,375,122	2,885,494	4,202,907	3,535,013
Islamic financing and related assets	419,929,149	59,846,509	93,323,046	91,240,465	37,052,061	17,469,639	21,555,865	34,301,026	50,660,205	14,480,333
Operating fixed assets	11,994,586	261,491	421,910	408,827	1,304,859	1,249,761	1,015,855	1,342,234	1,435,563	4,554,086
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	14,156,973	1,451,108	2,319,922	3,468,954	6,694,345	48,953	57,564	116,127	-	-
	785,967,329	165,872,626	147,823,621	101,419,564	156,261,702	55,072,422	42,004,406	38,644,881	56,298,675	22,569,432
Liabilities										
Bills payable	11,168,093	11,168,093	-	-	-	-	-	-	-	-
Due to financial institutions	36,813,295	16,637,068	8,977,855	10,869,364	-	-	329,008	-	-	-
Deposits and other accounts										
- Current accounts	237,525,059	18,716,975	15,035,336	13,990,226	19,762,085	27,956,699	21,448,513	34,037,341	62,516,595	24,061,289
- Savings deposits	266,016,983	20,715,810	16,626,530	15,456,022	21,867,212	30,938,647	23,729,384	37,642,464	69,166,365	29,874,549
- Fixed deposits	169,638,268	62,854,960	25,260,564	18,780,284	27,012,443	7,427,059	5,450,187	12,517,600	10,335,171	-
	673,180,310	102,287,745	56,922,430	48,226,532	68,641,740	66,322,405	50,628,084	84,197,405	142,018,131	53,935,838
Sub-ordinated Sukuk	7,000,000	-	-	-	-	-	-	-	7,000,000	-
Deferred Tax liabilities	230,787	-	-	-	57,697	57,697	57,697	57,696	-	-
Other liabilities	19,165,271	2,209,816	2,743,027	4,099,121	1,811,649	922,406	922,406	1,844,813	4,612,033	-
	747,557,756	132,302,722	68,643,312	63,195,017	70,511,086	67,302,508	51,937,195	86,099,914	153,630,164	53,935,838
Net assets	38,409,573	33,569,904	79,180,309	38,224,547	85,750,616	(12,230,086)	(9,932,789)	(47,455,033)	(97,331,489)	(31,366,406)
Share capital	10,629,022									
Reserves	13,393,125									
Unappropriated profit	12,563,156									
Non-controlling Interest	1,007,975									
Surplus on revaluation of investments	816,295									
	38,409,573									

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	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	-	-	-	-	-
	663,267,675	112,693,683	147,650,361	48,452,617	90,030,583	81,308,053	89,997,492	40,541,531	25,611,684	26,981,671
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	16,495,382	13,242,090	12,317,664	17,419,807	24,635,327	18,903,352	29,976,392	55,082,999	8,511,564
- Savings deposits	224,572,971	17,922,541	14,387,780	13,383,373	18,926,948	26,766,747	20,538,847	32,569,914	59,852,265	20,224,556
- 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	68,146,050	51,900,476	44,090,074	64,448,769	58,245,225	47,149,696	73,931,652	127,351,790	28,736,120
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	2,806,769	-	-	-
	628,495,111	95,031,400	59,660,856	58,500,665	65,639,259	60,137,411	49,041,882	77,395,728	134,351,790	28,736,120
Net assets	34,772,564	17,662,283	87,989,505	(10,048,048)	24,391,324	21,170,642	40,955,610	(36,854,197)	(108,740,106)	(1,754,449)
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									
	34,772,564									

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, 28.4% of current accounts and 28.1% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 71.6% of current accounts and 71.9% of savings accounts are bucketed into maturities of above 1-Year.

4.3.2 Maturities of assets and liabilities based on contractual maturities

	2017									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	64,556,409	64,556,409	-	-	-	-	-	-	-	-
Balances with other banks	4,940,090	4,940,090	-	-	-	-	-	-	-	-
Due from financial institutions	147,229,221	23,868,925	49,716,250	4,376,876	69,267,170	-	-	-	-	-
Investments	123,160,901	10,948,437	2,042,593	1,924,537	41,948,167	36,297,159	19,376,073	2,885,636	4,203,029	3,535,270
Islamic financing and related assets	419,929,149	150,597,009	60,150,104	60,383,321	10,331,446	17,469,665	21,643,860	34,213,111	50,660,278	14,480,355
Operating fixed assets	11,994,586	264,061	433,945	422,048	771,197	1,301,938	1,065,490	1,480,428	1,568,857	4,686,822
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	14,156,973	1,451,109	2,319,763	3,468,639	6,694,345	49,428	57,564	116,125	-	-
	785,967,329	256,626,040	114,662,655	70,575,421	129,012,325	55,118,190	42,142,987	38,695,300	56,432,164	22,702,247
Liabilities										
Bills payable	11,168,093	11,168,093	-	-	-	-	-	-	-	-
Due to financial institutions	36,813,295	16,883,479	8,731,443	10,869,365	-	-	329,008	-	-	-
Deposits and other accounts										
- Current accounts	237,525,059	237,525,059	-	-	-	-	-	-	-	-
- Savings deposits	266,016,983	266,016,983	-	-	-	-	-	-	-	-
- Fixed deposits	169,638,268	62,854,959	25,260,564	18,780,284	27,012,443	7,427,059	5,450,187	12,517,600	10,335,172	-
	673,180,310	566,397,001	25,260,564	18,780,284	27,012,443	7,427,059	5,450,187	12,517,600	10,335,172	-
Sub-ordinated Sukuk	7,000,000	-	-	-	-	-	-	-	7,000,000	-
Deferred tax liabilities	230,787	-	-	-	57,697	57,697	57,697	57,696	-	-
Other liabilities	19,165,271	2,209,816	2,743,027	4,099,121	1,811,649	922,406	1,844,813	4,612,033	-	-
	747,557,756	596,658,389	36,735,034	33,748,770	28,881,789	8,407,162	6,759,298	14,420,109	21,947,205	-
Net assets	38,409,573	(340,032,349)	77,927,621	36,826,651	100,130,536	46,711,028	35,383,689	24,275,191	34,484,959	22,702,247
Share capital	10,629,022									
Reserves	13,393,125									
Unappropriated profit	12,563,156									
Non-controlling Interest	1,007,975									
Surplus on revaluation of investments	816,295									
	38,409,573									

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

	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 and other 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	-	-	-	-	-
	663,267,675	112,693,683	147,650,361	48,452,617	90,030,583	81,308,053	89,997,492	40,541,531	25,611,684	26,981,671
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	-
Sub-ordinated Sukuk	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	-
Deferred tax liabilities	7,000,000	-	-	-	-	-	-	-	7,000,000	-
Other liabilities	1,955,203	-	-	-	488,800	488,801	488,801	488,801	-	-
	14,403,557	1,763,996	2,529,732	3,794,600	701,690	1,403,385	1,403,385	2,806,769	-	-
	628,495,111	481,771,025	32,030,986	32,799,628	29,292,504	8,735,337	9,599,683	14,849,422	19,416,526	-
Net assets	34,772,564	(369,077,342)	115,619,375	15,652,989	60,738,079	72,572,716	80,397,809	25,692,109	6,195,158	26,981,671
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									
	34,772,564									

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 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 set up of functions like operational risk management, prevention of fraud and forgery and information security function, defining responsibilities of individuals, implementing four-eyes principle, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings and development.

44 TRUST ACTIVITIES

The Holding company commonly act as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Group and, therefore, are not included in the Consolidated Statement of Financial Position. The following is the list of assets held under trust by MBL:

Category	Sukuk	Number of IPS account		Face Value Rupees in '000	
		2017	2016	2017	2016
Insurance Companies	Government Ijarah	5	5	1,981,000	2,063,000
Asset Management Companies	Government Ijarah	11	11	-	-
Employee Funds / NGOs	Government Ijarah	13	12	28,000	28,000
Individuals	Government Ijarah	19	19	12,700	7,700
Others	Government Ijarah	4	4	40,000	40,500
Related parties					
Associates	Government Ijarah	3	1	95,000	35,000
Other related parties	Government Ijarah	1	1	75,000	75,000
		56	53	2,231,700	2,249,200

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

45. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

45.1 The Holding company managed following general and specific pools during the year:

2017							
General remunerative (Saving and Fixed) Depositors' Pools	Profit rate and weightage announcement period	Profit rate return earned - Average	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	6.42%	50%	10,872,732	3.65%	14%	1,491,157
USD Pool	Monthly	3.09%	75%	424,879	0.77%	-	-
GBP Pool	Monthly	1.32%	90%	19,505	0.13%	-	-
EUR Pool	Monthly	0.66%	90%	5,885	0.06%	-	-

2016							
General remunerative (Saving and Fixed) Depositors' Pools	Profit rate and weightage announcement period	Profit rate return earned - Average	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed to remunerative deposits (Savings and Fixed) - Average	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	6.78%	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%	-	-

2017							
Specific pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	4.48%	*	*	2.06%	N/A	N/A
Inter Bank Musharaka / Modaraba borrowing Pool	As required	7.63% - 5.24%	*	*	6.35% - 4.50%	N/A	N/A
Special Sharikah Certificate Musharkah / Modaraba borrowing Pool	As required	7.91% - 5.24%	*	*	6.50% - 2.40%	N/A	N/A

*The profit sharing ratio and the investment ratio varies on case to case basis.

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

2016							
Specific pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio	Investment ratio	Profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
Islamic Export Refinance (IERS) Musharaka Pool	Monthly	5.31%	*	*	2.63%	N/A	N/A
Inter Bank Musharaka / Modaraba borrowing Pool	As required	9.01% - 5.55%	*	*	6.75% - 3.85%	N/A	N/A
Special Sharikah Certificate Musharkah / Modaraba 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.

45.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Modaraba based Deposits		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2017	2016	2017	2017	2016	2016
PKR Pool						
Saving Accounts	23.37%	23.47%	0.67	0.66	0.67	0.62
Meezan Bachat Account	18.57%	18.88%	0.88	0.66	0.89	0.62
Karobari Munafa Account	10.83%	11.86%	1.34	0.66	1.34	0.66
Certificate of Islamic Investment Plus	12.46%	14.74%	1.49	1.16	1.50	1.12
Meezan Aamdan Certificate	8.71%	10.41%	1.67	1.57	1.89	1.58
USD Pool						
Saving Accounts	3.73%	3.39%	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.71%	1.58%	1.35	0.77	1.35	0.77
GBP Pool						
Saving Accounts	0.46%	0.43%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.29%	0.29%	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

	2017	2016
	Rupees in '000	
Profit / return earned on islamic financing and related assets, investments and placements	35,375,577	30,716,493
Other Income (including other charges)	2,209,095	1,262,613
Directly related costs attributable to pool	(959,646)	(650,841)

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

46 SUMMARY OF FINANCIAL INFORMATION OF THE SUBSIDIARY COMPANY AND FUNDS

Subsidiary	Accounting Date	December 2017				
		Assets	Liabilities	Net assets	Revenue	Profit/(Loss)
		Rupees in '000				
Al Meezan Investment Management Limited	December 31, 2017	3,728,069	848,141	2,879,928	1,645,753	461,373
Associates						
Al Meezan Mutual Fund	December 31, 2017	7,088,314	148,800	6,939,514	(1,052,198)	(1,109,652)
KSE Meezan Index Fund	December 31, 2017	1,624,799	31,854	1,592,945	(398,489)	(174,569)
Meezan Balanced Fund	December 31, 2017	8,118,084	118,921	7,999,163	(725,052)	(579,150)
Meezan Cash Fund	December 31, 2017	8,628,012	283,327	8,344,685	353,106	240,216
Meezan Energy Fund	December 31, 2017	1,549,554	33,742	1,515,812	(102,440)	(76,707)
Meezan Financial Planning Fund of Funds	December 31, 2017	5,617,099	77,950	5,539,149	(839,049)	(932,045)
Meezan Gold Fund	December 31, 2017	403,341	21,180	382,161	37,027	95,830
Meezan Islamic Fund	December 31, 2017	41,491,060	1,195,075	40,295,985	(8,052,733)	(7,388,427)
Meezan Islamic Income Fund	December 31, 2017	11,534,132	540,312	10,993,820	655,880	274,329
Meezan Sovereign Fund	December 31, 2017	2,491,377	127,582	2,363,795	317,356	(38,886)
Meezan Strategic Allocation Fund	December 31, 2017	7,301,627	18,656	7,282,971	(1,274,002)	(1,281,954)
Meezan Tahafuz Pension Fund	December 31, 2017	8,449,811	121,509	8,328,302	(970,438)	(1,096,524)

Subsidiary	Accounting Date	December 2016				
		Assets	Liabilities	Net assets	Revenue	Profit/(Loss)
		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

47 GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary to facilitate comparison and better presentation. There were no significant reclassifications during the current year except as follows:

Description	Rupees in '000	Reclassified	
		From	To
Takaful and tracker expenses on Ijarah	(668,218)	Administrative expenses	Profit / return earned on Islamic financing and related assets, investments and placements
Fees, subscription and clearing charges	(124,518)	Administrative expenses	Fee, commission and brokerage income

Notes to and forming part of the Consolidated Financial Statements

For the year ended December 31, 2017

48 NON-ADJUSTING EVENT

48.1 The Board of Directors of the Holding company in its meeting held on February 14, 2018 has announced final cash dividend of Rs 1.25 per share (12.5%). The financial statements for the year ended December 31, 2017, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2018.

49 DATE OF AUTHORISATION

These financial statements were authorised for issue on February 14, 2018 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



Shabbir Hamza
Khandwala
Chief Financial Officer

Consolidated Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2017

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, 2017.

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, 2017				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	Amir Majeed Kaludi Flat No. A-104, 4th Floor, West Wind Estates, Plot No. FL-11, Block-2, Clifton, Karachi.	42301-6831572-5	Abdul Majeed Kaludi	3,484	-	105	3,589	2,184	-	-	2,184
2	Gulzar Oil Industries House No C-15 Memon Cooperative Housing Society, Hyderabad	Mrs. Razia Gulzar 41303-1435631-6	Muhammad Hussain Gulzar	-	3,055	-	3,055	-	3,055	-	3,055
3	Vital Chicks and Feeds 55 G-II, Johar Town, Lahore	Chaudhary Nasir Ahmed 35202-4426237-1	Chaudhary Muhammad Rafiq	8,090	633	255	8,978	-	633	255	888
4	Muhammad Hashim Sher House # 21-22, Hamza Town, Moza Dhana Singh Wala, Tehsil & District, Lahore	38402-3118132-5	Muhammad Nawaz	812	708	219	1,739	-	649	219	868
5	Balqees Mustafa 304-J, Phase I DHA, Lahore	35201-5955768-6	Major Waseem Mehdi	1,963	1,988	249	4,200	-	1,905	249	2,154
6	Hi-Tech CNG Station 248 G / 4, Johar Town, Lahore	Bashir Ahmed 35202-5441458-1 Zia Ahmed Arshad 35201-1298303-7 Rais Haider 35202-3623279-3	Hadayat Ali Chaudhary Alaf Din Sheikh Ilyas Hussain	13,079	4,356	290	17,725	-	4,246	290	4,536

Consolidated Statement Showing Written-Off Loans or Any Other Financial Relief of Rupees 500,000 or Above (Annexure 1)

During the year ended December 31, 2017

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, 2017.

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, 2017				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											
7	Munawar Hussain Javed P-782, St # 9/15, 66 Foota Bazar, Mansoorabad, Faisalabad	33101-4363065-9	Muhammad Ishaq	656	785	83	1,524	-	429	83	512
8	Fareeha Nauman Plot # 323, Block-D, Phase-V, DHA, Lahore	35202-9014729-0	Nauman Yousuf	7,500	9,678	348	17,526	-	10,413	348	10,761
9	Merkolink Distributors 21/2 Altaf Town, Multan	Shehnaz Haider 61101-1812779-4 Abdul Rasheed 36302-9081117-9 Raja Gayoor Ali 37405-0560388-7 Shahid Ahmad Qureshi 36302-7710110-9	Mueen ud din Haider Saeed Ahmed Qurashi Raja Zafar Ali Khan Faqeer Ahmad Qureshi	1,495	434	70	1,999	28	434	70	532
10	Syed Wajeeh Haider Kazmi House No. 36-D, Tipu Sultan Road, Multan Cantt, Multan	36302-5671622-5	Syed Ajmal Hussain Kazmi	3,114	2,862	58	6,034	-	2,523	238	2,761
11	Rubass Rafiq House # 27, Block-B-III, Punjab Government Cooperative Society, Lahore	35202-7643671-9	Muhammad Rafique	9,533	8,141	516	18,190	-	9,146	516	9,662
				49,726	32,640	2,193	84,559	2,212	33,433	2,268	37,913



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Pattern of Shareholding

As at December 31, 2017

No. of Shareholders	From	No. of Shares	To	'Shares held'	Percentage
550	1	100	9,292	0.0009%	
286	101	500	83,172	0.0078%	
192	501	1000	144,239	0.0136%	
426	1001	5000	1,047,421	0.0985%	
151	5001	10000	1,068,016	0.1005%	
76	10001	15000	910,243	0.0856%	
44	15001	20000	761,193	0.0716%	
36	20001	25000	794,292	0.0747%	
30	25001	30000	819,021	0.0771%	
13	30001	35000	423,299	0.0398%	
11	35001	40000	412,525	0.0388%	
11	40001	45000	480,880	0.0452%	
13	45001	50000	620,618	0.0584%	
13	50001	55000	683,637	0.0643%	
5	55001	60000	289,795	0.0273%	
7	60001	65000	443,330	0.0417%	
7	65001	70000	472,774	0.0445%	
9	70001	75000	656,172	0.0617%	
4	75001	80000	310,950	0.0293%	
7	80001	85000	579,378	0.0545%	
4	85001	90000	348,298	0.0328%	
4	90001	95000	94,340	0.0089%	
2	95001	100000	193,593	0.0182%	
3	100001	105000	306,489	0.0288%	
3	105001	110000	318,000	0.0299%	
2	110001	115000	225,365	0.0212%	
2	115001	120000	351,177	0.0330%	
3	120001	125000	246,016	0.0231%	
1	125001	130000	381,600	0.0359%	
1	130001	135000	134,410	0.0126%	
3	135001	140000	413,537	0.0389%	
1	140001	145000	141,404	0.0133%	
4	150001	155000	610,368	0.0574%	
3	155001	160000	475,167	0.0447%	
1	160001	165000	164,300	0.0155%	
3	170001	175000	522,069	0.0491%	
1	175001	180000	178,170	0.0168%	
2	185001	190000	375,240	0.0353%	
4	190001	195000	772,568	0.0727%	
1	195001	200000	195,384	0.0184%	
2	200001	205000	403,017	0.0379%	
3	205001	210000	415,770	0.0391%	
1	210001	215000	638,580	0.0601%	
3	230001	235000	230,460	0.0217%	
1	240001	245000	724,893	0.0682%	
1	250001	255000	251,100	0.0236%	
2	260001	265000	522,016	0.0491%	
1	265001	270000	268,710	0.0253%	
1	275001	280000	277,000	0.0261%	
1	285001	290000	286,638	0.0270%	
1	290001	295000	291,080	0.0274%	
1	315001	320000	317,710	0.0299%	
1	325001	330000	328,600	0.0309%	
1	345001	350000	347,672	0.0327%	
1	365001	370000	368,360	0.0347%	
1	380001	385000	382,740	0.0360%	
1	385001	390000	390,000	0.0367%	
1	390001	395000	392,200	0.0369%	
2	420001	425000	848,014	0.0798%	
1	435001	440000	439,914	0.0414%	
1	440001	445000	440,281	0.0414%	
1	460001	465000	460,153	0.0433%	
2	465001	470000	932,370	0.0877%	
1	490001	495000	493,960	0.0465%	
2	500001	505000	1,003,988	0.0945%	
1	505001	510000	510,000	0.0480%	
2	530001	535000	1,069,058	0.1006%	
1	550001	555000	550,676	0.0518%	
1	585001	590000	587,378	0.0553%	
1	605001	610000	606,686	0.0571%	
1	710001	715000	712,870	0.0671%	
2	730001	735000	1,464,727	0.1378%	
1	740001	745000	743,779	0.0700%	
1	745001	750000	746,770	0.0703%	
3	750001	755000	2,261,466	0.2128%	
1	770001	775000	774,696	0.0729%	
1	775001	780000	775,920	0.0730%	
2	795001	800000	1,591,208	0.1497%	
2	805001	810000	1,612,262	0.1517%	
1	835001	840000	840,000	0.0790%	
1	840001	845000	840,534	0.0791%	
1	855001	860000	855,628	0.0805%	
1	910001	915000	915,000	0.0861%	
1	940001	945000	940,500	0.0885%	
1	980001	985000	983,680	0.0925%	
1	990001	995000	994,520	0.0936%	
2	995001	1000000	2,000,000	0.1882%	
1	1055001	1060000	1,060,000	0.0997%	
1	1085001	1090000	1,085,490	0.1021%	
1	1170001	1175000	1,171,830	0.1102%	
1	1225001	1230000	1,229,510	0.1157%	
1	1240001	1245000	1,241,000	0.1168%	
1	130001	1305000	1,302,550	0.1235%	
1	1320001	1325000	1,320,190	0.1242%	
1	1355001	1360000	1,355,174	0.1275%	
1	1515001	1520000	1,516,000	0.1426%	
1	1555001	1560000	1,556,080	0.1464%	
1	1585001	1590000	1,590,000	0.1496%	
1	1610001	1615000	1,612,801	0.1517%	
1	1745001	1750000	1,750,000	0.1646%	
1	1900001	1905000	1,904,176	0.1791%	
1	2000001	2005000	2,000,572	0.1882%	
1	2220001	2225000	2,223,011	0.2091%	
1	2305001	2310000	2,308,034	0.2171%	
1	2335001	2340000	2,339,910	0.2201%	
1	2405001	2410000	2,408,320	0.2266%	
1	2840001	2845000	2,840,077	0.2672%	
1	2910001	2915000	2,910,610	0.2738%	
1	3095001	3100000	3,100,000	0.2917%	
1	3180001	3185000	3,180,235	0.2992%	
1	3410001	3415000	3,411,149	0.3209%	
1	3470001	3475000	3,472,560	0.3267%	
1	3845001	3850000	3,846,198	0.3619%	
1	5005001	5010000	5,005,192	0.4709%	
1	5815001	5820000	5,816,087	0.5472%	
1	7045001	7050000	7,046,663	0.6630%	
1	99100001	99105000	99,104,338	9.3239%	
1	318870001	318875000	318,870,646	30.0000%	
1	522030001	522035000	522,033,439	49.1140%	
2034	Company Total		1,062,902,168	100.0000%	

Categories of Shareholders

For the year ended December 31, 2017

Particulars	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive, their spouse and minor children	4	8,539,853	0.80%
Associated Companies, undertakings and related parties	7	943,444,729	88.76%
Banks, Development Financial Institutions and Non Banking Finance Companies	6	3,015,180	0.28%
Insurance Companies	12	12,806,372	1.21%
Modaraba and Mutual Funds	39	21,281,991	2.00%
General Public			
a. Local	1,775	34,663,749	3.26%
b. Foreign	87	1,477,719	0.14%
Others	104	37,672,575	3.55%
Total	2,034	1,062,902,168	100.00%

Additional Information as at December 31, 2017

Particulars	Number of Shareholders	Shares held	Percentage
Associated Companies & Shareholders with more than 10% shareholding			
Noor Financial Investment Co, Kuwait	1	522,033,439	49.11%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	1	318,870,646	30.00%
Islamic Development Bank, Jeddah	1	99,104,338	9.32%
CDC Trustee Meezan Islamic Fund	1	2,840,077	0.27%
CDC Trustee Meezan Balanced Fund	1	79,819	0.01%
CDC Trustee Meezan Dedicated Equity Fund	1	510,000	0.05%
CDC Trustee Meezan Asset Allocation Fund	1	6,410	0.00%
Directors, Chief Executive, their spouse and minor children			
Mr. Mohammad Abdul Aleem	1	195,384	0.02%
Mr. Noorur Rahman Abid	1	3,029,143	0.28%
Mr. Irfan Siddiqui	1	3,411,150	0.32%
Mr. Ariful Islam	1	1,904,176	0.18%
Executives	15	339,707	0.03%
Public Sector Companies, Corporations, Banks, DFI's, NBFC's, Insurance Companies, Modaraba, Mutual Funds and other Organizations	161	74,776,118	7.04%
General Public	1,847	35,801,761	3.37%
	2,034	1,062,902,168	100.00%

Standards of Ethics, Business Practices & Code of Conduct

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah - compliant, fair, reasonable and reflect high standards of ethical behavior.

The standards of ethics and business practices, which the Bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

- Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
- Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
- Understand and comply with the legal/regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
- Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
- Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
- Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
- Immediately report to the management of pre-existing personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
- Will not use the Bank's services or facilities for private purposes except with prior permission.
- Conduct Bank's business with honesty, integrity and in a professional manner.
- Avoid any action on his/her part that may be repugnant, unethical or unlawful.
- Avoid any action on his/her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political activities.
- Avoid participation in any other subversive activities.
- Abstain from gambling, betting and wagering contracts.
- Be exemplary in personal conduct towards the Bank, the other employees and customers of the Bank.

- Safeguard the confidential information of the Bank and its customers.
- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.
- Provide accurate and reliable information in records submitted.

Code of Conduct

Confidential Information

Employees shall maintain strict secrecy regarding the Bank's affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

Recording of Information

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

Conflict of Interest

It is obligatory that:

- An employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with the Bank without prior written consent of the Bank's President & CEO. If any immediate family member holds a position, with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager/HRD.
- An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company/establishment quoted on a Stock Exchange and the interest is less than 1 percent.

Mis-declaration/Concealment of Facts

An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:

- An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
- An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
- An employee at the time of induction in Meezan Bank (i.e. during interview and in testimonials) provided a false, forged, misleading information or concealed, hide, incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

Know Your Customer, Vendors and Counter Parties

In order to safeguard the Bank's reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each Meezan Bank business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employees must ensure that the Bank establishes relationship with only those individuals, businesses, and entities who have a sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensure that due diligence steps are completed.

Gifts & Entertainment

At certain times of the year, some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships. Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

Bribery & Misconduct

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank's affairs or business.
- Showing or intending to show favors or disfavours to any person in relation to the Bank's affairs or business.
- Offers any advantage to any one as an inducement or reward for any favor/disfavor or otherwise.
- Intends to deceive the Bank by using any receipt, account or other document which is false or erroneous or defective in any way and which to employee's knowledge is intended to mislead the Bank.
- Take any cash or near-to-cash benefit from any stake holder of the bank to provide undue advantage.
- Pay any cash or near-to-cash benefit to any stake holder of the bank to take undue advantage.

Fraud, Theft or Illegal Activities

Employees shall be alert and vigilant with respect to frauds, thefts or illegal activities committed within the office. If any such activity comes to the attention of an employee, the employee must immediately report the same to the Head of Audit, Head of Operations and Head of Human Resources; who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Money Laundering

The Bank has set its priority not to become implicated, in any way, with individuals or firms involved in criminal activities and money laundering. The employees are expected to exercise maximum caution in this regard.

The employee should know the customer, be vigilant for unusual circumstances and immediately report any suspected case to the Manager/Area Manager/Regional Manager/Compliance Department/Audit Department, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Courtesy & Manners

Employees of Meezan Bank shall maintain utmost courtesy and exemplary manners when interacting with clients or with each other. Employees are dealing on behalf of the Bank, so they are required to keep high standards of professionalism and ethics. Any violations of this code shall be brought to the attention of supervising officials as well as the Human Resources Department for their information, record and remedial disciplinary action.

Honesty & Integrity

Employees shall serve the Bank, devote whole time during office hours and discharge their duties honestly, faithfully and use their utmost endeavors to promote the interest of the Bank. They shall behave with decorum, integrity, show courtesy and attention in all dealings with customers, government officials, senior officers, colleagues, subordinates and general public.

Participation in Political Organizations

No employee shall take part in, subscribe in aid of, or assist in anyway in any political movement in Pakistan during the office timing at the office premises. No employee shall use official influence in connection with or take part in any election to a legislative body, whether in Pakistan or elsewhere.

Ideology of Pakistan

No employee shall express views detrimental to the ideology or integrity of Pakistan.

Direct Representations to the High Govt. & MBI Officials

No employee shall make any personal representations directly to Chairman, Directors or Members of the Board, or Government functionaries. Such representations must be addressed to the President & CEO through the immediate supervisor of the employee. However this policy does not, in any way, seek to block a citizen's redress to the judiciary and other statutory redresses.

Core Values

- Shariah Compliance
- Integrity & Innovation
- Professionalism
- Service Excellence
- Social Responsibility

Meezan Bank's Personality

The Bank expects its employees to be:

- Sober
- Truthful
- Committed to excellence
- Empathetic
- Professional
- Extremely loyal
- Dependable friend
- Trustworthy business partner
- Committed to the cause of Islamic banking

Health & Hygiene

Personal Hygiene is the most important aspect of our daily life. The personality is perceived by its degree of neatness. The personal hygiene covers care of body odor, bad breath, teeth, nails, ears, nose, hair, daily shower, shave (if not keeping proper beard), daily wear washed, clean, pressed clothes etc.

Computer, E-mail, Information Security

Meezan Bank computer system contains an e-mail facility, access rights, information and software, which are intended to promote effective communication within and outside the Bank, on matters relating to its business and facilitate routine information flow and smooth and safe transactions.

The e-mail system should therefore only be used for official/business purpose. All communication and information are the property of Meezan Bank and the Bank reserves the right to retrieve the contents of the messages for the purpose of monitoring. The employee shall be held accountable for all activities under his/her password.

Dress Code & Professional Attire

Attire is a reflection of professionalism as well as that of the Bank's brand and personality. A professional business appearance together with a high standard of personal hygiene is expected from all employees. The Official Dress Code of Meezan Bank is professional corporate attire inline with traditional Islamic modesty. At Meezan Bank every staff member is expected to have a professional business appearance together with a high standard of personal hygiene.

Guidelines on Whistle-Blowing

The purpose of these whistle blowing guidelines is to provide a mechanism to Bank's stakeholders (employees, customers, vendors, etc.) to report any activity which in their opinion may cause financial and/or reputational loss to the Bank. The major objectives of whistle blowing policy can be classified as:

- To provide an environment whereby stakeholders feel confident to blow the whistle without any fear of reprisal, subsequent discrimination and of being disadvantaged in any way;
- To develop a culture of accountability and integrity;
- To create awareness amongst stakeholders regarding the whistle blowing function; and
- To be a source of early warning signal.

Scope

The scope of these guidelines includes, without limitation, disclosure of all types of unlawful acts / orders, fraud, corruption, misconduct, collusive practices or any other activity which undermines Bank's operations, financial position, reputation and mission.

Who must blow the whistle and how?

It is the responsibility of each and every stakeholder of the Bank, instead of limiting it to a particular department or senior management only, that if any stakeholder observes any suspicious, fraudulent or unethical activity, transaction or act that may cause a potential threat to the Bank or could be against the interest of the Bank, he/she must immediately report this to Whistle Blowing Unit through various modes including but not limited to Meezan Bank's website, E-mail, fax, mobile and landline.

Confidentiality & protection of whistle blowers

The whistle blowing mechanism has been designed to ensure complete confidentiality of the entire process and also enables the bank to take immediate corrective measures. Identification of the whistleblower is kept completely confidential except as required by law or who have legitimate right to know. The bank stands committed to protect whistleblowers for whistle blowing and any subsequent harassment or victimization of the whistleblower is not tolerated.

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 Meezan Bank's infrastructure through internal and external attacks. The basis of these assessments is the Confidentiality, Integrity and Availability (CIA) of the information assets and services.

Human Resources Security

This segment of the policy ensures that the Bank's employees, contractors and third party users understand their responsibilities and are suitable for the roles they are considered for, thereby reducing the risk of theft, fraud or misuse of facilities.

Asset Management

To achieve and maintain appropriate protection of the Bank's Information Assets.

Access Control

To control the access to information, information processing facilities and business processes based on business and security requirements.

Cryptography

To protect the confidentiality, authenticity and integrity of

information by Cryptography (The conversion of data into a secret code for transmission over a public network.)

Physical and Environmental Security

To prevent unauthorized physical access, damage to, and interference with the Bank's premises (head office and branches) and information.

Operations Security

To ensure correct and secure operation of information processing facilities.

Communications Security

To maintain the integrity and availability of information and information processing facilities.

Information Systems Acquisition, Development and Maintenance

To ensure that security measures are always built into and are an integral part of all information systems.

Supplier Management

To ensure the protection of the organization's Information assets that is accessible by IT suppliers for providing IT service delivery.

Information Security Incident Management

To ensure that information security events and weaknesses associated with the Bank's information systems are communicated in a manner that allows timely corrective action to be taken.

Information Security Aspects of Business Continuity Management

To counteract interruptions to business activities and to protect critical business processes from the effects of major failures of information systems or disasters and to ensure their timely resumption.

Compliance

To ensure that any law, statutory, regulatory or contractual obligations and security requirements are not breached.

Information Security Trainings and Awareness

Appropriate awareness programs and regular updates in organizational IT security policy and procedures, as relevant for their job function are conducted.

Each of the above domains comprise of multiple processes and controls to ensure promotion of an information security.

Guidelines for Safety of Records of the Company

Comprehensive guidelines are in place at Meezan Bank for ensuring that physical documents are being archived in an organized, efficient and reliable manner. These guidelines encompass detailed processes for preservation, organization, transfer, retrieval and destruction of physical records. The guidelines comprise of the following elements:

General Guidelines

This section deals with the role of the Administration Department in providing an Archive facility outside the branch and provides guidelines on when old records will be transferred to the archive, signatories that may authorize retrieval of records, treatment of records under litigation/dispute, type of records that may be kept under fire-proof cabinet, and the convention to be followed for allocating serial numbers to archived records.

Preservation of Old Records

This section deals with maintenance of old records in a secured environment and the procedure for documenting their complete details to facilitate retrieval and destruction after expiry of retention timelines. This section also defines the responsibilities of the Archiving Officer.

Procedures to Handle Records at Archives

These are detailed procedures with clearly allocated

responsibilities of Branch/Head Office departments and archiving officers for transferring/retrieval of records to and from Archives.

Destruction of Records

This section provides guidelines about the type of records that need to be retained permanently or till the time approval from Regulators is obtained for their destruction. e.g. cases in litigation, records relating to suspicious transactions, etc. Relevant Branch Manager/Area Manager/Departmental Head is responsible for checking and verifying the list of records that need to be destroyed. For branch records, Head Office operations will finally approve branch's request for destruction of record, which will be carried out in the presence of Branch Manager & Operations Manager.

Retention of Old Records

These guidelines outline the various types of records and the recommended period for their retention and subsequent destruction in view of the Banking Companies Ordinance, SBP Prudential Regulations and other regulatory requirements.

Standardized Formats

Formats for forms and registers have been provided to facilitate standardization and controls across Meezan Bank's network.

Correspondent Banking Network

Country	Bank	Country	Bank
AFGHANISTAN	Afghan United Bank Bank Alfalah Limited (Afghanistan - Kabul Branch)		Habib Canadian Bank Royal Bank Of Canada Toronto-Dominion Bank, The
AUSTRALIA	Bank Of America, N.A. Sydney Bank Of Sydney Ltd Bankwest A Division Of Commonwealth Bank Of Australia Commonwealth Bank Of Australia Sydney HSBC Bank Australia Limited Industrial And Commercial Bank Of China Sydney Branch JP Morgan Chase Bank, N.A., Sydney Branch National Australia Bank Limited	CHILE CHINA	Itau Corpbanca (Formerly Banco Itau Chile) Agricultural Bank Of China, The Bank Of China Bank Of Communications Bank Of Jiangsu Co Ltd Bank Of Wenzhou (Formerly Wenzhou City Commercial Bank) China Citic Bank China Everbright Bank Citibank (China) Co., Ltd. Commerzbank Ag Deutsche Bank (China) Co. Ltd. Hua Xia Bank Industrial And Commercial Bank Of China Industrial Bank Co.,Ltd. Industrial Bank Of Korea (China) Limited Jinan Rural Commercial Bank Co.,Ltd(Formerly Shandong Jinan Runfeng Rural Cooperative Bank) Korea Development Bank, The Laishang Bank Co., Ltd (Formerly Laiwu City Commercial Bank Co., Ltd) Mega International Commercial Bank Mizuho Bank (China),Ltd. Shengjing Bank Co.,Ltd Skandinaviska Enskilda Banken Ab (Publ), Shanghai Branch Standard Chartered Bank (China) Limited The Bank Of New York Mellon, Shanghai Branch Weifang Rural Commercial Bank Co., Ltd Yantai Bank Co., Ltd. Zhejiang Chouzhou Commercial Bank Co.,Ltd Zhejiang Mintai Commercial Bank
AUSTRIA	Allgemeine sparkasse oberoesterreich bankaktiengesellschaft Commerzbank Ag, Niederlassung Wien Wien Deutsche Bank Aktiengesellschaft Filiale Wien (Vienna Branch) Erste Group Bank Ag Hypo Vorarlberg Bank Ag Oberbank Ag Raiffeisen Bank International Ag Raiffeisenlandesbank Oberoesterreich Aktiengesellschaft		
BAHRAIN	Al Baraka Islamic Bank Bank Al Habib Limited BMI Bank Bsc (C) Gulf International Bank, B.S.C. Ithmaar Bank B.S.C. (C) JS Bank Limited Khaleeji Commercial Bank B.S.C. (C) Standard Chartered Bank Turkiye Is Bankasi A.S. Bahrain Branch United Bank Limited Woori Bank, Manama		
BANGLADESH	Bank Alfalah Limited (Bangladesh - Dhaka Branch) Eastern Bank Ltd. Export Import Bank Of Bangladesh Ltd International Finance Investment And Commerce Bank Ltd. Mercantile Bank Limited Shahjalal Islami Bank Limited Social Islami Bank Limited Standard Chartered Bank The Hongkong And Shanghai Banking Corporation Limited Woori Bank, Dhaka	CYPRUS CZECH REPUBLIC	Bank Of Cyprus Public Company Limited Hellenic Bank Public Company Ltd. Ceskoslovenska Obchodni Banka, A.S. Commerzbank Ag HSBC Bank Plc Komerčni Banka A.S. Unicredit Bank Czech Republic And Slovakia, A.S.
BELARUS	Belarusbank Minsk Transit Bank	DENMARK	Danske Bank A/S Nordea Danmark, Filial Af Nordea Bank Ab (Publ), Sverige Nordjyske Bank A/S Skjern Bank Sydbank A/S
BELGIUM	Bank Of America Merrill Lynch International Limited, Brussels Branch Belfius Bank Sa/Nv Byblos Bank Europe S.A. Commerzbank Ag,The,Brussels Branch Credit Europe Bank N.V. Antwerp Branch Deutsche Bank A.G. Habib Bank Ltd. KBC Bank Nv	EGYPT	Bank Of Alexandria S A E Emirates National Bank Of Dubai Sae (Formerly BNP Paribas Sae,Egypt) HSBC Bank Egypt S.A.E Mashreq Bank
BOTSWANA	First National Bank Of Botswana Limited	ESTONIA	Luminor Bank As, Estonia (Former Nordea Bank Ab Estonia Branch) Versobank As
BRAZIL	Banco Bradesco S.A. Banco Bradesco Sa (Formerly Kirton Bank S.A. - Banco Multiplo) Deutsche Bank S.A. - Banco Alemao Itau Unibanco S/A (Successor Of Banco Itau Bba S.A.)	ETHIOPIA	Commercial Bank Of Ethiopia Dashen Bank S.C.
BULGARIA	Eurobank Bulgaria Ad United Bulgarian Bank Unicredit Bulbank Ad	FINLAND	Danske Bank Danske Bank Plc Nordea Bank Ab (Publ), Finnish Branch Op Corporate Bank Plc Skandinaviska Enskilda Banken
CANADA	Bank Of America, National Association, Canada Branch Canadian Imperial Bank Of Commerce	FRANCE	Bmce Bank International Plc Succursale En France BNP-Paribas Sa (Formerly Banque Nationale De Paris S.A.) Byblos Bank Europe S.A. (Paris Branch) CM - CIC Banques

Country	Bank	Country	Bank
GEORGIA GERMANY	Commerzbank Ag	INDONESIA	Bank Of Baroda
	Credit Du Nord		Bank Of Ceylon
	Credit Mutuel - Cic Banques		Bank Of America, N.A. Mumbai
	Deutsche Bank Ag		Citibank N.A.
	Habibsons Bank Limited		Deutsche Bank Ag
	HSBC France (Formerly HSBC Ccf)		HDFC Bank Limited
	National Bank Of Pakistan		Jammu And Kashmir Bank Ltd
	Societe Generale		Mashreq Bank
	Sumitomo Mitsui Banking Corporation Europe Limited		Punjab National Bank
	Union De Banques Arabes Et Francaises		State Bank Of India
	Jsc Bank Of Georgia		Standard Chartered Bank
	Bankhaus Lampe Kg		Bank Mandiri (Persero), Pt
	Commerzbank Ag		Pt. Bank CIMB Niaga, Tbk.
	Commerzbank Ag (Formerly Dresdner Bank Ag)		Bank Of America, N.A. Jakarta Branch
	Deutsche Bank Ag		Bank Of Tokyo-Mitsubishi Ufj, Ltd., The
	Deutsche Bank Privat-Und Geschaefstkunden Ag		Pt Bank Syariah Mandiri
	DZ Bank Ag (Formerly WGZ Bank Ag)		Bank Central Asia
	DZ Bank Ag Deutsche		Deutsche Bank Ag
	Zentral-Genossenschaftsbank		Woori Bank, Indonesia P.T. Jakarta
	HSBC Trinkaus Und Burkhardt Ag		Pt. Bank Sbi Indonesia
	SH Nordbank Ag		Standard Chartered Bank
	Landesbank Baden-Wuerttemberg		Rasheed Bank
	Landesbank Hessen-Thueringen Girozentrale		AIB Bank
Mainzer Volksbank E.G.	Bank Of America Merrill Lynch International Limited		
National Bank Of Pakistan, Frankfurt	Bank Of Ireland		
Nordea Bank Ab Frankfurt Branch	Citibank Europe Plc		
Raiffeisenlandesbank Oberoesterreich	Danske Bank A/S		
Aktiengesellschaft Zweigniederlassung	Intesa Sanpaolo Bank Ireland Plc		
Sueddeutschland	Banca Adriatica S.P.A.		
SEB Ag	Banca Di Credito Cooperativo Di Carate		
Sparkasse Bremen Ag, Die	Brianza S.C.A.R.L.		
Sparkasse Dortmund	Banca Di Pisa E Fornacette Credito		
Sparkasse Koelnbonn (Former Stadtparkasse Koeln)	Cooperativo Soc.Coop.P.A.		
Sparkasse Westmuensterland	Banca Monte Dei Paschi Di Siena S.P.A.		
Standard Chartered Bank Germany Branch	Banca Nazionale Del Lavoro S.P.A.		
Unicredit Bank Ag (Hypovereinsbank)	Banca Nuova Spa (Intesa Sanpaolo Group)		
Volksbank Bielefeld-Guetersloh Eg	Banca Popolare Di Milano S.P.A.		
Volksbank Bocholt Eg	Banca Popolare Di Sondrio		
VTB Bank (Deutschland) Ag	Banca UBAE Spa		
Piraeus Bank Sa	Banco Bpm Spa		
Abn Amro Bank N.V. Hong Kong Branch	Banco BPM Spa (Formerly Credito Bergamasco)		
Axis Bank Limited	Banco Di Napoli Spa		
Bank Of America, N.A. Hong Kong	Bank Of America Merrill Lynch International Limited, Milan Branch		
BNP Paribas	Bper Banca S.P.A.		
Citibank N.A.	Cassa Di Risparmio Del Veneto S.P.A.		
Commerzbank Ag	Cassa Di Risparmio Di Pistoia E Della		
DBS Bank (Hong Kong) Limited	Lucchesia Spa		
Deutsche Bank Ag	Cassa Di Risparmio In Bologna Spa - Carisbo Spa		
Habib Bank Zurich (Hong Kong) Limited	Commerzbank Ag		
Habib Finance International Limited	Credit Agricole Cariparma Spa		
Hongkong And Shanghai Banking Corporation Limited, The	Credito Emiliano S.P.A.		
Industrial And Commercial Bank Of China (Asia) Limited	Credito Valtellinese		
Intesa Sanpaolo Spa Hong Kong	Deutsche Bank S.P.A.		
KBC Bank Nv, Hong Kong	HSBC Bank Plc		
Kookmin Bank, Hong Kong Branch	Iccrea Banca - Istituto Centrale Del Credito Cooperativo		
Mashreqbank Psc., Hong Kong Branch	Intesa Sanpaolo Spa		
National Bank Of Pakistan Hong Kong	UBI Banca S.P.A.		
Skandinaviska Enskilda Banken Ab	Unicredit S.P.A.		
Standard Chartered Bank (Hong Kong) Limited	Bank Of Tokyo-Mitsubishi Ufj, Ltd., The		
Sumitomo Mitsui Banking Corporation	Citibank N.A., Tokyo Branch		
The Bank Of New York Mellon, Hong Kong Branch	Commerzbank Ag Tokyo		
Wells Fargo Bank, N.A., Hong Kong Branch	Deutsche Bank Ag		
Woori Bank, Hong Kong	Mizuho Bank, Ltd.		
CIB Bank Ltd. (Formerly Central-European Int.Bank Ltd.)	National Bank Of Pakistan		
Commerzbank (Budapest) Rt.	Standard Chartered Bank		
K And H Bank Zrt.(Formerly Kereskedelmi Es Hitelbank Rt)	State Bank Of India		
Raiffeisen Bank Zrt.	Sumitomo Mitsui Banking Corporation		
Unicredit Bank Hungary Zrt.	The Bank Of New York Mellon, Tokyo Branch		
Axis Bank Limited	U.B.A.F. - Union De Banques Arabes Et Francaises Tokyo Branch		
	Wells Fargo Bank, N.A., Tokyo Branch		
	Woori Bank, Tokyo		
	Housing Bank For Trade And Finance, The		
	Jordan Islamic Bank		

Correspondent Banking Network

Country	Bank	Country	Bank
KAZAKHSTAN	Sb Sberbank Jsc	MOROCCO	Attijariwafa Bank (Formerly Banque Commerciale Du Maroc)
KENYA	Gulf African Bank Ltd		Banque Marocaine Du Commerce Exterieur
	Habib Bank Ag Zurich		Societe Generale Marocaine De Banques
	KCB Bank Kenya Limited	MYANMAR	Kanbawza Bank Ltd
KOREA, REPUBLIC OF	Busan Bank	NEPAL	Bank Of Kathmandu Limited
	Daegu Bank, Ltd., The		Himalayan Bank Ltd.
	Deutsche Bank Ag, Seoul Branch		Nabil Bank Limited
	Industrial Bank Of Korea	NETHERLANDS	NIC Asia Bank Limited
	KEB Hana Bank		ABN Amro Bank N.V.
	KEB Hana Bank(Formerly Hana Bank)		Bank Of America Merrill Lynch International Limited, Netherlands Branch
	Kookmin Bank		Commerzbank Ag Kantoor Amsterdam
	Kyongnam Bank		Credit Europe Bank N.V.
	National Bank Of Pakistan, Seoul Branch Korea		Deutsche Bank Ag
	Nonghyup Bank (Formerly Known As National Agricultural Cooperative Federation)		Deutsche Bank Ag (Formerly Deutsche Bank Nederland N.V.)
	Shinhan Bank		Habib Bank Ltd.
	Standard Chartered Bank Korea Limited		HSBC Bank Plc.
	Sumitomo Mitsui Banking Corporation	NEW ZEALAND	Rabobank
	The Bank Of New York Mellon, Seoul Branch		Bank Of New Zealand
	The Hongkong And Shanghai Banking Corporation Limited, Seoul Branch		Hongkong And Shanghai Banking Corporation Limited, The
	U.B.A.F.-Union De Banques Arabes Et Francaises	NORWAY	Danske Bank A/S
	Wells Fargo Bank, N.A., Seoul Branch		DNB Bank Asa
	Woori Bank, Seoul		DNB Markets, A Business Unit Of Dnb Bank Asa, Oslo
KUWAIT	Boubyan Bank (K.S.C)		Nordea Bank Ab (Publ), Filial I Norge
	Burgan Bank K.P.S.C	OMAN	Skandinaviska Enskilda Banken
	Citibank N.A.		Bank Dhofar (S.A.O.G.)
	Commercial Bank Of Kuwait Kpsc, The		BankMuscat Saog
	Kuwait Finance House (K.S.C.)		Bank Nizwa
	National Bank Of Kuwait S.A.K.P.		Bank Sohar S.A.O.G
	Noor Financial Investment Company	PAKISTAN	Habib Bank Oman
LATVIA	ABLV Bank, As		Albaraka Bank (Pakistan)Limited
	Luminor Bank As Latvia (Former Nordea Bank Ab Latvia)		Allied Bank Limited
LEBANON	Bank Of Beirut S.A.L.		Askari Bank Limited
	Byblos Bank S.A.L.		Bank Al Habib Limited
	Lebanon And Gulf Bank Sal		Bank Alfalah Limited
LITHUANIA	Luminor Bank Ab (Former Nordea Bank Ab Lithuania)		Bank Of Khyber, The
	Societe Generale Bank And Trust S.A.		Bank Of Punjab, The
LUXEMBOURG			Bank Islami Pakistan Limited
MACEDONIA, THE			Citibank N.A.
FORMER YUGOSLAV			Deutsche Bank Ag, Karachi Branch
REPUBL. OF	NLB Banka Ad Skopje		Dubai Islamic Bank Pakistan Limited
MALAYSIA	Al Rajhi Banking And Investment Corporation (Malaysia) Bhd		Faysal Bank Limited
	Ambank (M) Berhad		Habib Bank Limited
	Bank Muamalat Malaysia Berhad (6175-W)		Habib Metropolitan Bank Limited
	Bank Of America, Malaysia Berhad		Industrial And Commercial Bank Of China, Karachi Branch
	Bank Of Tokyo-Mitsubishi Ufj (Malaysia) Berhad		JS Bank Limited
	CIMB Bank Berhad		MCB Bank Limited
	CIMB Islamic Bank Berhad		MCB Islamic Bank Limited
	Citibank Berhad		National Bank Of Pakistan
	Deutsche Bank (Malaysia) Berhad		Samba Bank Limited
	Hong Leong Bank Berhad		Silkbank Limited
	Industrial And Commercial Bank Of China (Malaysia) Berhad.		Sindh Bank Limited
	Malayan Banking Berhad (Maybank)		Soneri Bank Limited
	RHB Bank Berhad		Standard Chartered Bank (Pakistan) Limited
	Standard Chartered Bank Malaysia Berhad		Summit Bank Ltd
MALTA	Credit Europe Bank N.V. Malta Branch	PALESTINE, STATE OF	United Bank Limited
	HSBC Bank Malta P.L.C.	PAPUA NEW GUINEA	Bank Of Palestine Plc
MAURITIUS	Afrasia Bank Limited		Bank Of South Pacific Limited
	Hongkong And Shanghai Banking Corporation Ltd., The	PHILIPPINES	Asian Development Bank
	Maubank Ltd		BDO Unibank, Inc.
MEXICO	Banco Del Bajio, S.A.		The Hongkong And Shanghai Banking Corporation Ltd - Philippine Branch
	Banco Nacional De Mexico S.A.	POLAND	Alior Bank Spolka Akcyjna
	Bank Of America, Mexico S.A.		Bank BPH Sa
	Trade And Development Bank Of Mongolia		Bank Polska Kasa Opieki Sa - Bank Pekao Sa
			Deutsche Bank Polska S.A.
			HSBC Bank Polska S.A.

Country	Bank	Country	Bank
	Mbank S.A. (Formerly Bre Bank S.A.)		HBZ Bank Limited
	Societe Generale Spolka Akcyjna Oddzial W		Habib Overseas Bank Limited
	Polsce		Standard Chartered Bank
PORTUGAL	Montepio Geral - Caixa Economica	SPAIN	Abanca Corporacion Bancaria, S.A.
	Novo Banco, Sa		Aresbank, S.A.
QATAR	Barwa Bank		Banco Bilbao Vizcaya Argentaria S.A.
	Doha Bank		Banco De Sabadell, S.A.
	Mashreq Bank		Bank Of America Merrill Lynch International
	Qatar International Islamic Bank		Limited
ROMANIA	United Bank Limited, Doha		Bankia S.A.
	Citibank Europe Plc, Dublin-Sucursala		Caixabank, S.A.
	Romania		Commerzbank Ag
	Unicredit Bank Sa		HSBC Bank Plc
RUSSIAN FEDERATION	Alef-Bank	SRI LANKA	Kutxabank, S.A.
	Asian-Pacific Bank		Amana Bank Plc
	Bank Otkritie Financial Corporation (Public		Axis Bank Ltd.
	Joint-Stock Company)		Bank Of Ceylon
	Commerzbank (Eurasija) Ao		Habib Bank Ltd.
	Credit Bank Of Moscow (Public Joint Stock		Hatton National Bank Plc
	Company)		Hongkong And Shanghai Banking Corporation
	HSBC Bank (Rr) Ooo		Limited, The
	Unicredit Bank Ao		MCB Bank Ltd.
	Vnesheconombank		Nations Trust Bank Plc
	VTB Bank (Pjsc)		People's Bank, Head Office
SAUDI ARABIA	Al Inma Bank		Public Bank Berhad
	Al Rajhi Bank		Sampath Bank Plc
	Alawwal Bank		Standard Chartered Bank
	Bank Al Bilad	SWEDEN	Danske Bank
	Bank Al-Jazira		Nordea Bank Ab (Publ)
	Banque Saudi Fransi		Skandinaviska Enskilda Banken
	Emirates NBD Pjsc		Skandinaviska Enskilda Banken Ab
	Gulf International Bank B.S.C., Riyadh	SWITZERLAND	Arab Bank (Switzerland) Ltd
	Islamic Development Bank		Banca Popolare Di Sondrio (Suisse)
	National Bank Of Pakistan		Banque Cantonale Vaudoise
	National Commercial Bank, The		Banque De Commerce Et De Placements S.A.
	Riyad Bank		Barclays Bank (Suisse) S.A.
	Saudi British Bank, The		Commerzbank Ag
	State Bank Of India		Credit Europe Bank (Suisse) S.A.
SINGAPORE	ABN Amro Bank N.V. Singapore Branch		Deutsche Bank Ag Zurich Branch
	Axis Bank Limited		Habib Bank Ag Zurich
	Bank Mandiri (Persero) Tbk. Pt		HSBC Bank Plc
	Bank Of America, N.A. Singapore		Nordea Bank S.A., Luxemburg,
	Bank Of Tokyo-Mitsubishi Ufj, Ltd., The		Zweigniederlassung, Zuerich.
	Citibank, N.A.		UBL (Switzerland) Ag
	Commerzbank Ag, Singapore Branch		Zuercher Kantonbank
	DBS Bank Ltd.	TAIWAN	Bank Of America, N.A. Taipei
	Deutsche Bank Ag		Citibank Taiwan Limited
	Emirates NBD Bank Pjsc (ENBD)		Deutsche Bank Ag, Taipei Branch
	First Abu Dhabi Bank Pjsc (Formerly National		King's Town Bank
	Bank Of Abu Dhabi)		Mega International Commercial Bank Co., Ltd.
	Habib Bank Limited		Standard Chartered Bank (Taiwan) Limited
	KBC Bank Singapore Branch		Sumitomo Mitsui Banking Corporation Taipei
	KEB Hana Bank Singapore Branch (Formerly		Branch
	Hana Bank)		Taiwan Cooperative Bank Ltd
	Mizuho Bank, Ltd. Singapore Branch		The Bank Of New York Mellon, Taipei Branch
	Nordea Bank Ab Singapore Branch		Union Bank Of Taiwan
	Oversea-Chinese Banking Corporation Limited	TANZANIA, UNITED REPUBLIC OF	Amana Bank Limited
	Rabobank Singapore		Habib African Bank
	Shinhan Bank, Singapore Branch	THAILAND	Bangkok Bank Public Company Limited
	Skandinaviska Enskilda Banken Ab (Publ)		Bank Of America, N.A. Bangkok
	Societe Generale		Citibank N.A.
	Standard Chartered Bank		Deutsche Bank Ag, Bangkok Branch
	Standard Chartered Bank (Singapore) Limited		Krung Thai Bank Public Company Limited
	Sumitomo Mitsui Banking Corporation		Mizuho Bank, Ltd., Bangkok Branch
	The Bank Of New York Mellon, Singapore		Standard Chartered Bank (Thai) Pcl
	Branch		Sumitomo Mitsui Banking Corporation
	The Hongkong And Shanghai Banking	TUNISIA	Arab Tunisian Bank
	Corporation Limited		Citibank N.A.
	U.B.A.F. - Union De Banques Arabes Et		Societe Tunisienne De Banque
	Francaises		Aktif Yatirim Bankasi A.S.
	Unicredit Bank Ag Singapore Branch	TURKEY	Albaraka Turk Participation Bank
	(Hypovereinsbank Ag Singapore Branch)		Citibank A.S.
	Wells Fargo Bank, Na		Denizbank A.S.
	Woori Bank, Singapore		Habib Bank Ltd.
SLOVAKIA	Ceskoslovenska Obchodna Banka, A.S.		HSBC Bank A.S.
	Commerzbank Ag		ICBC Turkey Bank A.S. (Formerly Tekstil
SLOVENIA	Unicredit Banka Slovenija D.D.		Bankasi A.S.)
SOUTH AFRICA	Citibank South Africa		Kuveyt Turk Katilim Bankasi A.S.
	Firstrand Bank Limited		Odeabank A.S.
			Sekerbank T.A.S.

Correspondent Banking Network

Country	Bank	Country	Bank
	Turkiye Cumhuriyeti Ziraat Bankasi A.S.		Banco Do Brasil S.A
	Turkiye Finans Katilim Bankasi A.S.		Bangkok Bank Public Company Limited, New York
	Turkiye Garanti Bankasi A.S.		Bank Of America, N.A.
	Turkiye Halk Bankasi A.S. (Head Office)		Bank Of New York Mellon, The
	Turkiye Is Bankasi A.S.		Bank Of Tokyo-Mitsubishi Ufj, Ltd., The
	Turkiye Vakiflar Bankasi T.A.O.		BNP Paribas U.S.A - New York Branch
	Turkland Bank A.S. (T-Bank)		Branch Banking And Trust Company
	Yapi Ve Kredi Bankasi A.S.		Capital One, N.A.
UKRAINE	Ziraat Katilim Bankasi A.S.		Cathay Bank
	Jsc The State Export-Import Bank Of Ukraine		Citibank N.A.
	Prominvestbank		Commerzbank Ag
UNITED ARAB EMIRATES	Abu Dhabi Commercial Bank		Commonwealth Bank Of Australia
	Abu Dhabi Islamic Bank		Continental Exchange Solutions, Inc.
	Ajman Bank Pjsc		Deutsche Bank Ag
	Axis Bank Limited, Difc Branch (Regulated By Dfsa)		Deutsche Bank Trust Company Americas
	Banque De Commerce Et De Placements		First Tennessee Bank N.A.
	Sa-Difc Branch		Gulf International Bank
	Citibank N.A.		Habib American Bank
	Credit Europe Bank (Dubai) Ltd		Hanmi Bank
	Deutsche Bank Ag		HSBC Bank Usa, N.A.
	Dubai Islamic Bank		International Finance Corporation
	Emirates Islamic Bank		Intesa Sanpaolo Spa (Formerly Banca Intesa Spa New York)
	Emirates NBD Bank Pjsc		Israel Discount Bank Of New York
	First Abu Dhabi Bank Pjsc (Formerly First Gulf Bank)		JP Morgan Chase Bank, N.A.
	First Abu Dhabi Bank Pjsc (Formerly National Bank Of Abu Dhabi)		KEB Hana Bank. New York Agency (Formerly Hana Bank New York Agency)
	Habib Bank Ag Zurich		Keybank National Association
	Habib Bank Limited		Malayan Banking Berhad
	HSBC Bank Middle East Limited		Mashreqbank Psc., New York Branch
	KEB Hana Bank Abudhabi Branch		Mizuho Bank, Ltd. New York Branch
	Mashreqbank Psc.		National Bank Of Pakistan
	MCB Bank Limited		New York Commercial Bank
	National Bank Of Fujairah		Nonghyup Bank, New York Branch
	National Bank Of Ras Al-Khaimah, The		Nordea Bank Ab (Publ), New York Branch
	Noor Bank P.J.S.C.		PNC Bank, N.A.
	Standard Chartered Bank		Regions Bank
	State Bank Of India		Societe Generale
	Unicredit S.P.A.		Standard Chartered Bank
	Union National Bank		State Bank Of India (California)
	United Arab Bank		Sumitomo Mitsui Banking Corporation
	United Bank Ltd.		Suntrust Bank
UNITED KINGDOM	Allied Irish Bank (Gb) (Aib Group (Uk) Plc T/A)		U.S. Bank
	Bank Mandiri (Europe) Limited		Unicredit Bank Ag (Hypovereinsbank)
	Bank Of America, N.A. London		United Bank Ltd.
	Bank Of China		Unitibank
	Byblos Bank Europe S.A. (London Branch)		Wells Fargo Bank, N.A.
	Citibank N.A.		Woori Bank, Los Angeles
	Commerzbank Ag	URUGUAY	Woori Bank, New York
	Commonwealth Bank Of Australia	VIETNAM	Banco Itau
	Deutsche Bank Ag		Citibank N.A.
	Emirates Nbd Pjsc		Deutsche Bank, Ho Chi Minh City Branch
	Gulf International Bank B.S.C.		Southeast Asia Commercial Joint Stock Bank
	Habib Bank Uk		Vietnam Bank For Agriculture And Rural Development
	Habib Bank Zurich Plc		Vietnam Public Joint Stock Commercial Bank (Pvcombank)
	HSBC Bank Plc		Woori Bank Vietnam Limited
	HSBC Bank Plc (Rfb)		Wooribank Hochiminh
	Keb Hana Bank	YEMEN	Saba Islamic Bank
	Mashreq Bank Psc		Shamil Bank Of Yemen And Bahrain
	Mizuho Bank, Ltd. London Branch		United Bank Limited
	National Westminster Bank Plc		
	Nordea Bank Ab (Publ) London Branch		
	Northern Bank Limited (Trading As Danske Bank)		
	Skandinaviska Enskilda Banken London		
	Standard Chartered Bank		
	United National Bank		
	Woori Bank, London		
UNITED STATES OF AMERICA	Abacus Federal Savings Bank		
	ABN Amro Capital USA Llc		
	American First National Bank		

Branch Network

Alhamdulillah, Meezan Bank has established 601 branches in 159 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	Jalalpur Jattan	Okara
Ahmedpur East	Jampur	Pabbi
Alipur	Jaranwala	Pakpattan
Arifwala	Jauharabad	Panjgoor
Attock	Jhang	Pattoki
Bahawalnagar	Jhelum	Peshawar
Bahawalpur	Kabirwala	Phalia
Bannu	Kahrur 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
Choa Saidan Shah	Khanpur	Rawalpindi
Chung	Kharian	Rawat
Dadu	Khushab	Renala Khurd
Dadyal	Khuzdar	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
Ellahabad	Lodhran	Sialkot
Faisalabad	Loralai	Shahkot
Fatehpur	Mailsi	Shujabad
Fort Abbas	Mandi Bahauddin	Sukkur
Gaggo Mandi	Malakwal	Swabi
Gawadar	Mansehra	Swari
Ghotki	Mardan	Swat
Gilgit	Mehar	Talagang
Gojra	Mian Channu	Tando Adam
Gujar Khan	Mianwali	Tando Allahyar
Gujranwala	Mirpur Azad Kashmir	Tando Mohammad Khan
Gujrat	Mirpurkhas	Tarlai
Hafizabad	Moro	Taunsa
Haripur	Multan	Taxila
Haronnabad	Muridkay	Timergara
Hasilpur	Muslim Bagh	Toba Tek Singh
Hassanabdal	Muzaffarabad	Turbat
Havelian	Muzaffargarh	Umerkot
Hub (Lasbela)	Nankana Sahib	Vehari
Hyderabad	Narowal	Wah Cantt
Islamabad	Nawabshah	Wazirabad
Jacobabad	Nowshera	Zhob

For 2018, Meezan Bank has planned to expand its Branch Network by 50 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

Ahmedpur East Branch
Property No. 338, Block-IV, Kutchery
Road, Ahmedpur East
Tel: (92-62) 2273261-2

Alipur

Alipur Branch
Khata No.230, Khasra No.13714, Ward
No.18, Near College Chowk, Multan
Road, Alipur
Tel: (92-066) 2700731-34

Arifwala

Arifwala Branch
Shop # 68-69-A, Main City road, Timber
Market, Arifwala
Tel: (0457)-834502-3

Attock

Attock Branch
G-4, Block G, Siddiqui Road, Attock City.
Tel: (92-57) 2700811-12

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

Chilas

Chilas Branch
Abu Bakar Siddique Chowk, Main Bazar
Chilas
Tel: (92-05812) 450673-74

Choa Saidan Shah

Choa Saidan Shah Branch
Khasra No.3125,5440/3124, Khewat
No.438/1295, 189/363, Chakwal Road,
Choa Saidan Shah
Tel: (92-543) 579108-9

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
Plot No.04, Shops No. 168-170. Circular
Road Bazar Area cantt Dera Ismail Khan.
Tel: (92-966) 717257-8

Digri

Digri Branch
Survey No. 413, Ward No.B, Tando
Ghulam Ali Road, Digri
Tel: (92-233) 870213-16

Dina

Dina Branch
Al-Bilal Shopping Centre, Main Chowk,
G.T. Road, Dina, Distt. Jhelum
Tel: (92-544) 636119-21

Dinga

Dinga Branch
Khewat No.1246, Khatooni No.2599,
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

Ellahabad

Ellahabad Branch
Khewat No.443, Khatooni No.707-740,
Main Depalpur Road, Ellahabad, Tehsil
Chunian, District Kasur
Tel: (92-49) 4751371-73

Faisalabad

Bilal Gunj Market Branch
P-1154, Islam Nagar, Bilal Gunj Market,
Sargodha Road, Faisalabad
Tel: (92-41) 8784051-53

Bhowana Bazar Branch

150-D. Main Bhowana Bazar, Faisalabad
Tel: (92-41) 2633042-4

Canal Road Branch

P-404, 405, Amin Town, Near Kashmir
Bridge, West Canal Road, Faisalabad
Tel: (92-41) 8505438-40

Circular Road Branch

Shop # 6,7,8, Jinnah Market, Circular
Road, Faisalabad.
Tel: (92-41) 2628261-63

Civil Lines Branch

Plot No. 17/K, Civil Lines, Bilal Road,
Faisalabad
Tel: (92-41) 2603471-473

Clock Tower Branch

P-175, Clock Tower, Karkhana Bazar,
Faisalabad
Tel: (92-41) 2606085-7

Dijkot Road Branch

Shop # 85, Dijkot Road, Adjacent to
Grain Market, Faisalabad
Tel: (92-41) 2416141-3

Fawara Chowk Faisalabad Branch

301-A, Nalka Stop, Main Road, Peoples
Colony No. 2, Fawara Chowk Faisalabad
Tel: (92-41) 8710523-24

Ghulam Muhammad Abad Branch

P-317, Alaf Sani Chowk, Main Saddar
Bazar, Ghulam Muhammad Abad,
Faisalabad
Tel: (92-41) 2694381- 83

Gole Cloth Katchery Bazar Branch
P-54 Gole Cloth, Katchery Bazar,
Faisalabad
Tel: (92-41) 2610373-4

Gulberg Branch
P-307-A, Gulberg Colony, Main Bazar,
Faisalabad
Tel: (92-41) 2541611-13

Hajiabad Branch
Plot No. P-409, Main Sheikhupura Road
Hajiabad Faisalabad
Tel: (92-41) 8846181-83

Jail Road Branch
Plot No.17-B, Jail Road, Faisalabad
Tel: (92-41) 111 852 852

Jaranwala Road Branch
Property No.P-1, Near Hassan Park,
Corner Farid Road, Main Jaranwala
Road, Faisalabad
Tel: (92-41) 2428241-43

Jhang Road Branch
Plot No. S-29-30, Near Ayub Colony,
Opposite Motor Market, Jhang Road,
Faisalabad
Tel: (92-41) 2650854-6

Kotwali Road Branch
P-66, Kotwali Road Faisalabad
Tel: (92-41) 2602586-8

Madina Town Susan Road Branch
Plot No. 98/23, Madina Town, Susan
Road, Faisalabad
Tel: (92-41) 8557141-3

Mansoorabad Branch
Plot No. P-1224 Corner Dipu Bazar, Main
Jhumra Road, Mansoorabad, Faisalabad
Tel: (92-41) 8734400-02

Millat Chowk Branch
158-B-1, Gulistan Colony No. 2, Millat
Chowk, Faisalabad
Tel: (92-41) 8784346-7

Peoples Colony Branch
1/A-II, Peoples Colony-1, Faisalabad
Tel: (92-41) 8555002-4

PMC Branch Branch
P-1, Allied Moor, Opposite Punjab
Medical College, Jail Road, Faisalabad.
Tel: (92-41) 8781381-83

Samanabad Branch
Plot No. P-178/1 A, Main Road,
Samanabad, Faisalabad
Tel: (92-41) 2663840-2

Sargodha Road Branch
Plot No. 654-656, Near Hafeez Plaza, Ali
Town Sargodha Road, Faisalabad
Tel: (92-41) 8785151-3

Satyana Road Branch
718-I, Batala Colony Main Satyana Road
Faisalabad
Tel: (92-41) 8500719-20

Serena Hotel Branch
Serena Hotel, Club Road, Faisalabad
Tel: (92-41) 2602595-7

Tata Market Branch
Chak No. 212-RB Main Road, Factory
Area, Opposite Madina Centre, Tata
Market, Faisalabad
Tel: (92-41) 2417555-7

Yarn Market Branch
P-180, Yarn Market, Montgomery Bazar,
Faisalabad
Tel: (92-41) 2541501-03

Fatehpur
Fatehpur Branch
Khewat No.14, Karor Lal Eisan Road,
Fatehpur
Tel: (92-0606) 841135-37

Fort Abbas
Fort Abbas Branch
Khewat No.347/348, Khatooni No.347,
Qasba Mandi, Zia-ul-Haq Shaheed Road
Fort Abbas
Tel: (92-063) 2510584-85

Gaggo Mandi
Gaggo Mandi Branch
Khasra No.59/3, Khewat No. 56/52,
Khatooni No. 218, Opposite Grain
Market, Sheikh Fazal Road, Gaggo
Mandi
Tel: (92-067) 3500574-75

Gawadar
Airport Road Gawadar Branch
Khasra No.575,593-596, Khewat No.202,
Airport Road Gawadar.
Tel: (92-86) 4210124-25

Ghotki
Ghotki Branch
Survey No.10, Deh Odharwali Tappo
Ghotki
Tel: (92-0723) 600134-36

Gilgit
Gilgit Branch
Shop No. 433/102, Northern Light
Infantry, Welfare Complex Gilgit Baltistan
Tel: (92-0581) 458039-41

Gojra
Gojra Branch
Al Khalid Shopping Centre, Opposite
Surayya Hospital, Tehsil Office Road,
Gojra
Tel: (92-46) 3516272-3

Gujar Khan
Gujar Khan Branch
B-III, 215-E, G.T. Road, Gujar Khan
Tel: (92-51) 3515679-83

Gujranwala
Citi Housing Society Gujranwala Branch
Plot No.31, Block PH-1-C, Phase-1, Citi
Housing Society, Gujranwala
Tel: (92-55) 4287480-1

Dal Bazar Branch
Property No. BII-19S-31, Near Chowk
Chashma, Dal Bazar, Gujranwala
Tel: (92-55) 4227592-6

D.C Colony Branch
Shops No.UG-08 - UG-11, Commercial
Centre, Ravi Block, PGECCHS, D.C
Colony, Gujranwala
Tel: (92-55) 3782805-07

Gondlanwala Road Gujranwala Branch
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

Qila Didar Singh, Gujranwala
Khasra No.4215 / 184 , Khatooni
No.1736, Khewat No.1394, Mohallah
Qasurian, Moza Qila Didar Singh, Tehsil
& District Gujranwala
Tel: (92-55) 4711103-5

Sheikhupura Road Branch
Khewat No. 42, Khatoni No. 43, Khasra
No. 182, Mian Sansi, Sheikhupura Road
Gujranwala
Tel: (92-55) 4233981-83

Satellite Town Gujranwala Branch
Plot No.40-A, Nursery Chowk, Satellite
Town, Gujranwala
Tel: (92-55) 3847191-3

Sialkot Road Branch
Khewat No. 517, Khatooni No. 632,
Khasra No. 227, Wania More, Sialkot
Road Gujranwala
Tel: (92-55) 3200102-04

Wapda Town Gujranwala Branch
Block No.13, Wapda Town, Gujranwala
Tel: (92-55) 4283902-5

Gujrat
Chowk Pakistan Branch
Property No. B-II 849-850, Chowk
Pakistan, Circular Road, Gujrat
Tel: (92-53) 3522352-4

Gujrat Branch
Amin Fan Building, G.T Road, Gujrat
Tel: (92-53) 3538104-7

Kutchery Chowk Branch
B-1/92, Opposite Bar Room, Kutchery
Chowk, Gujrat
Tel: (92-53) 3600751-753

Hafizabad
Hafizabad Branch
Sagar Road Branch, Hafizabad
Tel: (92-54) 7540811-2

Haripur
Haripur Branch
Rehana Plaza, G.T. Road, Haripur
Tel: (92-995) 627250-3

Main Bazar Branch
Main Bazar, Near Sheranwala Gate,
Haripur
Tel: (92-995) 615103, 615322

Haronabad
Haronabad Branch
14-C, Grain Market, Haroonabad
Tel: (92-63) 2251751-2

Hassanabdal
Hassanabdal Branch
Khewat No.1756, Khatooni No.2201,
Khasra No.1956 Near Bus Stand Main
G.T Road Hassanabdal
Tel: (92-057) 2520708-711

Hasilpur
Hasilpur Branch
68/B, Baldia Road, Hasilpur
Tel: (92-62) 2443300-1

Havelian
Havelian Branch
Near Old TMA Office, Main Bazar
Havelian,
Distt. Abbottabad
Tel: (92-992) 811501-3

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

SITE Hyderabad Branch

Plot No. A/3, Fateh Chowk, SITE Area,
Hyderabad
Tel: (92-22) 3880202-03

Station Road Branch

Shop No. F-438/2, F-438/3, Ward "F",
Station Road, Hyderabad
Tel: (92-22) 2729791-94

Islamabad

Aabpara Branch
Plot No. Ramna 6/1-4, Aabpara Market,
Sector G-6, Islamabad
Tel: (92-51) 2603061-4

Bani Gala Branch

Khasra No. 631-632, Khewat No. 504,
Sadaat Market, Main Bazar Bani Gala
Islamabad
Tel: (92-51) 2612790-92

Barakahu Branch

Fazal ul Haq Plaza, Main Murree Road,
Baharakahu, Islamabad
Tel: (92-51) 2232881-2

B-17 Islambad Branch

Mumtaz Plaza Plot No. 43 Commercial
Area Sector B-17 Block B, Multi
Gardens, Main G.T Road Islamabad
Tel: (92-51) 5203240-3

DHA Phase II Branch

Plot No. 7, Sector A, Near Gate No-3,
Kalsum Plaza, DHA Phase-II, Islamabad
Tel: (92-51) 5161562-4

D-17 Islamabad Branch

Plot No. A-1, Shop Nos G 01-04, 06, 24,
Prime Arcade Main Markaz Margalla
View Housing Society, D-17/2 Islamabad
Tel: (92-51) 2229996-98

E-11 Markaz Branch

Plot No. 02, 03, 04, Square Eleven Plaza,
Islamabad Garden Phase II, Sector
E-11/1 Islamabad,
Tel: (92-51) 2305691-92

F-6 Markaz Branch

Ground & First Floor, Sethi Plaza, Super
Market, F-6 Markaz, Islamabad
Tel: (92-51) 2601791-5

F-7 Jinnah Super Market Branch

Unit No. 14, Plot No. 12-B, F-7 Markaz,
Jinnah Super Market, Islamabad
Tel: (92-51) 2655001-4

F-8 Branch

Panther Plaza, F-8 Markaz, Islamabad
Tel: (92-51) 2817403-5

F-10 Markaz Branch

Plot No. 2-F, F-10 Markaz, Islamabad
Tel: (92-51) 2112762-3

F-11 Branch

Shops No. 2, 3, 9, 10, 11 & 12, Ground
Floor, Sardar Arcade, F-11 Markaz,
Islamabad
Tel: (92-51) 2228384-5, 2228388-9

G-8 Branch

Plot No. 40-A, I & T Centre, Jhelum
Road, G - 8/1, Islamabad.
Tel: (92-51) 2261040 - 41

G-9 Markaz Branch

21-B, G-9 Markaz, Islamabad
Tel: (92-51) 2285849-51

G-10 Markaz Islamabad Branch

Plot No.20-E, G-10 Markaz, Islamabad
Tel: (92-51) 2351953-4

G-11 Branch

Plot No. 15, Penorama Arcade,
G-11 Markaz, Islamabad
Tel: (92-51) 2830513-6

G-13 Branch

Plot No 2-A, Qaiser Wasim Plaza, G-13
Markaz, Islamabad
Tel: (92-51) 2285849 - 50

G-15 Markaz Branch

Plot No. 18, Family Plaza, Jammu &
Kashmir Housing Society, G-15 Markaz
Islamabad
Tel: (92-51) 2328317-8

Ghuri Town Branch

Plot No. 11-12 Sadiq Center Phase V-A
Ghuri Town Islamabad
Tel: (92-51) 2157680-83

Jinnah 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 Branch

Naval Shopping Centre, Naval Complex,
E-8, Islamabad
Tel: (92-51) 2261192-93

PWD Branch

Plot No. 786-G, Block-C, Pakistan PWD
Employees Co-operative Housing
Society, Lohi Bher, Islamabad
Tel: (92-51) 5170756-8

Soan Garden Branch

Plot No. SC-17, Iftikhar Shopping Mall,
Main Double Road, Soan Garden
Islamabad
Tel: (92-51) 5739501 - 2

74-E Blue Area Branch

Unit No. 03-04, Plot No.74-East Ajaib
Plaza, Blue Area Islamabad
Tel: (92-51) 2605693-97

Jacobabad

Jacobabad Branch
Survey No.764/1, Old College
Road Ward No.02, Jacobabad
Tel: (92-0722) 650276-78

Jalalpur Jattan

Circular Road Branch
Khewat No.1729/1730 Khatooni No.
2355-2358 2359-2362, Circular Road,
Jalalpur Jattan
Tel: (92 55) 3430313-5

Jampur

Jampur Branch
Indus Highway, Dera Road,
Opposite Nadra Office, Jampur
Tel: (92-604) 569446-8

Jaranwala

Jaranwala Branch
P-92, Main Hassan Road, Jaranwala City
Tel: (92-041) 4312084-85-86

Jauharabad

Jauharabad Branch
Plot No.191, Khewat No.681, Khatooni
No.1101, Block No.14, Main Bazar
Jauharabad
Tel: (0454) 720683-84

Jhang

Rail Bazar Chowk Branch
P-864, Block-9, Circular Road,
Rail Bazar Chowk, Jhang
Tel: (92-47) 7652203-4

Yousaf Shah Road Branch

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

Kahror Pakka

Kahror Pakka Branch
Plot No.107/C/4, Khewat No.27, Dunya
Pur Road, Kahror 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

Bahria Town Branch
Shop No. 07, Plot Old Customer support
centre, Bahria Town Karachi, Main super
highway Karachi, Pakistan.
Cell: 0304 1927363 - 64 0304-0920612

Bahadurabad Branch
Plot No.28, Adam Arcade, Bihar Muslim
co-operative Housing Society,
Bahadurabad Karachi
Tel: (92-21) 34145018-21

Baitul 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: (92-21) 35879531-35

Block-A North Nazimabad Branch
Plot No. SD-1, Block A, KDA Scheme
No. 2, North Nazimabad, Karachi
Tel: (92-21) 36722430-4

Block-E North Nazimabad Branch
Plot No. ST-4, Shop # A/D-66 & 67, Block
"E" Hyderi, North Nazimabad, Karachi
Tel: (92-21) 36724294-96

Block-F North Nazimabad Branch
Shop # 9,10,11 & 12 Sub-Plot # SC14-3
Plot No SC-14,Block -F, KDA Scheme
No. 2, Samar Residency North
Nazimabad Karachi
Tel: (92-21) 36723549-554

Block-18, Gulistan-e-Jauhar Branch
Rufi Lacks Drive, Unit No. 34 & 35,
Perfume Chowk, Block-18,
Gulistan-e-Jauhar, Karachi
Tel: (92-21) 34198130-134

Block-3 A Gulistan-e-Jauhar Branch
Palm Residency, Unit # 01, Block- 3A,
Kamran 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-1, 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

Chawla Market Nazimabad No.1 Branch
Shop No.1-4, Bukshi Residency, Plot
No.3, Sub-Block-K, Chawla Market
Nazimabad No.1, Karachi

Clifton Branch
Shop # 5, 6, Ground Floor, Al-Karam
Centre, BC1, Block-7, Main Clifton
Road, Clifton, Karachi, Add Space Shop
4, Plot # BC 2, Block 7 Clifton,
Karachi
Tel: (92-21) 35372060-64

Cloth Market Branch
Shop # 14, Ground Floor, Atique Market,
Survey No.1-2, Survey Sheet B.R.2,
Bunder Quarters, Karachi
Tel: (92-21) 32418137-39

Darakhshan Society Malir Branch
Plot No. A-16/1, Darakhshan Society,
Malir Township, Karachi
Tel: (92-21) 34492788, 34493005

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

Fish Harbor Branch
Fish Auction Hall, Fish Harbor Karachi

FTC Branch
Ground Floor, Block-B, Finance & Trade
Centre, Shahrah-e-Faisal, Karachi
Tel: (92-21) 35650771-5

Garden West Branch
Shop No. 9,10,11 & 12 , Plot Survey
no.130/1 Sheet No. G-R.2, Garden West,
Karachi
Tel: (92-21) 32241383-87

Gizri Branch
Plot No. K-7/9 Gizri, Chaudhry
Khaliq-uz-Zaman Colony, Bakhshan
Village, Bazar Area, Clifton, Karachi
Tel: (92-21) 35865670-4

Gole Market Nazimabad Branch
Plot No. 2-E/3, Gole Market Nazimabad,
Karachi
Tel: (92-21) 3641 8011-15

Gulbahar Branch
Shop No. G-8, G-9, G-10 and G-11, Sub
Plot No.20/3, Sana Towers, Firdous
Co-operative Housing Society, Golimar
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

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) 35115-5911-15

Korangi Branch
Plot No. LS-3, ST-3/1, Sector
No.15,Korangi Industrial Area, Karachi
Tel: (92-21) 35114324-5

Kokan Colony Baldia Town Branch
Plot No. 328 Deh Moach Kokan Colony
Baldia Town Karachi.
Tel: (92-21) 32591300-04

Korangi II Branch
Q 37, Sector 33-A, Main Road Korangi,
Karachi
Tel: (92-21) 35059215-16

Korangi Industrial Area II Branch
Plot No.27 & 28, Sector - 16, Korangi
Industrial Area, Karachi
Tel: (92-21) 3514-4341-45

Korangi Darul Uloom Branch
Sector 28, Darul Uloom, Main Korangi
Industrial Road, Karachi
Tel: (92-21) 35123134-35, 35123138-40

Lasbella Branch
Plot No.460, G-2, Garden East Lasbella,
Karachi
Tel: (92-21) 32244290-294

Lea Market Branch
Plot No. 3/20, Khajoor Bazar, Lea
Market, Karachi
Tel: (92-21) 32521650-4

Liaquatabad Branch
No.18, Plot No. 1/19, S.M.Taufiq Road,
Liaquatabad, Karachi
Tel: (92-21) 34125673

Liaquat Market Malir Branch
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

Muhammad Ali Society Branch
Plot No 5/F, Muhammad Ali Memorial
Co-Operative Housing Society, Karachi
Tel: (92-21) 34301864-67

Nanakwara Branch
Plot No. WO-1/13, Muhammadi Manzil,
Syedna Tahir Saifuddin Road, Paan
Mandi, Nanakwara, Karachi
Tel: (92-21) 327141014-105

Nadir House Branch
Nadir House Branch, I.I. Chundrigarh
Road Karachi
Tel: (92-21) 32410085-88

Nayabad Branch
Plot No. No. 113/A, Shop No.1-6, 18-29,
Shah Waliullah Road Nayabad Lyari,
Karachi
Tel: (92-21) 32385631-5

Nazimabad No. 3 Branch
3-A-1/13 Nazimabad No. 3, Karachi
Tel: (92-21) 36707431-4

New Challi Branch
Fakhri Trade Centre, Plot No. SR – 6/10,
Shahra-e-Liaquat, New Challi, Karachi.
Tel: (92-21) 32602121-126

New Town Branch
Plot No.371 Kutiana Centre, Shop
No.10-13, Jamshed Quarters, Karachi
Tel: (92-21) 34943581-5

New Truck Stand Hawksbay Branch
Plot No.F-1/4 to F-1/9, K-28 Phase-I
Trans Lyari, Hawksbay Road, Karachi
Tel: (92-21) 32373204-13

**New Fruit & Vegetable Market Super
Highway Branch**
Block No. C-X, New Fruit & Vegetable
Market, Super Highway, Karachi
Tel: (92-21) 3687-0190-94

North Karachi Branch
Plot # SA-6 (ST-8),11-C-1 North Karachi
Tel: (92-21) 36965051-55

North Karachi Industrial Area Branch
Plot # 1-A, Sector # 12-C,North Karachi
Town ship Karachi
Tel: (92-21) 36963117-121

North Napier Branch
Shop No. 12,Poona wala, Trade
Tower,W.O 1/55, Opposite City Court
Chabba Gali,Main North Napier Road
Karachi
Tel: (92-21) 32713530-34

North Nazimabad Block-M Branch
Plot No. SB-2, Block-M,
North Nazimabad, Karachi
Tel: (92-21) 36627054-5

Nursery Branch
Plot No.13-A, Survey Sheet No. 35-P/1,
Amber Pride show room No.1, Ground
Floor, Block-06 P.E.C.H.S, Nursery,
Karachi
Tel: (92-21) 34396510-14

Orangi Town Branch
Plot No. LS-15, Sector 6-E, Orangi Town,
Karachi
Tel: (92-21) 36694370-4

Panorama Center Branch
Survey # 248 , Shop # 6 & 6-A Panorama
Centre, Staff Line, Fatima Jinnah Road,
Saddar, Karachi
Tel: (92-21) 335642587-91

P & O Plaza Branch
Ground Floor, P & O Plaza, Opposite
Muhammadi House, I.I Chundrigar Road,
Karachi
Tel: (92-21) 32467901-5

Pakistan Chowk Branch
Ground Floor, Plot No. 08, Survey Sheet
No. RB-5, Pakistan Chowk Arambagh,
Road, Karachi
Tel: (92-21) 32219651-6

Paposh Nagar Branch
Plot No.18, Row No.1, Block-E, Block
No-V, Paposh Nagar Nazimabad, Karachi
Tel: (92-21) 36700640-44

PIB Colony Branch
Plot No 390-391, PIB Colony Main Road,
Karachi
Tel: (92-21) 34191201-205

Plaza Quarters Branch
Plaza Square Karachi, Bombay Building,
City Survey No. 37/22, Off M.A. Jinnah
Road, Karachi
Tel: (92-21) 32751560, 32751124

PNSC (Lalazar) Branch
37-A, Lalazar Area, Off Moulvi
Tamizuddin Khan Road, Karachi
Tel: (92-21) 35636240

Power House Branch
Plot No. R-17, Sector 5-C/4, North
Karachi
Tel: (92-21) 36902608-12

Rashid Minhas Road Branch
Ground Floor, Aqsa Tower, Block-C,
Rashid Minhas Road, KDA Scheme
No.33, Karachi
Tel: (92-21) 34978062, 34978064

Razi Road Branch
Plot No 44-A, Nice Trade Orbit, Block 6,
Razi Road, PECHS, Karachi
Tel: (92-21) 34370151-155

Regal Chowk Branch
Shop No. 1-B, Survey No. 273/2,
Sheet A.M (Part -2), Rahman Mansion,
Artillery Maidan Quarter, Frere Road,
Saddar, Karachi
Tel: (92-21) 32701151-5

Saddar Branch
Survey No.70/2, Survey Sheet No.SB-6,
Javeria Gems & Jewels centre, Raja
Ghazanfar Ali Khan Road, Saddar Bazar
Quarters Karachi
Tel: (92-21) 35224601-05

Saeedabad Baldia Town Branch
Plot No.604 & 609/1-A, Sector 5-J,
Saeedabad Baldia Town, Karachi
Tel: (92-21) 32817511-5

Safora Chowk Branch
Shop No. 3, 4, 5 & 6, Ground Floor,
Prime Tower, Plot No. SB-20, Block 7,
KDA Scheme No. 36,
Safora Chowk, Gulistan-e-Jauhar,
Karachi
Tel: (92-21) 34660661-5

Sharafabad Branch
Plot No.525, Block-3, Shop No. 1-3,
Ground Floor, Karachi Memon
Cooperative Housing Society,
Sharafabad, Karachi
Tel: (92-21) 3494-2941-45

Shaheen Complex Branch
Shaheen Commercial Complex, M.R.
Kayani Road, GPO Box 121, Karachi
Tel: (92-21) 111 852 852

Shahrah-e-Faisal Branch
Shops No. 9,10,11,12 Ground Floor and
Mezzanien Plot No.6/29-A, Sabah
Palace, PECHS, Karachi
Tel: (92-21) 34322184-90

Shahrah-e-Quaideen Branch
Plot # 19/A, Block 2, PECHS, Main
Shahrah-e-Quaideen Road, Karachi
Tel: (92-21) 3418 8601-05

Shahrah-e-Orangi Branch
Plot No. CI-59, Sector 11, Orangi
Township, Orangi, Karachi
Tel: (92-21) 36699621-25

Shadman Karachi Branch
Plot No. ST 21/2A Sec.No 14-B,
Shadman, North Karachi
Tel: (92-21) 36940650-54

Shaheed-e-Millat Road Branch
Plot No. 7-A/228, Block-3, Dehli
Mercentile Muslim Cooperative Housing
Society Ltd, Shaheed-e-Millat Road,
Karachi
Tel: (92-21) 34140151-155

Saba Avenue Branch
Plot # 22-C-C, Saba Avenue, DHA Phase
VI, Karachi
Tel: (92-21) 35155901-905

South Asia Pakistan Terminal Branch
Plot No.1, South Asia Pakistan Terminal
Building, Container Port Road Keamari,
Karachi

Shah Faisal Colony Branch
CB-33, Al Falah Society, Shah Faisal
Colony, Karachi
Tel: (92-21) 34686271-3

Shamsi Society Malir Halt Branch
Plot No. CM 44 & 45, Ground Floor
Shamsi cooperative Housing Society
Ltd., Malir Halt, Karachi
Tel: (92-21) 34682405-07

Shershah Branch
Plot No. D.283/15 & 16, Quality Godown
Shershah Road, SITE Karachi
Tel: (92-21) 32562411-15

Sidco Centre Branch
Shop No.13, Sidco Centre Din
Muhammad Wafai Road Karachi
Tel: (92-21) 35224850-54

Shireen Jinnah Colony Branch
Plot No. 4-B,Block No. 1, Clifton Karachi
Tel: (92-21) 358303025, 35836758,
35836780

Sir Syed Road Branch
Plot No. 152-S, Ground Floor, Sir Syed
Road, Block 2, PECHS, Karachi
Tel: (92-21) 35143500-4

SITE Branch
Plot No. B/9-C, Site Area, Karachi
Tel: (92-21) 32550328-31

SITE-II, Super Highway Branch
Showroom # 1 & 2, Plot # D/41-A, SITE-
Super Highway Phase-II, Karachi
Tel: (92-21) 36880342-349

Soldier Bazar Branch
G-2, Ground Floor, Plot No. SOL.B-2/16,
VII-E/100/1, Soldier Bazar Quarters,
Karachi
Tel: (92-21) 32290320-24

Steel Market Branch
Plot No.5, Shop No12, Al-Hamd Centre,
Ranchore Quarter Steel Market,
Baba-e-Urdu Road Karachi

Stock Exchange Branch
Office # 41, 42 & 43 1st Floor Stock
Exchange Building, I.I Chundrigar Road
Karachi
Tel: (92-21) 32470920-8

Super Highway Branch
Highway Trade Centre, Shop # 11-12-13
& 14 Block-2, Sector1-A, Super Highway,
Karachi
Tel: (92-21) 36830076-78, 36830045 &
36830107

Tahir Villa Chowrangi Branch
Plot No. 74/1, Block 5, Tahir Villa
Chowrangi, F.B.Area, Karachi
Tel: (92-21) 36364452-54

Tariq Road Branch
Plot No. 138-A, Block No. 02, PECHS,
Tariq Road, Karachi
Tel: (92-21) 34300180-84

Textile Avenue Branch
Plot No. H-6, SITE Survey Sheet No. 21,
Near Site Police Station SITE, Karachi
Tel: (92-21) 32584850-59

Timber Market Branch
Plot No. 03, Main Timber Market,
Siddique Wahab Road, Karachi
Tel: (92-21) 32740060 - 64

Urdu Bazar Branch
Shops No. 11 & 12, Anfal Centre,
Plot No. RB-9/1, Rambagh Quarters,
Urdu Bazar, Karachi
Tel: (92-21) 32603031-5

University Road
Plot No. SB-25, S-1, S-2 & S-3, Block-1
Gulistan-e-Jauhar, Main University Road,
Karachi.
Tel: (92-21) 34170471-5

Water Pump Branch
Plot No. BS-13, Block No. 14, Federal
B. Area Karachi.
Tel: (92-21) 36332443, 36332523

West Wharf Road Branch
Plot No. 14, A & K Chambers West Wharf
Road, Karachi
Tel: (92-21) 32203445-9

Karak
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

Khuzdar
Khuzdar Branch
Khasra No. 3042/1569, Sultan Ibrahim
Road, Khuzdar

Kohat
Kohat Branch
1st Floor, Jinnah Municipal Plaza, TMA,
Near King Gate, Bannu Road, Kohat
Tel: (92-922) 523037-40

Kot Addu
Kot Addu Branch
Khewat No. 264/241, Ward No. 2, Mauza
Pirhar Sharqi, G.T. Road,
Kot Addu.
Tel: (92-66) 2240333-37

Kot Radha Kishan
Kot Radha Kishan Branch
Shop No. 9, Grand City Center, Main
Raiwind Pattoki Road, Kot Radha Kishan
Tel: (92-049) 2382011

Kotli AJ&K
Kotli AJ&K Branch
Mouza Pang Piran, Pindi Road, Kotli AJK
Tel: (92-05826) 444673-4-5

Kunri
Kunri Branch
Plot No. 12, Survey No. 263,
Station Road, Deh Gorraho, Kunri,
District Umerkot
Tel: (92-238) 558412-15

Lahore
Akbar Chowk Branch
Plot No. 46, Block-10 Sector B-1
Township Lahore
Pabx: (92-042) 35201425-26

Akbari Mandi Branch
Outside Akbari Mandi, Circular Road,
Lahore
Tel: (92-42) 37660969-70

Al-Saeed Chowk Branch
Al-Saeed Chowk, near Phool Mandi,
Saggian By pass, Jaranwala Road,
Tehsil Ferozwala, District Sheikhpura,
Lahore
Tel: (92-42) 37163873-5

Allama Iqbal Town Branch
06 Asif Block Main Boulevard Allama
Iqbal Town Lahore
Tel: (92-42) 37806882 - 37806887

Avian Chowk Branch
H # 44, Nadeem Shaheed Road, Avian
Chowk, Near Pakki Thatti, Samanabad,
Lahore
Tel: (92-42) 37563352-54

Azam Cloth Market Branch
19-Bismillah Block, Azam Cloth Market,
Lahore
Tel: (92-42) 37642011-3

Badami Bagh Branch
35-Peco Road, Badami Bagh, Lahore
Tel: (92-42) 37369610-3

Bahria Town Branch
Plot No. 68/69-B, Sector-C, Bahria Town
Lahore
Tel: (92-42) 35976270-72

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

Bilal Gunj Lahore Branch
Khewat No. 1611 Khatooni No. 2842
Khasra No. 3807, Bilal Gunj Sheesh
Mahal Road, Lahore
Tel: (92-42) 3716657-58

Bhubtian Branch
Khasra No. 4202/711, Bhubtian Chowk,
Raiwind Road Lahore
Tel: (92-42) 35320413-15
Brandrath Road Branch
46 Brandrath Road, Lahore
Tel: (92-42) 37676388-92

Burki Road Branch
Khasra No. 159, Khatooni No. 30, Khewat
No. 20, Main Burki Road, Adjacent
Paragon City, Lahore
Tel: (92-42) 37167203-4

Bund Road Branch
Property No. SW XI 1-S-1/B/6,
Main Bund, Road, Lahore
Tel: (92-42) 37482671-3

Canal Bank Road Branch
Mughalpura Lahore Branch Plot No. 125,
St. No. 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 Shah Alam
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

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) 38107774-5

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

G.T Road Daroghawala Branch
Plot No. 329-F, Main G.T Road,
Daroghawala, Lahore
Tel: (92-42) 36550501-3

Gulberg Branch
60-Main Boulevard Gulberg, Lahore
Tel: (92-42) 35879870-2

Gulshan-e-Ravi Branch
Plot No. 9, Block F, Gulshan-e-Ravi,
Lahore
Tel: (92-42) 37404822-5

Haider Road Township Branch
434, A-1, Haider Road Township, Lahore
Tel: (92-42) 35157101-3

Hall Road Branch
S-50-R-19, Hall Road, Lahore
Tel: (92-42) 37211806-8

Ichra Branch
156-Main 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
Gujumatta Tehsil Cantt, Kahna Nau,
Ferozpur Road, Lahore
Tel: (92-42) 35270205-7

Kot Abdul Malik Branch
Mouza Sharqpur Khurd, Kot Abdul Malik
Main Sheikhupura Road, Lahore
Tel: (92-42) 37340743-5

Khayaban-e-Jinnah Road Branch
Plot No. 630/325 Air line Housing
Society, Block B, Phase I, Iqbal Avenue
Cooperative Housing Society,
Khayaban-e-Jinnah Road, Lahore
Tel: (92-42) 35955461-63

Khayaban-e-Iqbal Branch
Plot No.34-A, Khayaban-e-Iqbal,
Sector-XX, Phase III-C,DHA, Lahore
Tel: (92-42) 356948833-34-35-38

Liberty Market Branch
Shop # 14-17, Liberty Shopping Centre,
Gulberg III, Lahore
Tel: (92-42) 35760813, 35760814

L.D.A Scheme Tajpura Branch
Plot No.425 A, L.D.A Scheme Tajpura
Lahore
Tel: (92-42) 36631463-5

Main Boulevard Branch
E-44-1-4-COM, Iqbal Park Commercial,
Main Boulevard DHA, Lahore
Tel: (92-42) 36621482-4

Maulana Shaukat Ali Road Branch
Plot No. 4-E Jauhar Town, Adjacent
BOR, Main Maulana Shaukat Ali Road
Lahore
Tel: (92-42) 35202067-69

McLeod Road Branch
SE-10-R-2/12, Nihal Chand Building,
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

State Life Society Branch
Plot No.1011, Sector F, State Life
Society, Lahore
Tel: (92-42) 35474180-81-82

Sultan Pura Branch
Property No. 16, Hide Market Sultan Pura
Lahore
Tel: (92-42) 36862452-58

T Block Phase II Branch
Plot No. 07, 2-C, CCA-T Block Phase -II
Lalok Jan Chowk DHA Lahore
Tel: (92-42) 5707383-86

Thokar Niaz Baig Branch
171-A, Ali Town Raiwind Road, Lahore
Tel: (92-42) 7516128-30

Tufail Road Branch
Shop No.06, 10-11, 33-34 Cantt
Shopping Plaza, Tufail Road Lahore
Cantt
Tel: (92-42) 36602701-703

Urdu Bazar Branch
4-Kabeer Street, Urdu Bazar, Lahore
Tel: (92-42) 37116684-7

Valancia Town Branch
Plot No.1-D, Valencia Society Lahore
Tel: (92-42) 35225894-98

Walton Road Branch
E-29/21-A, Bank Stop, Walton Road,
Lahore
Tel: (92-42) 36626602-5

WAPDA Town Chowk Branch
Plot No. 429, Block-E, Main Boulevard,
P.I.A Employees Co-operative Housing
Society, Wapda Town Chowk, Lahore
Tel: (92-42) 35211591-4

Wahdat Road Branch
Plot No.16-A, Wahdat Road Branch,
Lahore
Tel: (92-42) 35912954-56

West Wood Colony Branch
Plot No 24, West Wood Colony, Canal
Road, Lahore
Tel: (92-42) 37498592-93

Zafar Ali Road Branch
Plot No.03, Zafar Ali Road, Gulberg V,
Lahore
Tel: (92-42) 35775758-59

Zahoor Elahi Road Branch
Building No.3-A, Block A, Gulberg II,
Zahoor Elahi Road, Lahore
Tel: (92-42) 111 852 852

Zarrar Shaheed Road Branch
Khasra No. 3939/3296, Block-B,
Al-Faisal Town, Zarrar Shaheed Road,
Lahore Cantt
Tel: (92-42) 36674862

Lalamusa
Lalamusa Branch
Col. Plaza, Plot No. 9, Camping Ground,
G.T. Road, Lalamusa
Tel: (92-53) 513022, 7513032

Main Bazar Lalamusa Branch
Property No.B-9/18/R.H & B-9/26/Shop &
B-9/27/Shop,Main Bazar Lalamusa
Tel: (92-53) 7511803-04

Larkana
Larkana Branch
Property No.1796, Ward No. A, Bank
Square, Bunder Road, Larkana
Tel: (92-74) 4055923-5

Layyah
Layyah Branch
Property No. B-II-174, 175, 176, Chobara
Road, Layyah
Tel: (92-606) 412975-7

Liaquatpur
Liaquatpur Branch
Plot No.150, Rest House Road,
Liaquatpur
Tel: (92-068) 5693263-264

Lodhran
Lodhran Branch
Plot No. 493-A, A-1, A-2/5H, Ghosia
Chowk, Multan Bahawalpur Road,
Lodhran
Tel: (92-608) 364797-8

Loralai
Loralai Branch
Plot No. 1060, Zhob Road, Loralai,
Balochistan
Tel: (92-824) 4660103

Mailsi
Mailsi Branch
Khewat No.75/73, Khatooni No.99,
Colony Road, Mailsi
Tel: (92-67) 3750704- 05

Mandi Bahauddin
Mandi Bahauddin Branch
Plot No. 5/181 Ward No. 5,
Outside Ghallah Mandi, Near Tawakli
Masjid,
Mandi Bahauddin
Tel: (92-546) 520931-3

Malakwal
Malakwal Branch
Khewat No.448, Khatooni No.779-789,
Badshah Pur Road, Malakwal
Tel: (92-546) 581591-2

Katchery Road Branch
Khewat No. 1047-1048, Khatooni
No.1055-1056 Katchery Road,
Mandi Bahauddin
Tel: (92-546) 500693-4

Mansehra
Lari Adda Branch
Near Madni Masjid, Lari Adda,
Karakoram Highway, Mansehra
Tel: (92-997) 307640-2

Mansehra Branch
Meezan Plaza, Near Markazi Jamia
Masjid, Abbottabad Road, Mansehra
Tel: (92-997) 308315-8

Mardan
Bank Road Mardan Branch
Khewat No.1643, Khatooni No.2393,
Khasra No. 2126-2128, Bicket Gunj,
Bank Road Mardan.
Tel: (92-937) 9230561-62

Par Hoti Branch
Khata No 367 neher chowk Main Bazar
Par Hoti Mardan
Tel: (92-937) 560013-14

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

Sameejabad Multan Branch
Khasra No.10/7/1, Khewat No.04, Peeran
Ghaib Road, Sameejabad Multan.

Shah Rukn-e-Alam Branch
Shop No. 26-27, Block F, Main Market,
T-Chowk, Shah Rukn-e-Alam Colony,
Multan
Tel: (92-61) 6784324-5

Sher Shah Road Branch
Property No. 50/A, Opposite Garden
Town, Sher Shah Road, Multan
Tel: (92-61) 6536752-5

University Road Branch
Khewat No.856/833, Khatooni No.1309,
Shalimar Colony Chowk, University
Road, Multan
Tel : (92-61) 6224974-5

Vehari Chowk Branch
Shop Nos. 82,83,84,112, Madni
Commercial Center, Near Vehari Chowk,
Multan
Tel: (92-61) 6241201-3

Vehari Road Branch
Al Hamd Centre Plot No. 2228/10 Vehari
Road Grain Market Multan
Tel: (92-61) 6244153-5

Muridkay
Muridkay Branch
Khewat No. 1061, Khatooni No. 2615,
G.T Road Muridkay District Sheikhpura
Tel: (92-42) 37980131-133

Muslim Bagh
Muslim Bagh Branch
Shop No 40 - 41, School Road, Muslim
Bagh
Tel: (92-823) 669592-3

Muzaffarabad
Madina Market Muzaffarabad Branch
Mohallah Madina Market,
Muzaffarabad, AJ&K
Tel: (92-5822) 920457-9, 920458-60

Muzaffarabad Branch
Secretariat Road, Sathra Muzaffarabad,
Azad Jammu & Kashmir
Tel: (92-5822) 920458-60

Muzaffargarh
Muzaffargarh Branch
Property No. 470, Block No. IV, Hakeem
Plaza, Multan Road, Muzaffargarh
Tel: (92-662) 428708-10

Nankana Sahib
Nankana Sahib Branch
P-66, Guru Bazar Ghalla mandi
Nankana Sahib
Tel: (92-56) 2877023-24

Narowal
Kutchary Road Narowal Branch
Building No.B-IV/ 4B/ 7, Kutchary Road
Narowal
Tel: (92-054) 2411703-6

Nawabshah
Nawabshah Branch
Plot No. 573, Ground Floor, Ward-B,
Katcheri Road, Nawabshah
Tel: (92-244) 330902-6

Sanghar Road Branch
Plot No A-17 Survey No. 166/1,166/2,
166/3, Ali Raza Shah Colony, Deh 86,
Nasrat, Sanghar Road Nawabshah
Tel: (92-244) 4361924-25

Nowshera
Nowshera Branch
Ground Floor, Taj Building Main G.T
Road Nowshera Cantt-Pakistan
Tel: (92-923) 613174-5

Okara
Okara II Branch
Khatooni No. 448, Depalpur Chowk, G.T
Road, Okara
Tel: (92-44) 2701106-07

Okara Branch
MA Jinnah Road, Okara
Tel: (92-44) 2521935-7

Pabbi
Pabbi Branch
Khasra No.2080, Main G.T Road, Pabbi
Tel: (92-923) 528401-403

Pakpattan
Pakpattan Branch
College Road, Pakpattan
Tel: (92-457) 352711-13

Panjgoor
Panjgoor Branch
Chitkan Bazar, Panjgoor

Pattoki
Pattoki Branch
Shop No. 09-11, Abdullah Centre,
Opposite Ghalla Mandi,
Shahrah-e-Quaid-e-Azam, Pattoki
Tel: (92-49) 4421025-8

Peshawar
Charsadda Road Branch
Property No. 190, Opposite Al Hajj
Market, Mirch Mandi, Charsadda Road,
Peshawar
Tel: (92-91) 5270543-5

Chowk Yadgar Branch
Mohmand Plaza, Naz Cinema Road,
Peshawar City, Peshawar
Tel: (92-91) 9213950-2

Dalazak Road Branch
Khata No 46/57, Khasra No 424/398/191,
Malik Plaza, Opposite Muslim College of
Commerce, Iqbal Colony, Main Dalazak
Road, Peshawar
Tel: (92-91) 2245901-3

G.T. Road Branch
Taxation # 3845,3846, Main G.T Road
Kirashan Pura, Mouza, Tukrah # 1,
Peshawar
Tel: (92-91) 2612020-3

Gulbahar Branch
Plot No. 45, New Nanak Pura Gulbahar,
Peshawar
Tel: (92-91) 2603091-3

Hayatabad Township Branch
Plot No. 08, Bilal Market, Sector D-1,
Phase 1, Hayatabad, Peshawar
Tel: (92-91) 5816163-5

Karkhano Market Branch
Royal Shopping Plaza, Hayatabad,
Peshawar
Tel: (92-91) 5893471-4

Khyber Bazar Branch
Property No.417/D, Rehman Baba
Colony, Mohallah Akara Mufti Abdul Latif
Khan, Outside Bajori Gate, Khyber Bazar
Peshawar
Tel: (92-91) 2564019-20

Kohat Road Branch
Khasra No.1493 & 1953, Mauza Achar
Hadbast No.254, Opposite Small
Industrial Estate, Kohat
Road Peshawar
Tel: (92-91) 2320676-576

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

**New Grain Market, Rahim Yar Khan
Branch**
Khata No.16/16, Khatooni No.135/137
New Grain Market, By Pass Road, Rahim
Yar Khan
Tel: (92-68) 5708103-04

Rahim Yar Khan Branch
23 - Model Town, Rahim Yar Khan
Tel: (92-68) 5887603-4

**Raiwind
Raiwind Branch**
Khasra No. 5024 & 5031, Main Bazar,
Opposite Railway Phattak, Raiwind
Tel: (92-42) 35394620-2

**Rajanpur
Rajanpur Branch**
Khata No.1270, Khasra No.617/1, Jinnah
Road, Rajanpur
Tel: (92-604) 688071-72

**Rashidabad
Rashidabad Branch**
Survey No. 510-511, Deh Daro, Main
Hyderabad Mirpurkhas Road,
Rashidabad
Tel: (92-22) 2732153-55

**Rawat
Rawat Branch**
Khokhar Mall Plaza, Main G.T Road,
Rawat, Islamabad
Tel: (92-51) 4612346-47

**Renala Khurd
Renala Khurd Branch**
Plot No. 26-27, 58-60 Khewat No.3,
Khatooni No.4, Khasra No.34/26/2/26,
Welcome Road, Renala Khurd
Tel: (92-044) 2622336-37

**Rawalakot
Rawalakot Branch**
Plot No. D-269, D-113, Housing Scheme,
Rawalpindi Road, Rawalakot Azad
Jammu Kashmir
Tel: (92-5824) 442240-41

**Rawalpindi
Adyala Road Branch**
Ground Floor, Daulat Plaza,
Near Dhaman Morh, Main Adyala Road,
Rawalpindi
Tel: (92-51) 5574880-2

Afshan Colony Branch
Khasra No.294, Afshan Colony, Range
Road Rawalpindi Cantt
Tel: (92-51) 5142109-11

Bahria Town Branch
Shop No 10, 11 & 12, Bahria Heights - I,
Phase - I, Bahria Town, Rawalpindi
Tel: (92-51) 5730171-3

Bahria Town Phase-7 Branch
Plot No.36, Sikandar Arcade, Service
Road Spring North, Bahria Town Phase-7
Rawalpindi
Tel: (92-51) 5400373 -75

Bank Road Branch
No. 47/62, Bank Road Saddar,
Rawalpindi
Tel: (92-51) 9273404-6

Banni Chowk Branch
Shop Nos. O-383/A, O-383/A-2,
O-383/A-3, Kohati Bazar Banni Chowk
Rawalpindi
Tel: (92-51) 5556301-2

Bohar Bazar Branch
D-327, Hakim Muhammad Amjal Khan
Road, Bohar Bazar, Rawalpindi
Tel: (92-51) 5778875, 5778834

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
Tel: (92-51) 4342707-8

G.T Road Morgah Branch
Khasra No. 1663, Riaz Plaza, G.T Road
Morgah More, Rawalpindi.
Tel: (92-51) 5450010-11

G.T Road Tarnol Branch
Khan Malook, Wazir Plaza, G.T. Road,
Turnol, Rawalpindi
Tel: (92-51) 2226406

Gulrez Rawalpindi Branch
Plot No. 471 Asghar Mall Plaza Gulrez
Housing Scheme Phase II, Rawalpindi.
Tel: (92-51) 5595895 - 897

Gulzar-e-Quaid Branch
Mangral Plaza, Mauza Gangal, Main
Airport Road, Gulzar-e-Quaid,
Rawalpindi
Tel: (92-51) 5191802-3

Hamilton Road Branch
Shop No. AA-710 - 713, Hamilton Road,
Raja Bazar, Rawalpindi
Tel: (92-51) 5777192 - 194

Jinnah Road Branch
Property No. 167, Commercial Area,
Mohana Pura, Jinnah Road - City Saddar
Road, Rawalpindi City
Tel: (92-51) 5778511-2

Kallar Syedan Branch
Khewat No.105, Khatooni No.211, Choa
Road, Mouza & Tehsil Kallar Syedan,
District Rawalpindi
Tel: (92-51) 3572261-263

Kalma Chowk Branch
Ground Floor, Rajco Plaza, Kalma
Chowk,
Kamal Abad, Rawalpindi
Tel: (92-51) 5684491-2

Khana Pul Branch
Khewat No.1674, Khatooni No.2185,
Khasra No.833, Mouza Khana Dak,
Tehsil & District Rawalpindi
Tel: (92-51) 4473781-84

Khayaban-e-Sir Syed Branch
Plot # 164-A/1, Sector-I, Area
Development Scheme Khayaban-e-Sir
Syed Rawalpindi
Tel: (92-51) 4832926-27

Liaquat Road Rawalpindi Branch
Plot No.B-541-542, Liaquat Road
Rawalpindi
Tel: (92-51) 5559121-23

Muslim Town Branch
B-IV, 628-629, Chirah Road, Muslim
Town, Rawalpindi
Tel: (92-51) 4476013

Peshawar Road Branch
Khasra No. 2573 Peshawar Road
Rawalpindi.
Tel: (92-51) 5167368-70

Saidpur Road Branch
Plot No. CA-294/A, Chistiabad,
Shabbir Plaza, Near Siddiqui Chowk,
Saidpur Road Rawalpindi
Tel: (92-51) 4416215-17

Shamsabad Branch
Khewat # 79,80,89,107/1, Khatooni #
97,100,124,132/1, Khasra #
101,102,103,107,106,104,110
Shamsabad Murree Road Rawalpindi
Tel: (92-51) 4854471-4

Tench Bhatta Branch
Property No. CB-185/185-1-11 Tench
Bhatta Rawalpindi Cantt
Tel: (92-51) 5562716-18

Tulsa Road Lalazar Branch
Property No.9-A Main Tulsa Road
Lalazar Rawalpindi Cantt
Tel: (92-51) 5178189-191

Westridge Branch
Al Farooq Plaza Khasra No.1704-1705,
Khewat No.601,606, Khatooni No.
863-868, Moza Chur Harpal Allabad
Westridge-III Rawalpindi
Tel: (92-51) 5490250-252

**Sadiqabad
FFC Chowk Branch**
Rehmat Center, FFC Chowk, K.L.P Road,
Sadiqabad
Tel: (92-68) 5786209-10

Sadiqabad Branch
31-D, Main Bazar, Sadiqabad
Tel: (92-68) 5701207-8

**Sahiwal
G.T. Road Sahiwal Branch**
Property No. IV-343/334, 343/335, Ghalla
Mandi G.T Road, Sahiwal
Tel: (92-40) 4224911-2

High Street Branch
Khewat # 146, Khatooni # 146, Mission
Chowk, High Street Sahiwal
Tel: (92-40) 4222661-62

Sahiwal Branch
276-B-I, Alpha Tower, High Street, Sahiwal
Tel: (92-40) 4465009, 4466592

**Sakrand
Sakrand Branch**
Deh.18, Taluka City Sakrand, District,
Nawabshah
Tel: (92-244) 322054-57

**Samundri
Samundri Branch**
Plot No 1, Commercial Area
Development Scheme, Gojra Road,
Samundri
Tel: (92-041) 3420181-85

**Sanghar
Sanghar Branch**
Property No.124 / A-1, Housing Society
Town, Sanghar
Tel: (92-235) 543662-3

**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: (92-54) 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

Haji Pura Road Sialkot Branch

Khatooni No.322-324, Khewat No.106, Haji Pura Road Sialkot
Tel: (92-52) 3574763-65

Kashmir Road Branch

Address: Pakka Garha, Kashmir Road Sialkot
Tel: (92-52)-4295301-02

Kutchery Road Branch

Kutchery Road, Sialkot
Tel: (92-52) 4263461

Pasrur Road Branch

Plot No.BXIV-II-S-I/B/RH, Pul Aik, Pasrur Road Sialkot
Tel: (92-52) 3521701-04

Shahabpura Road Branch

Plot No 31-A, Shahabpura Road, Adjacent to Grays of Cambridge Ltd. Sialkot
Tel: (92-52) 3242941-43

Shahkot

Shahkot Branch
Property No. 518, Jaranwala Bazar, Corner Circular Road, Sultan Baho Chowk, Shahkot

Shujabad

Shujabad Branch
Property No.323-A, Ward No.06, Jalalpur Road, Shujabad
Tel: (92-61) 4425574-76

Shikarpur

Shikarpur Branch
Plot Survey No.5/142, 5/143, 5/144 & 5/158 Circular Road 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

Talagang

Talagang Branch
Khasra No.529, Khewat No.909 Traffic Chowk, Old Rawalpindi Road Talagang
Tel: (0543) 410460-61

Tando Adam

Tando Adam Branch
Muhammad Chowk, Tando Adam, District Sanghar
Tel: (92-235) 576565-66

Tando Allahyar

Tando Allahyar Branch
Survey No. 1610/07, Opposite General Bus Stand, Tando Allahyar
Tel: (92-22) 3892021, 3891242

Tando Mohammad Khan

Tando Mohammad Khan Branch
Shop # 25,26 & 27, Deh Pataar main Hyderabad-Badin Road Tando Mohammad Khan
Tel: (92-22) 3341584-5

Tarlai

Tarlai Branch
Khewat No.88, Khatooni No.168, Khasra No.411/2, Near Tramdi Chowk, Lehtrar Road Tarlai Kalan, Tehsil & District Islamabad.
Tel: (92-51) 2243700 - 701

Taunsa

Taunsa Branch
Property ETO No.347, 348, 349, 350-III, Wahuwa Road, Taunsa
Tel: (92-64) 2601301-03, 2601201-02

Taxila

Taxila Branch
Khewat 17, Khatooni 29, Khasra 403, Nabi Plaza, Chowk Sara-e-Kala, Taxila
Tel: (92-51) 4544119, 4547116

Timergara

Timergara Branch
Al-Imran Hotel G.T Road, Timergara Bazar, Timergara
Tel: (92-945) 825271-3

Toba Tek Singh

Toba Tek Singh Branch
P-103, Farooq Road, Toba Tek Singh
Tel: (92-46) 2513765-6

Turbat

Main Road Turbat Branch
Khasra No. 32, Khewat No. 32, Main Road Branch Turbat

Umerkot

Umerkot Branch
Survey No.699,115, Shops No.15-17, Gulshan-e-Akber Housing Project Phase II, Mirpurkhas Road, Umerkot
Tel: (92-238) 570409-411

Vehari

Karkhana Bazar Vehari Road Branch
Plot No. 23, Block-A, Karkhana Bazar, Vehari
Tel: (92-67) 3366031-3

Wah Cantt

Wah Cantt Branch
Ground Floor, Mall View Plaza, Mall Road, Wah Cantt
Tel: (92-51) 4530584-6

Wazirabad

Wazirabad Branch
Plot No. I-14S-37, Sialkot Road, Wazirabad Tel: (92-55) 6600313-4

Zhob

Zhob Branch
Patta No. I-46, Market Road, Zhob
Tel: (92-822) 413803

Glossary

AAOIFI

Accounting and Auditing Organization for Islamic Financial Institutions. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is an Islamic international autonomous non-for-profit corporate body that prepares accounting, auditing, governance, ethics and Shariah standards for Islamic financial institutions and the industry.

Acceptances

Promise to pay created when the drawee of a time draft stamps or writes the words "accepted" above his signature and a designated payment date.

Accrued Profit

Profit earned but not received from the customer.

Acquirer

Acquirers are banks and financial institutions that collaborate with businesses to accept credit/debit card payments.

Additional Unit Purchase

Purchase of units in excess of initially agreed schedule in Diminishing Musharakah to reduce bank's share in the asset.

Advance Booking

Booking of vehicle with the manufacturer through advance payment.

Advance Rental

Payment of rent after lease agreement before utilization of usufruct.

Agreement Stamping Charges

Charges paid by the customer for stamping of financing agreement.

Al-'Aqd

Legal contract implying an enforceable act involving a bilateral declaration, namely, the offer ('Ejab) and the acceptance (qabul).

Al-Bai

A contract of sale. Tech: Sale of definite goods or property with the free consent of parties for a definite price. It involves offer (Ejab) and acceptance (qabul). It has many types.

Al-Bai' Al-Batil

An agreement of sale which is unlawful in respect of its substance and description.

Al-Bai' Al-Mu'ajjal

A financing technique adopted by Islamic banks. It is a contract in which the seller allows the buyer to pay the price of a commodity at a future date in lump sum or in instalments.

Al-Gharar

Gharar is a state of uncertainty that exists when the process of concluding a transaction involves an unknown aspect.

Al-'Ijma'

Consensus of the Islamic jurists (mujtahidwn) on a certain Shariah issue after the demise of the Holy Prophet (P.B.U.H.)

Al-'Ijtihad

Endeavour of an Islamic jurist to derive or formulate a rule of law pertaining due to a matter not explicitly mentioned in the Shariah sources on the basis of evidence found in the Shariah sources.

Al-Kafalah

A contract of surety in which a person adds to his responsibility or liability on behalf of another person in respect of a demand for a loan or debt.

Al-Mudarabah Al-Muqayyadah

A contract of Mudarabah in which certain conditions like place, season, commodities, credit and techniques of trade are stipulated by the provider of the capital (rabb al-mal).

Al-Mudarabah Al-Mutlaqah

A contact of Mudarabah that does not bind the entrepreneur about the place, time, season, commodities, credit or techniques of trade. These matters are left to the option of the entrepreneur. The Mudarabah contract defines merely the profit-sharing ratio.

Al-Musha'

Mixing up of the proprietary rights of more than one person in a thing, such as in joint ownership where each co-owner has a right until the entire property is distributed.

Al-Qard Al-Hasan

A loan with the stipulation to return the principal sum in the future without any increase.

Al-Qimar

An agreement in which ownership of a property is contingent upon the happening of an uncertain event. By implication it applies to those commutative agreements in which gain of one party is linked with the loss of other party.

Al-Qiyas

Derivation of the law on the analogy of another law if the basis ('illah) of the two is the same. It is one of the primary sources of Islamic law including Islamic economics.

Al-Rahn

To pledge or lodge a real or corporeal property of material value, in accordance with the law, as security for a debt or financial obligation, so as to make it possible for the creditor to regain the debt or some portion of the goods or property.

Al-Tabarru'

It means the right of complete and unfettered disposition over joint property. This right has not been conceded by the jurists to any partner. However, one has the right of tabarru' with personal property.

Amortization Schedule

Information of Equal Monthly Installments (EMI) with breakup of unit price & rental along with balance outstanding.

Annual Fee / Renewal Fee

An annual fee typically charged to customers with debt cards.

Applicable rate

Profit rate applied on the facility.

Application form

A form to be filled in and signed as per the Bank's requirements to avail Banking facilities. Requirement of details to be filled in will vary for each facility. Applications may also require certain specified documents also to be attached.

Appraisal Agency

Agency used for assessing market value of an Asset.

ATM

An automated teller machine or any card-operated machine or device whether belonging to the Bank or other participating banks or financial institutions or concerns or to the Visa Card or MasterCard global ATM Network, or the affiliated networks thereof, as the case may be, which accepts the Card.

Bai' Al-'Amanah

A sale whereby both parties express trust in each other. Examples: bai' al-wafa, bai' al-talji'ah, bai' al-wadWyah, Murabaha, etc.

Bai' Al-Dain

Sale of debt.

Bai' Al-'Inah

It refers to the process of purchasing the commodity to a deferred price, and selling it for a lower spot price to the same party from whom the commodity was purchased.

Bai' Al-'Istijrar

A form of sale whereby the buyer keeps on taking the goods from the seller as and when needed with or without settling the price and then settles the account later on.

Bai' Al-Kali Bil Kali

A sale in which both the delivery of the object of the sale and the payment of its price are delayed.

Bai' Al-Khiyar

A sale contract that provides an option to conclude or rescind the deal.

Bai' Al-Muqayadah

Selling a commodity for another commodity/Barter sale.

Bai' Al-Murabahah

Sale of goods with an agreed price with profit on the cost.

Bai' Al-Musawamah

Sale of goods at a price on which the buyer and seller agree after haggling without mentioning the cost to the seller.

Bai Al-Salam

This term refers to advance payment for specifically defined goods which are to be delivered later.

Bai' Al-Tawliyah

A contract of sale in which the seller agrees to sell a product at his cost.

Bai' Al-Wad'iyah

A sales contract in which a seller informs the buyer his actual cost and then gives a further discount on it.

Balloon Payment

Payment by customer in addition/additional/excess to the installment amount to reduce the number of outstanding units.

Bank Investment Ratio (BIR)

Ratio of bank's investment in an asset against the value of that asset.

Banker's lien

Bank's charge on the asset.

Basel II

Basel II is the second of the Basel Committee on Bank Supervision's recommendations, and unlike the first accord, Basel I, where focus was mainly on credit risk, the purpose of Basel II was to create standards and regulations on how much capital financial institutions must put aside. Banks need to put aside capital to reduce the risks associated with their investing and lending practices.

Base rate

Benchmark rate for driving the pricing of product/service.

Billing cycle

Date of a month when bill/statement is generated.

Bills for Collection

A bill of exchange drawn by the exporter usually at a term, on an importer overseas and brought by the exporter to this bank with a request to collect the proceeds.

BOQ

Bill of quantity - Break up of amount in construction cases.

Breakup Value per share

The total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets excluding the impact of revaluation on fixed assets, divided by the total number of share outstanding at year end.

BRP (Bankers Ratio of Profit-Sharing)

Percentage share of profit due to financier in the profit of an enterprise financed on the basis of Mudarabah or Musharakah.

Business Person

Individual having his own business.

Buy-Back

A non-permissible transaction where Bank purchases goods, equipment or property from the client with the agreement that the client would buy it back from the bank at a higher price, to be paid later by the client.

Capital Adequacy Ratio (CAR)

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

Capital Contributions

Relating to an Islamic Fund, they are additional funds collected from investors in the fund to finance needs that may arise in the future as the fund manager considers appropriate. New shares/units are not issued in exchange of these capital contributions.

Capital Transactions

With reference to an Islamic Fund, they include the sale of units/shares, and the number of units/shares issued on reinvestment of distributions/dividends less the value of units/shares returned.

Card

The applicable Visa Card, MasterCard and / or any other card including but not limited to co-branded cards, e-card, debit card the second card as issued by the Bank, from time to time, to the Card member and shall include Supplementary and subsequently issued, renewal or replacement Cards.

Card Account

Visa/Master Card account or any account pertaining to the Card(s) issued by the Bank from time to time, as the case may be, opened by the Bank for the purpose of entering debits / charges incurred by or for the account of, and credits received by or for the Card member and Supplementary Card member.

Card Issuer

A bank, financial institution, credit union, or agency that issues a card to public or its members is called a card issuer.

Card member

A person to whom the Card is issued by the Bank and shall also include every Supplementary Card member.

Card Replacement Fee

Fees to be charged by the bank for replacement of lost/stolen or damage card.

Card Transaction

Any payment made or any amount to be debited from the Card Account or any amount charged by the Bank or any Merchant for any goods, services and other benefits by or through the use of the Card.

Cash Equivalents

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Reserve Ratio (CRR)

Cash Reserve Ratio is the amount of funds that the banks have to keep with the State Bank of Pakistan.

CAGR

An abbreviation for Compound Annual Growth Rate.

CDs (Central Deposits)

One of the proposed monetary policy tools for the Islamic economy. The central bank may open investment accounts in member banks in which it deposits whatever money it creates and from which it withdraws whatever money it retires. Member banks may invest these deposits in the real sector in accordance with the investment policy of each bank. Profits earned on such deposits may be used to cover the cost of central bank operations.

Certificate of Musharakah

An Islamic financial instrument approved by the Corporate Law Authority of Pakistan in April 1995.

Charges

The amount payable by the customer to the Bank under the Terms and Conditions, including but not limited to any transactions, Annual Membership , Services Fee, Charity and other fees / charges.

Charity

Means monetarily helping those in need. In IBs in order to mitigate the risk of delayed payment customer is asked to undertake, that if he/she fails to pay dues on due date, he/she will pay certain amount to a charity, which will be administered through the Islamic Bank. Such amount is not the income of IB.

Clean Limit

Financing Limit which has been granted by the bank without any collateral/liquid/non-liquid securities.

Clear Title

When the property in question is free from any doubt is not disputed and is not having any encumbrances and it is said to have a clear title.

Closed-End Funds

Mutual funds with a fixed number of shares (or units). Unlike open-end funds, new shares/units in a closed-end fund are not created by managers to meet demand from investors. Instead, the shares can only be purchased (and sold) in the secondary market.

Closing Balance

The amount payable (or available) as of last working day of the certain period/month.

Co-Applicant

A co-applicant is a person who signs a finance contract with the primary applicant, pledging to be responsible for paying off financed amount in the event the applicant is unable to pay.

Collateral

An asset pledged to a financier/creditor to guarantee payment/repayment. Collateral could include savings, Sukuks, takaful policies, jewelry, property or other items that are pledged to pay off financing/rentals/balance outstanding if payments are not made according to the contract.

Collector

Bank employee responsible for collection/recovery.

Commingled Mudarabah

Relating to Islamic banks, a form of Mudarabah in which a bank accepts funds for investment and contributes its own funds as well. The profit and loss are shared in agreed proportions and the bank also receives a share of the profit from out of the share of investors for its role as mudarib.

Commitment to Extend Credit

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

Commodity Mudarabah

A contract of Mudarabah wherein the owner of capital provides capital in the form of stock-in-trade ('urwd) and not cash.

Constant Musharakah

It is a Musharakah in which the proportionate shares of partners in the equity remain unchanged within the currency of the agreement.

Contingencies

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence of one or more future events.

Contract Price

Total amount payable by the Customer to the Bank for the Asset pursuant to the Musawamah / Mudarabah Transaction.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of an entity, the supervision of executive actions and accountability to owners and others.

Cost/Income Ratio

Operating expenses as a percentage of total income.

Credit History

A financial profile of any person based on how he pays his bills, clears his debt and the amount a person owes to various banks and other financial intuitions.

Credit Limit

It is the maximum amount of money one can draw on his account based on prior sanction or approval from the bank. In other words, drawing limit fixed by a bank for a customer depending on his credit history, paying capacity and relationship with bank.

Credit Murabahah

A sale agreement on the basis of determined profit over the purchase price of the seller with the condition that the buyer will pay the sale price in future.

Credit Rating / Score

A credit rating is an evaluation of the credit risk of a prospective customer, predicting his ability to pay the financed amount, and an implicit forecast of the likelihood of the customer defaulting.

Credit Risk

Credit risk involves the risk that a counter-party to a contractual obligation, be it Murabahah, Mudarabah, 'Ijarah, qard hasan, 'Ijarah wa 'iqatina' or shirkah, would default on the promised date of payment.

Cross sell

Selling of product to already existing customer.

Current

Customer making all the payments on time.

Customer

A person who is availing any facility or products of a bank.

Dealership

Vehicle is provided through dealership.

Debt Ratio/Debt Burden

A ratio of amount of money customer owe to banks or credit issuers against total monthly income of a customer. It reflects the percentage of income that goes to paying customer debts every month. Islamic banks calculate Debt Ratio to assess the amount of financing that can be provided.

Default/ Delinquency

When a customer fails to make any payment(s) due towards the bank as per the terms and conditions agreed or otherwise is termed as default. Furthermore, a breach of contract/terms and conditions may also be categorized as an event of default. Account is classified as delinquent when rentals are not paid according to the contractually agreed upon terms or when due.

Deferred Taxation

Sum set aside for tax in the Financial Statements that will become payable in a financial year other than the current financial year.

Delivery Acceptance Form

In the context of auto finance, this is a mandatory document which the customer signs acknowledging acceptance and possession of vehicle from the dealer.

Desired Financing Amount

Amount required by the customer.

Desired Financing Tenure

Tenure required by the customer.

Diminishing Musharakah

Bank and customer participate in joint ownership of a property. The share of the bank is divided into number of units and the units owned by the Bank are rented to the customer. Customer purchases these units from bank at periodic intervals, thereby increasing his/her share in the undivided property until all the units are purchased by the customer.

Direct Debit / Auto Debit Facility

A facility offered by the bank to customer against which monthly full payment or minimum payment will be debited from his/her account on the due date.

Disbursement

Payment made in the name of the customer.

Discrepancy

Incomplete or missing documents, or alternatively incomplete, illegible or contradictory information in the customer's financing application or documentation provided by customer.

Dishonored/Returned Cheque

A Cheque which is returned by the payer's Bank due any number of possible reasons including but not limited "insufficient funds, amounts' mismatch, illegible signature, overwriting, date-barring etc."

Disputed transaction

A cardholder posted transaction which is not accepted by him/her and requires clarification.

Dividend

A sum of money paid by a company to its shareholders out of its profits (or reserves).

Dividend Payout Ratio

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

Dividend Yield Ratio

Dividend per share divided by the market value of share.

DPD

Number of days past the due date after the customer's payment became due as per the contractually agreed upon terms and conditions.

Due Date /Payment Due Date /Installment due date

Date specified in the statement of account for monthly payments/schedule for the payment of the Current Balance or Installment to be made to the Bank for the facility availed by the customer.

E-Alerts

Electronic Alerts to be sent to customer via email / SMS.

E-Banking / Internet Banking

Banking transactions which can be conducted on internet after accessing Bank's application with unique password.

E-CIB /Credit Bureau

Electronic Credit Information Bureau-eCIB has been established by the State Bank of Pakistan which requires all banks and financial institutions to report all financings and advances, to the State Bank.

Early Settlement

Payment of entire financed amount before the agreed upon maturity of financing as per payment schedule.

Early Termination Price

If the customer wishes to terminate the Ijarah/Diminishing Musharakah Agreement before the agreed period, the customer has an option to buy the asset on the pre-agreed purchase price.

Earnings per Share

Profit after taxation divided by the weighted average number of ordinary shares in issue.

Effective Tax Rate

Provision for taxation excluding deferred tax divided by the profit before taxation.

EMI

Equal Monthly Installments.

Equity

The amount of the funds on a company's Balance Sheet contributed by the owners (the stockholders) plus the retained earnings (or minus the losses).

Equity/down payment

Customer's stake in the vehicle, customer pays a vehicle value's part before financing.

Expiry Date

The date of expiry specified by the Bank on the Card.

External agencies

Agencies providing services to customers which are on Bank's panel.

Facility Rate / Pricing

Profit rate charged on the product/service.

Fatwa

A decree by a competent Shariah scholar qualified to issue decrees (mufti) on a matter giving an opinion about the position of a matter in the light of the Shariah rules and principles.

FCY

Foreign Currency.

FED

Federal Excise Duty.

Financing Agreement

Document used for agreement between the customer and the bank.

Financial Losses and Provisions

Amount set aside against identified and possible losses on loans, advances and other credit facilities as a result of their becoming partly or wholly un-collectible.

Fiscal Year

A year as reckoned for taxing or accounting purposes.

Fixed Rate

Facilities where the profit rate defined at the time of financing is fixed for the tenure of the facility or until facility is closed.

Fixed Term

This applies to products and services, which have a set lifetime.

Floating Rate

Profit rate renewable after certain defined period of time. The profit rate is linked with KIBOR plus a fixed percentage of profit margins.

Forced Sale Value (FSV)

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged/pledged assets in a forced/distressed sale conditions.

FX Conversion Charges

Foreign Currency Transactions charges to be borne by customer to convert into Pakistani Rupees.

GCAS

Global Customer Assistance Service.

General Takaful

A form of Islamic insurance to cover losses of fire, theft or natural calamities. The scheme or concept follows the principles of mutual insurance.

Government Securities

Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

Gross Dividends

The portion of profits distributed to the shareholders including the tax withheld.

Guarantee

A promise given by a person called 'the guarantor' to pay another person's installment/outstanding balance if that person does not pay them.

Hiba

Gift/Transfer of ownership of an asset without any consideration.

Historical Cost Convention

Recording transactions at the actual value received or paid.

Hypothecation

Process of placing a charge / lien on vehicle financed by the Bank.

IAS

International Accounting Standards.

IFRIC

International Financial Reporting Interpretation Committee.

IFRS

International Financial Reporting Standards.

Ijara/Ijarah

Letting on lease; technically, sale of a definite usufruct in exchange for a definite reward; commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building or other facility to a client against an agreed rental.

Ijarah Expense

Installment of rent paid for leasing an asset are shown as 'Ijarah expense in the books of the lessee.

Ijarah Revenue

Installments of rent received on leased assets by the financial institutions.

Impairment allowances

A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

Income Estimation Agency

Agency used for assessing customer's income.

Income Spread

Represents the difference between the average rate of income earned and the average rate of cost paid on funds.

Investment Assets

With reference to Islamic banks, they are investments in financial instruments using any of the suitable Islamic financial instruments.

Investment Risk Reserve

With reference to Islamic banks, it is the amount appropriated out of the income of investment account holders, after allocating the mudarib's share, in order to provide a cushion against future losses for investment account holders.

Islamic Banking

Banking in consonance with the ethics and value system of Islam as compared to conventional banking that conducts its business of borrowing and lending on the basis of interest.

Islamic Credit Card

It is an Islamic alternative to the conventional credit card.

ISO 27001

ISO/IEC 27001 formally specifies a management system that is intended to bring information security under explicit management control. Being a formal specification means that it mandates specific requirements. Organizations that claim to have adopted ISO/IEC 27001 can therefore be formally audited and certified compliant with the standard.

Istisna'a/Istisna

This is a kind of sale where a commodity is transacted before it comes into existence. It means: To order a manufacturer to manufacture a specific commodity for the purchaser. If the manufacturer under takes to manufacture the goods for him with material from the manufacturer, the transaction of Istisna comes into existence. But it is necessary for the validity of istisna that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.

IVR

Interactive voice response (IVR) is a technology that allows a computer to interact with humans through the use of voice and DTMF (Dual Tone Multi Frequency) tones input via keypad.

KIBOR

Karachi Interbank Offer Rate as directed by SBP on daily basis.

Lawyer appraisal agency

Agency used to verify and appraise the property document.

Leasing Certificate

Leasing certificate is an Islamic financial instrument. The certificate is offered by Islamic banks to savers when the latter want to invest their funds in lease operations.

Lease Facility

A lease is a contractual arrangement calling for the lessee (user) to pay the lessor (owner) for use of an asset.

Liabilities

Any or all amounts payable whatsoever by the customer to the Bank.

Linked Account

Account opened for making monthly payments/installments.

Litigation charges

Charges which will be incurred at the time of filing a suit by the bank against a defaulted customer.

Liquid Assets

The assets which are readily convertible into cash without recourse to a court of law.

LOU

Letter of understanding between the bank and the customer mentioning some of the important terms & conditions related to the financed product usage.

Market Capitalization

Number of ordinary shares in issue multiplied by the market value of shares as at the year end.

Materiality

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of financial statements.

Maturity

Financing payment completion.

Merchant

Any person / entity supplying goods and / or services and / or other benefits who accepts the Card as a means of payment.

Microfinance

The provision of financial services to micro-entrepreneurs and small businesses, which lack access to banking and related services due to the high transaction costs associated with serving these client categories.

Month

Calendar month.

Mortgages

Mortgage is the transfer of an interest in specific immovable property for the purpose of securing the payments by the customer.

Mudarabah

An agreement between two or more persons whereby one or more of them provide finance, while the other provides entrepreneur ship and management to carry on any business venture whether trade, industry or service, with the objective of earning profits. They share the profit in an agreed proportion. The loss is borne only by the financier(s) in proportion to their share in total capital.

Mudarabah Certificate

A financial instrument devised by Islamic investment companies to mobilize funds for investment. A Mudarabah certificate can be for a specific purpose or for a general purpose. The former is related to financing of specific projects and matures only on the completion of the project. The latter can have a specific or indefinite duration but proceeds can be invested in any halal business. Both the types can be issued in negotiable form and can be either registered or bearer.

Mudarabah Shares

Normally issued by the state, they are instruments for obtaining funds from the private sector on the basis of Mudarabah. The state issues a share certificate, indicating the price, the period and the terms of the contract. The funds thus collected are invested in some profit-yielding project so that the state can share profit or loss with the public.

Mudarib

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

Musharakah

A partnership contract where all the partners invest funds and are not restricted from working for the partnership.

NCCA/ Non Checking Account

A type of account where a customer can only make deposits but cannot withdraw funds from the account. As such, no instruments (debit card, Cheque book, internet banking etc.) are provided to the customer when opening this type of account.

Net Assets Value per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Dividends

Dividends net of withholding tax.

NOC

No Objection Certificate issued in favor of the customer after financing clearance.

Non-Performing Loans (NPL)

A financing where the client is not repaying the financier as agreed.

Non-Performing Loan-Substandard Category

Where markup/interest or principal is overdue by 90 days or more from the due date.

NOSTRO

An accounting term used to distinguish an account held for another entity from an account another entity holds.

NPLs to Gross Advances/Loans

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

Object deferred sale

An alternate term for bai' al-salam, where money is paid in advance and the goods are delivered later.

Off Us ATM

Transaction conducted on other bank ATM.

On Us ATM

Transaction conducted on issuer's bank ATM.

Open-END Fund

A regulated investment company with a pool of assets that regularly sells and redeems its shares.

Operating 'ijarah

An operating lease that does not include a promise to transfer the title of the leased asset to the lessee at the end of the lease.

Outstanding balance

Any unpaid amount with respect to a financing facility.

Overdue rentals/ late payments

Amount of rentals which has not been paid as of its due date (or maturity) date. All financial arrangements become overdue one business day after their due date. A customer who is past due may be subject to charity.

Parallel istisna

Another form of Istisna'a, known in modern custom as Parallel Istisna'a 'M-Istisnab at-Mu'wazi', takes effect through two separate contracts. In the first contract, the Islamic Financial Institution acts in the capacity) of a manufacturer, builder or supplier and concludes a contract with the customer. In the second contract, the Institution acts in the capacity of a purchaser and concludes another contract with a manufacturer, builder or supplier in order to fulfill its contractual obligations towards the customer in the first contract. By this process, a profit is realized through the difference in price between the two contracts and, in most cases, one of the two contracts is concluded immediately, (i.e. The Istisna'a contract entered into with the manufacturer, builder or supplier), while the second contract (i.e. The contract entered into with the customer) is concluded later.

Parallel Salam

If the seller enters into another separate Salam contract with a third party to acquire goods, the specification of which corresponds to that of the commodity specified in the first Salam contract, so that he (the seller) can fulfil his obligation under that contract, then this second contract is called, in contemporary custom, Parallel Salam. The following is an example of such a contract. An Institution on one hand buys a specified quantity of

cotton from farmers on a Salam basis and, in turn, the buyer in the first Salam contract enters into a new separate Salam contract with textile mills so as to provide them, by means of that new Salam contract, with cotton, the specifications of which are similar to the specifications of the cotton to be acquired under the first Salam contract, without making the execution of the second Salam contract contingent on the execution of the first Salam contract.

Payment Facility

To pay any amount(s) to any person / party for any purpose settlement of any bills or for any other purpose approved by the Bank from time to time.

Payment Period

Tenure of the facility.

Pension Fund

A fund from which pensions are paid, accumulated from contributions from employers, employees, or both.

PIN/ ATM PIN

The Personal Identification Number issued to a Card member to enable the Card member or a Supplementary Card member or selected by a Card member or a Supplementary Card member and generated through IVR (Interactive Voice Recording) to use the Card at an ATM for a Cash Advance.

Pre-Payment/ Early Settlement

A one off payment along with FED charges which customer may be asked to make if customer decide to pay off financing facility early before maturity.

Pre-Payment Price

Price applied on pre-payment of facility.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Principal

The amount of financing by the bank.

Processing Fee

Onetime Fee charged on approved amount only for processing.

Profit-Sharing Deposits

Financial instrument of riba-free economy. Indicates deposits with commercial banks on the basis of profit sharing.

Progressive Letter

The detailed information/events/picture provided by the cardholder for continuing his/her dispute with the bank against disputed transaction evidences.

Provision

With reference to Islamic banks, a provision is essentially a contra-asset in the statement of financial position and is constituted by charges made as expenses to the banks' income statement.

Rabb-ul-Maal

A person who invests capital in a Mudarabah.

Rate revision letter

Letter for customer when the applicable rate is revised annually.

Ready Delivery

Vehicle available at the dealer for delivery after payment.

Ready Delivery used

Used vehicle available at dealer's end for delivery after payment.

Receivables

With reference to Islamic banks, receivables are amounts due from clients as a result of sale transactions through the financial instruments of Murabahah, Salam or 'istisna'.

Registration charges

Amount required for registering the vehicle with Excise and Taxation Office.

Rental Payment

Amount paid by a lessee to a lessor for the use of an asset.

Reserves

A reserve is essentially a component of equity (of either investment account holders and/or shareholders) and is constituted by appropriations out of income.

Residual Value

Value of the asset after completion of the Ijarah period.

Restricted investment account

Relating to Islamic banking, refers to an investment account in which the bank has the authority to invest the account holder's funds on the basis of Mudarabah contract or agency based contract for investment, but has certain restrictions as to where, how and for what purpose the funds are to be invested. Further, the Islamic bank may be restricted from commingling its own funds with the restricted investment account funds for purposes of investment.

Return on Assets (ROA)

Indicator of profitability of the business relative to the value of its assets, calculated by dividing the net profit (profit after tax) to the average total assets for the period.

Return on Average Equity

Net profit for the year, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

Riba

Riba literally means increase, addition, expansion or growth. It is, however, not every increase, or growth, which has been prohibited by Islam. In the Shariah, Riba technically refers to the premium that must be paid without any consideration in a Loan contract.

Riba Al-Fadl

A sale transaction of the 'amwal al-ribawiyah (commodities where the injunction relating to Riba is applicable) in which a commodity is exchanged for the same commodity but unequal in amount and the delivery of at least one commodity is postponed. To avoid riba al-fadl, the exchange of commodities from both sides should be equal and instant.

Riba Al-Nasi'ah

Increment on the principal of a loan payable by the borrower. It refers to the practice of lending money for any length of time on the understanding that the borrower would return to the lender at the end of this period the amount originally lent together with an increment.

Right of Set Off

In an event of default or otherwise, bank has the right of set off i.e. bank at its discretion or otherwise and without giving notice to the customer, reserves the right to recover outstanding amount(s) from any of Customer's Account(s) maintained with the bank.

Risk Weighted Assets

On Balance Sheet, assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

Rupee/PKR

Pakistani Rupee Currency.

Salaried Individual

Person employed on a salaried basis.

Sale Order

Confirmation document sent to the customers before delivering Vehicle.

Schedule of Charges

The document prescribing Service Fee(s), charges and other fee(s) applicable to the Card/ BTF, Card Transactions and / or Card Account, issued by the Bank bi-annually to the Card members.

Secured Limit

Financing Limit which has been granted by bank and is secured against collateral/liquid/non-liquid securities. In an event of default, or otherwise, bank has the right to recover the amount(s) outstanding against the said security.

Self-Employed Professional

Individual having his own professional business.

Service Establishment

Merchant acquiring bank who authorize it's merchant to accept card transaction as per agreement and able to respond disputes queries.

Service Fee/ Annualized Percentage Rate (APR)

Fee as determined by the Bank and prescribed in the Schedule of Charges and payable by the customer on the outstanding Liabilities and other amounts.

Shareholders' Funds

Total of issued and fully paid share capital and capital and revenue reserves.

Shariah Audit

Audit of the operations of an Islamic financial institution to assess the extent to which the institution adhered to the requirements of the Shariah.

Shariah Supervisory Board

Committee of Islamic scholars in Islamic Banks for guidance and supervision and whose decisions are binding upon the bank.

Shariah Compliant

An act or activity that complies with the requirements of the Shariah, or Islamic law. The term is often used in the Islamic banking industry as a synonym for "Islamic"—for example, Shariah-compliant financing or Shariah-compliant investment.

Shirkah

A contract between two or more persons who launch a business or financial enterprise with the purpose of making a profit.

Shirkah al-'aqd

Two or more persons may continue to carry on business on the condition that capital and profit will be shared among them. This is distinguished from shirkah al-milk, which is partnership in joint property without common commercial intention.

Shirkah al-milk

A proprietary partnership occurs when two persons inherit or purchase something together without common commercial intention. Neither of them is permitted to dispose off the other's portion except with the other's permission. Each of them is considered a stranger in regard to the other's portion.

Shukuk/Sukook/Sukuk

Sukuk are certificates of equal value representing undivided shares in ownership of tangible asset, usufruct and services or (in the ownership of) the assets of particular projects or special investment activity.

Subsidiary Company

A company is a subsidiary of another company if the parent company holds more than 50% of the nominal value of its equity capital or holds some share in it and controls the composition of its Board of Directors.

SMS Fee

SMS - Short Message Service Charges

Statement of Account

The Bank's monthly or other periodic statement of account send to its customers showing particulars of the transactions carried out.

Suit

Legal case filing.

Takaful

Islamic Insurance. A scheme of mutual support that provides insurance to individuals against hazards of falling into unexpected and dire need.

Takaful Contribution

The amount payable to a waqf based takaful company in order to become Takaful participant for the coverage of a risk at a pre-determined takaful rate.

Takaful Products

The products designed to cover the customers' liability / assets to any unforeseen circumstances which customer may face in future.

TAT – Turn Around Time

Time required for application processing.

Temporary credit

A limited period of credit posted by bank into cardholder's card account for disputed transaction.

Tenure

The length of time for which a term finance/loan has been approved and is typically structured in 12-month multiples.

Tijarah Financing

Sale & Agency based financing facility for customers who sell finished goods on credit basis. This facility enables customers to sell their finished goods stock, meet their working capital requirements and enjoy the benefits of cash sales.

Time barred Transactions

A posted transaction which is disputed after 120 days' time-limit or MasterCard/Visa allowable time-limits by cardholder.

Title of the property

Documents identifying the owner of the property.

Title of vehicle

Documents identifying the owner of vehicle such as excise file and registration book in Autos.

Top - Up

Top Up means line replenishment/enhancement.

Total Cash Outlay (TCO)

An amount including down payment, takaful, processing fee etc. which is paid after Auto finance approval.

Total Monthly Payment (TMP)

Equal monthly amount payable including installment (Principal + profit) and takaful contribution amount.

Trenches

Financing/Loan disbursed in parts are called trenches.

Undertaking

Unilateral promise/Indemnity provided by the customer.

Units

Undivided portions in an asset.

Unrestricted investment account

Relating to Islamic banking, refers to an investment account where the account holder authorizes the Islamic bank to invest the account holder's funds on the basis of Mudarabah contract in a manner which the Islamic bank deems appropriate without laying down any restrictions as to where, how and for what purpose the funds should be invested.

Unsatisfactory Credit History

Customer is not making payments against availed cross sell facility/product resultantly bank has right to close either temporary or permanently said product/facility.

US Dollar

Currency of the United States of America.

VaR

Value at Risk is an estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day.

Wakalah

Contract of agency in which a person delegates his rights/authorities/business to another and substitutes the other in his own place. The latter is called the wakil, or agent, and the former is called muwakkil, or principal.

Waqf

In Arabic language the word Waqf means preventing something from movement. In Shariah terminology, Waqf refers to making a property invulnerable to any disposition that leads to transfer of ownership, and donating the usufruct of that property to beneficiaries.

Waqf

Relating to the law of waqf, refers to the person who establishes or donates his property by way of waqf.

Weighted Average Cost of Deposits

Percentage of the total cost expensed on average deposits of the bank for the period.

Withdrawal Facility

To withdraw cash either through the Automated Teller Machines ("ATMs") or through use of a Debit Card held by the Customer ("Debit Card").

Zakah (zakat)









A certain portion of wealth levied on Muslims having wealth above an exemption limit (nisab) at a rate fixed by the Shariah to purify wealth. Zakat is one of the five pillars of Islam. The object is to take away a part of the wealth of the well-to-do and to distribute it among the poor and the needy.









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-  Stock trading simulator
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler*
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-  Subscription to Alerts (event
notifications, corporate and
regulatory actions)
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Meezan Bank Limited

Dividend Mandate Form

According to section 242 of Companies Act-2017 and Circular No. 18/2017 dated August 1, 2017 issued by Securities and Exchange Commission of Pakistan (SECP) has directed all listed companies to pay dividend only through electronic mode directly into the bank accounts designated by the entitled shareholders with effect from November 1, 2017.

In view of above, Shareholder(s) are advised to provide their complete bank account / IBAN detail as per format given below required under clause 7,8 and 9 (ii) of the Companies (Distribution of Dividends) Regulations, 2017 issued under S.R.O.1145 (I)/2017 dated November 06, 2017 by SECP enabling us to comply with above Section/Circular.

For physical Shareholder(s):

THK Associates (Pvt) Limited, 1st Floor, 40-C, Block 6, P.E.C.H.S.
Karachi 75400.

For CDC Accountholder(s):

in case of CDC account holder/ Sub-acountholder, please provide said details to CDC / to respective member Stock Exchange.

Company Secretary

Dividend Mandate Details

Folio Number / CDC Participants ID No.	
Name of Shareholder	
Title of the Bank Account	
Bank Account Number (Complete) / IBAN	
Bank's Name, Branch Name, Code and Address	
Cell Number	
Landline Number, if any	
Email Address	
CNIC Number (also attach copy)	
Passport Number (in case of foreign Shareholder)	

It is stated that the above mentioned information is correct, that I will intimate the changes in the above mentioned information to the Company / Share Registrar as soon as these occur.

Shareholder's Signature

میزان بینک لمیٹڈ

ڈیویڈنڈ مینڈیٹ فارم

کمپنیز ایکٹ 2017 کی شق 242 اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 18/2017 بتاریخ یکم اگست 2017 کے ذریعے تمام لسٹڈ کمپنیوں کو ہدایت کی گئی ہے کہ یکم نومبر 2017 کے بعد سے ادا ہونے والے ڈیویڈنڈ کی رقم الیکٹرانک طریقہ کار سے براہ راست شیئر ہولڈرز کی طرف سے فراہم کردہ بینک اکاؤنٹ میں منتقل کی جائے۔

درج بالا ہدایات کے پیش نظر، آپ سے گزارش کی جاتی ہے کہ اپنے مکمل "انٹرنیشنل بینک اکاؤنٹ نمبر (IBAN)" کی تفصیل درج ذیل نمونہ کے مطابق کمپنی کو مہیا کریں۔ جس کی ہدایت 6 نومبر 2017 کو SECP نے جاری کردہ SRO1145(1)/2007 میں Companies (Distribution of Dividends) Regulation, 2017 کی شق 8، 7 اور 9(ii) کے مطابق کی ہے، تاکہ ہم درج بالاشق پر عمل پیرا ہو سکیں۔ سی ڈی سی اکاؤنٹ ہولڈر/ سب اکاؤنٹ ہولڈر یہ تفصیل متعلقہ ممبر اسٹاک ایکسچینج کو مہیا کریں۔

فریکل شیئر ہولڈرز کے لئے

ٹی ایچ کے ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، فرسٹ فلور، C-40، بلاک-6، پی. ای. سی. ایچ. ایس. کراچی-75400

سی ڈی سی اکاؤنٹ ہولڈرز کے لئے

اگر آپ سی ڈی سی اکاؤنٹ ہولڈر/ سب اکاؤنٹ ہولڈر ہیں تو برائے مہربانی نیچے دی گئی تفصیلات سی ڈی سی/ اسٹاک ایکسچینج کے معزز ممبر کو فراہم کریں۔

کمپنی سیکریٹری

ڈیویڈنڈ مینڈیٹ کی تفصیل:

فولیو نمبر/ سی ڈی سی پائپ لائن آئی ڈی نمبر:	
شیئر ہولڈر کا نام:	
بینک اکاؤنٹ جس نام سے ہے:	
مکمل بینک اکاؤنٹ نمبر (IBAN):	
بینک کا نام، برانچ کا نام، کوڈ اور پتہ:	
موبائل نمبر:	
فون نمبر (اگر ہے):	
ای میل:	
کمپیوٹرائزڈ شناختی کارڈ نمبر (کاپی منسلک کریں):	
پاسپورٹ نمبر (اگر غیر ملکی شیئر ہولڈر ہو تو)	

بیان کیا جاتا ہے کہ درج بالا معلومات درست ہیں اور یہ کہ میں درج بالا معلومات کی تبدیلی کی صورت میں کمپنی اور متعلقہ شیئر رجسٹرار کو مطلع کروں گا۔

شیئر ہولڈر دستخط

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 22nd Annual General Meeting of Meezan Bank Ltd. to be held on Wednesday, March 28, 2018 at Meezan House C-25, Estate Avenue S.I.T.E., Karachi, and at any adjournment thereof.

Signed this _____ day of _____ 2018.

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 فولیو 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 ۲۰۱۸ کو میزان ہاؤس، C-۲۵، اسٹیٹ ایونیو، سائٹ، کراچی میں منعقد ہونے والے ۲۲ 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 _____ ۲۰۱۸ 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 مؤثر ہونے کے لئے اجلاس سے کم از کم ۴۸ 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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