

# The Art of Values

Annual Report 2013



**Meezan Bank**  
The Premier Islamic Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

الْحَمْدُ لِلَّهِ الْعَلِيِّ الْكَافِرِ  
فَوْقَ الْعَالَمِينَ

يَعْنِي الْمَوَافَقَةَ لِلشَّيْءِ  
لَمْ يَكُنْ وَالشَّيْءُ لَمْ يَكُنْ  
فَقَدْ كُنْ الْمَوْفَقَةُ

مبدأ القيمة

## The Art of Values

Across countless artists and through the passage of hundreds of years, the art of Calligraphy has been respected and revered, particularly in Muslim cultures. The aesthetic principles of Arabic calligraphy are seen as a reflection of the beauty of the cultural values of the Muslim world.

A closer look at calligraphy reveals that through the representation of words or sentences in an aesthetically appealing manner, the importance of the subject matter is enhanced. This effect that calligraphy has on words is a corollary to the way Meezan Bank holds true to its Core Values. While words such as Professionalism and Integrity may seem commonplace and basic, they hold paramount significance for us because of the ideology behind each word and the manner in which it defines the culture and personality of Meezan Bank. Our focus on our Core Values enhances their importance for us in the same way as calligraphy enhances the importance of its subject matter - and that is why we have chosen to combine the two in a beautiful expression of everything that Meezan Bank stands for.

Beginning with the word 'Meezan', which means 'balance', this Annual Report presents our core values to you in Arabic calligraphy and also defines our understanding of these principles.

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The background is a vibrant, abstract composition featuring large, expressive Arabic calligraphy in black and white. The colors are rich and varied, including deep blues, oranges, reds, and greens, creating a textured, painterly effect. The calligraphy is fluid and dynamic, with some letters appearing to be in motion or layered. The overall aesthetic is modern and artistic, reflecting Islamic art and culture.

بنك  
الإسلام

## Vision

Establish Islamic banking as banking of first choice...

## Mission

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





# Our Values

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

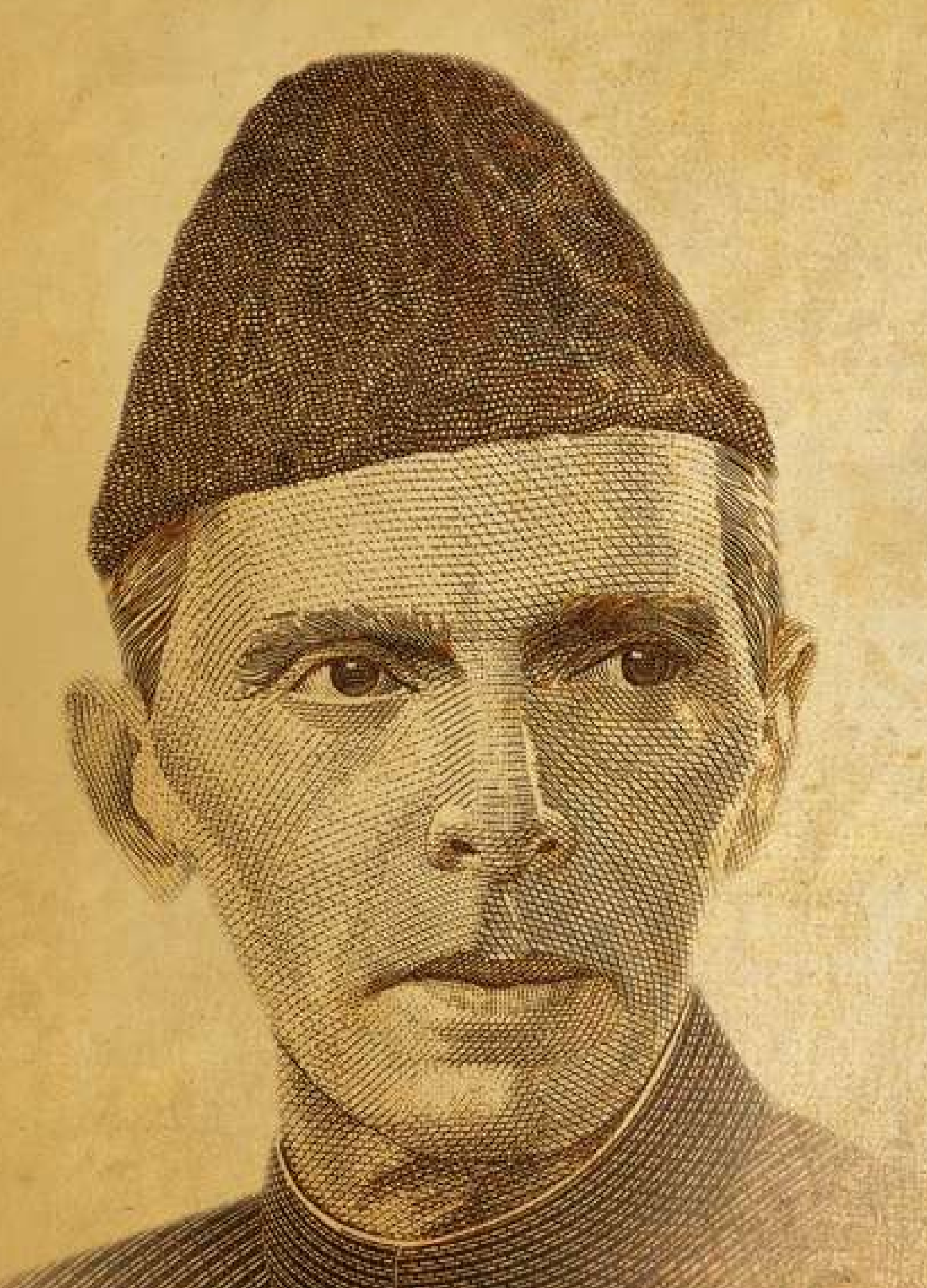
**Staff:** Committed, motivated and professionally trained employees who are empathic to their customers' needs.

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

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







# Quaid's Concept of Islamic Banking

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

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

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

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



# الموافقة للشريعة Sharīah Compliance

The root word of الموافقة is وافق (wafq) which means 'according to'. الموافقة للشريعة means conformity and accordance with Sharīah.

Sharīah-compliance is the core value which defines the very existence of Meezan Bank. Since its very inception, the Bank has had an aim that is unified across all branches, all business units and all services: absolute and unwavering adherence to the principles of Sharīah! It is this commitment that has enabled us to achieve the remarkable successes that Meezan Bank is known for, Alhamdulillah. With a team of the most capable and renowned Sharīah scholars comprising our Sharīah Board, we are able to not just deliver a Riba-free banking experience to our customers, but also develop new and innovative banking products that are designed to delight our customers, whilst addressing their needs - all the while staying within the bounds of Sharīah.





# Integrity الصدق

الصدق means honesty and truth. It also means integrity and reliability.

The single most important quality one can ever develop is integrity. Having integrity means being totally honest and truthful in every element of your existence.

Integrity is the foundation of one's character and is manifested in one's adherence to the values that one believes in. Only the people or organizations that show integrity can gain the trust of and become role models for others. It is for this reason that at Meezan Bank, integrity is valued so highly - not just in terms of following the dictates of Shariah under all circumstances, but also in all our dealings and transactions with our partners, our customers and our stakeholders. As a core value, integrity ensures unwavering faith in an institution.



The background of the page features intricate Arabic calligraphy in shades of gold and pink, set against a light cream color. A large, stylized crescent moon in blue and white is positioned in the upper right corner.

# Professionalism الإحتراف

الإحتراف means professionalism or to adopt a profession.

It is our firm belief that as the Premier Islamic bank, it is our absolute professionalism which gives us an edge in our industry. Our stakeholders want to see a bank that supports its customers whilst doing business responsibly. Our customers want to see a bank that looks after their interests while maintaining its integrity. Individuals and businesses look to us for advice, counting on us to guide them in the correct direction. At the center of all of these expectations is the professionalism that augments our competence. The more professional we are, the closer we get to our Vision.





# Innovation الإبداع

The original meaning of الإبداع is 'to create from nothing'; it is also used for innovation.

Innovation lies at the heart of all human development. It entails constant nurturing of the commitment to evolve and improve with changing times and ensuring that the products and services being provided by an organization live up to the dynamic expectations of its customers. Innovation comes from not just storing knowledge, but creating it. Being the first Islamic bank of Pakistan, innovation is a key core value for Meezan Bank. Being at the helm of Islamic banking in Pakistan and constantly developing new products and services for its customers, Meezan Bank continuously works towards the preservation of this value.

الحسين

الحسين بن علي بن أبي طالب  
عليه السلام

# التحسين Service Excellence

The word التحسين is derived from husn (حسن) which means beauty. التحسين means betterment and enhancement.

Excellence is what differentiates one from his peers. When an organization as a whole aims for excellence, its performance differentiates it from its industry. Being part of a service industry, financial institutions around the world offer similar products, competing with each other on the basis of the experience delivered to their customers. At Meezan Bank, we harbor an unwavering determination to excel in customer satisfaction and with Service Excellence as a core value, we imbibe this determination in every member of the Meezan family.



# المسؤولية الاجتماعية Social Responsibility

The root word of المسؤولية is سأل which means to ask or demand.  
المسؤولية الاجتماعية means collective and social responsibility, burden and liability.

Perhaps the most important core value in terms of society, social responsibility is an obligation of any entity to the landscape in which it exists. For us at Meezan Bank, social responsibility goes beyond the act of giving back to the society. Adopting social responsibility as a core value means truly developing our business in a manner that is not just compliant with the needs of society but also ensures that no harm comes to society as a result of our business decisions. As an Islamic bank, the very act of our existence aims to benefit the people at large by enabling them to have a Shariah-compliant means of transacting their banking needs. In addition to this, as we move ahead, we continue our contributions towards making the world a better place.



# Key Figures at a Glance

	2013	2012	2011	2010	2009	2008
<b>Profit and Loss Account</b>						
Return on financings, investments and placements	23,171	21,837	18,032	12,290	10,102	6,803
Return on deposits and other dues expensed	12,526	11,385	8,666	6,606	4,970	3,088
<b>Net Spread earned</b>	<b>10,645</b>	<b>10,452</b>	<b>9,366</b>	<b>5,684</b>	<b>5,132</b>	<b>3,715</b>
Provision against non-performing Islamic financing and related assets	(126)	(395)	(1,424)	(1,450)	(1,443)	(428)
Reversal / (provision) for diminution in the value of investments and impairment	33	(56)	35	(47)	(89)	(289)
<b>Net Spread after provisions</b>	<b>10,552</b>	<b>10,001</b>	<b>7,977</b>	<b>4,187</b>	<b>3,600</b>	<b>2,998</b>
Fee, commission, forex and other income	1,962	1,413	1,347	2,056	1,332	802
Dividend income and capital gain/ (loss) on investments	1,539	986	1,158	419	266	(95)
<b>Income before expenses</b>	<b>14,053</b>	<b>12,400</b>	<b>10,482</b>	<b>6,662</b>	<b>5,198</b>	<b>3,705</b>
Administrative and operating expenses	8,406	7,170	6,126	4,536	3,458	2,713
<b>Profit before Taxation</b>	<b>5,647</b>	<b>5,230</b>	<b>4,356</b>	<b>2,126</b>	<b>1,740</b>	<b>992</b>
Taxation	1,690	1,722	965	477	715	371
<b>Profit after Taxation</b>	<b>3,957</b>	<b>3,508</b>	<b>3,391</b>	<b>1,649</b>	<b>1,025</b>	<b>621</b>
<b>Balance Sheet</b>						
Islamic Financings and Related Assets	127,623	88,678	70,377	60,265	46,985	41,521
Total Assets	329,725	274,437	200,550	154,752	124,169	85,276
Total Deposits	289,811	230,426	170,030	131,070	100,333	70,234
Share Capital	10,027	9,034	8,030	6,983	6,650	4,926
Total Shareholders Equity	17,908	15,494	13,324	10,740	9,091	6,341
Market Capitalization	39,488	27,147	13,956	11,801	10,467	10,581
Number of Staff	6,248	5,953	4,900	4,364	3,669	3,170
Number of Branches	351	310	275	222	201	166
<b>Ratios</b>						
Break up Value (Rs.)	17.86	17.14	16.60	15.38	13.67	12.87
Market Value per Share (Rs.)	39.38	30.05	17.38	16.9	15.74	21.48
Price to Book Value Ratio	2.21	1.75	1.05	1.10	1.15	1.67
Cash Dividend (%)	20	15	10	-	-	-
Stock Dividend (%)	-	11.0	12.5	15.0	5.0	8.6
Right Shares at par (%)	-	-	-	-	-	35
Price Earning Ratio	10.0	7.7	4.1	8.2	9.2	17.6
Earning per Share (Rs.)	3.95	3.50	3.75	2.05	1.62	1.22
Net Spread to Gross Return (%)	45.94	47.86	51.94	46.25	50.80	54.61
Net Profit Before Tax to Gross Income (%)	21.17	21.57	21.21	14.40	14.87	13.21
Net Profit After Tax to Gross Income (%)	14.83	14.47	16.51	11.17	8.76	8.27
Admin Expense to Income before provisions (%)	59.41	55.97	51.60	55.59	51.38	61.35
Financing / Advances to Deposit Ratio-ADR (%)	44.0	38.5	41.4	46.0	46.8	59.1
Investment to Deposit Ratio - IDR (%)	52.31	66.21	57.92	41.94	23.21	20.68
Capital Adequacy Ratio (%)	12.48	14.08	14.89	12.41	12.77	9.58
Return on Average Assets (%)	1.31	1.48	1.91	1.18	0.98	0.82
Return on Average Equity (%)	23.69	24.34	28.18	16.64	13.29	10.3

Rupees in Million

2007	2006	2005	2004	2003
4,574	2,704	1,459	534	376
2,452	1,464	690	250	183
<b>2,122</b>	<b>1,240</b>	<b>769</b>	<b>284</b>	<b>193</b>
(435)	(122)	(69)	(17)	18
(1)	(1)	30	(2)	(2)
<b>1,686</b>	<b>1,117</b>	<b>730</b>	<b>265</b>	<b>209</b>
742	441	262	133	67
606	250	360	232	220
<b>3,034</b>	<b>1,808</b>	<b>1,352</b>	<b>630</b>	<b>496</b>
1,765	1,028	719	409	255
<b>1,269</b>	<b>780</b>	<b>633</b>	<b>221</b>	<b>241</b>
306	176	214	(3)	27
<b>963</b>	<b>604</b>	<b>419</b>	<b>224</b>	<b>214</b>

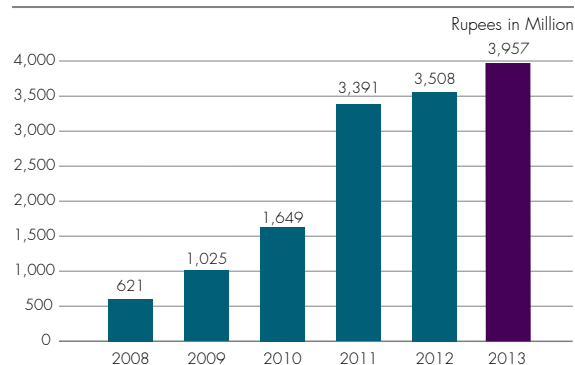
36,053	28,326	20,493	13,013	7,763
67,179	46,439	30,676	19,697	11,102
54,582	34,449	22,769	13,770	7,757
3,780	3,780	2,037	1,346	1,064
5,720	4,763	3,025	2,098	1,748
14,572	7,465	4,736	2,247	1,649
2,205	1,389	786	511	238
100	62	28	16	10

15.13	12.6	14.85	15.59	16.43
38.55	19.5	23.25	16.7	15.5
2.55	1.55	1.57	1.07	0.94
-	-	-	-	5
20.0	10.0	16.0	15.0	10.0
-	50	20	30	-
15.1	10.5	15.9	10.0	7.7

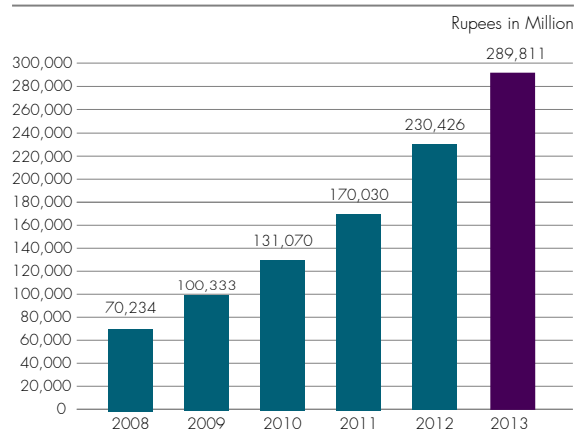
1.96	1.88	1.46	1.67	2.01
46.39	45.86	52.69	53.15	51.45
21.43	22.98	30.42	24.56	36.33
16.27	17.8	20.15	24.94	32.26
50.86	53.23	51.68	63.02	53.12

66.1	82.2	90.0	94.5	100.1
19.30	8.35	7.05	10.38	15.62
10.71	12.80	10.67	10.00	15.62
1.70	1.57	1.67	1.46	2.37
18.39	15.64	16.7	12.16	13.74

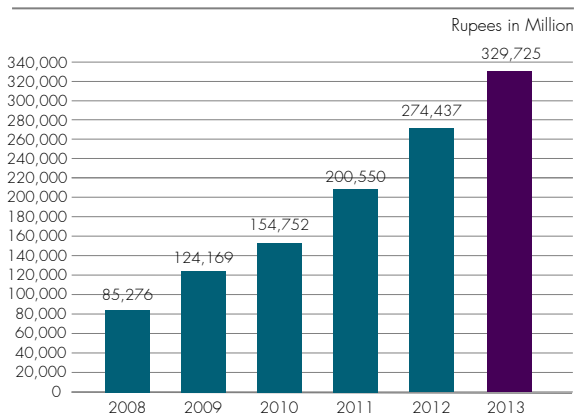
## Profit After Taxation



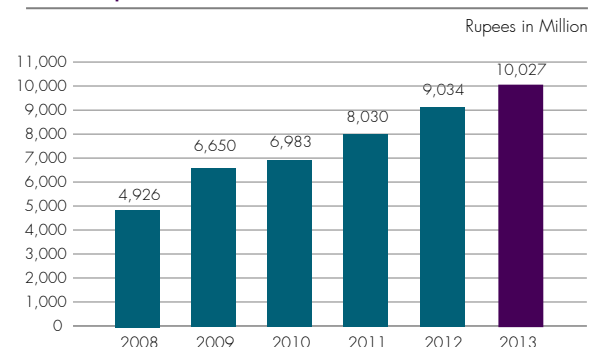
## Total Deposits



## Total Assets



## Share Capital



# Six Years' Horizontal Analysis

## Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
Assets	2013	13 Vs 12 %	2012	12 Vs 11 %	2011	11 Vs 10 %	2010	10 Vs 09 %	2009	09 Vs 08 %	2008	08 Vs 07 %
Cash and balances with treasury banks	28,583	49	19,125	15	16,641	30	12,781	52	8,387	46	5,764	2
Balances with other banks	3,554	-8	3,851	64	2,348	-76	9,940	89	5,260	291	1,345	-64
Due from financial institutions	7,443	1,389	500	-88	4,065	-61	10,512	-70	34,487	90	18,108	105
Investments	151,614	-1	152,460	55	98,489	79	54,967	136	23,290	60	14,527	38
Islamic financings and related assets	127,623	44	88,678	26	70,377	17	60,264	28	46,985	13	41,521	15
Operating fixed assets	5,595	14	4,898	23	3,985	30	3,066	27	2,416	28	1,881	82
Deferred tax asset	131	-76	546	-32	801	134	342	68	204	100	-	-
Other assets	5,182	18	4,379	14	3,844	33	2,880	-8	3,139	47	2,130	60
	329,725	20	274,437	37	200,550	30	154,752	25	124,168	46	85,276	27
Liabilities												
Bills payable	3,615	18	3,059	34	2,282	29	1,767	41	1,249	18	1,057	-11
Due to financial institutions	11,375	-38	18,461	100	9,236	58	5,829	-31	8,468	111	4,008	66
Deposits and other accounts	289,811	26	230,426	36	170,030	30	131,070	31	100,333	43	70,234	29
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-100	453	5
Other liabilities	6,011	1	5,928	14	5,220	4	5,006	1	4,934	39	3,549	24
	310,812	21	257,874	38	186,768	30	143,672	25	114,984	45	79,301	29
Net Assets	18,913	14	16,563	20	13,781	24	11,080	21	9,184	54	5,975	5
Represented by:												
Share capital	10,027	11	9,034	12	8,030	15	6,983	5	6,650	35	4,926	30
Reserves	3,551	29	2,760	34	2,058	49	1,380	31	1,050	24	845	17
Unappropriated profit	4,330	17	3,700	14	3,235	36	2,377	71	1,390	144	570	-53
Surplus / (deficit) on revaluation of investments	1,005	-6	1,069	133	458	35	340	262	94	126	(366)	-2,715
	18,913	14	16,563	20	13,781	24	11,080	21	9,184	54	5,975	5
Profit & Loss Account												
	2013	13 Vs 12 %	2012	12 Vs 11 %	2011	11 Vs 10 %	2010	10 Vs 09 %	2009	09 Vs 08 %	2008	08 Vs 07 %
Return on financings/investments and placements	23,171	6	21,837	21	18,032	47	12,290	22	10,102	48	6,803	49
Return on deposits and other dues expensed	(12,526)	10	(11,385)	31	(8,666)	31	(6,606)	33	(4,970)	61	(3,088)	26
Net spread earned	10,645	2	10,452	12	9,366	65	5,684	11	5,132	38	3,715	75
Provisions	(93)	-79	(451)	-68	(1,389)	-7	(1,497)	-2	(1,532)	114	(717)	64
Net spread after provision	10,552	6	10,001	25	7,977	91	4,187	16	3,600	20	2,998	78
Fee, commission, forex and other income	1,962	39	1,413	5	1,347	-34	2,056	54	1,332	66	802	8
Dividend income and capital gain	1,539	56	986	-15	1,158	176	419	58	266	-380	(95)	-116
Income before operating expenses	14,053	13	12,400	18	10,482	57	6,662	28	5,198	40	3,705	22
Administrative and operating expenses	(8,406)	17	(7,170)	17	(6,126)	35	(4,536)	31	(3,458)	27	(2,713)	54
Profit before taxation	5,647	8	5,230	20	4,356	105	2,126	22	1,740	75	992	-22
Taxation	(1,690)	-2	(1,722)	78	(965)	102	(477)	-33	(715)	93	(371)	21
Profit after taxation	3,957	13	3,508	3	3,391	106	1,649	61	1,025	65	621	-36

# Six Years' Vertical Analysis

## Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
Assets	2013	%	2012	%	2011	%	2010	%	2009	%	2008	%
Cash and balances with treasury banks	28,583	9	19,125	7	16,641	8	12,781	8	8,387	7	5,764	7
Balances with other banks	3,554	1	3,851	1	2,348	1	9,940	6	5,260	4	1,345	2
Due from financial institutions	7,443	2	500	0	4,065	2	10,512	7	34,487	28	18,108	21
Investments	151,614	46	152,460	56	98,489	49	54,967	36	23,290	19	14,527	17
Islamic financings and related assets	127,623	39	88,678	32	70,377	34	60,264	39	46,985	39	41,521	49
Operating fixed assets	5,595	2	4,898	2	3,985	3	3,066	2	2,416	2	1,881	2
Deferred tax asset	131	0	546	0	801	0	342	0	204	0	-	-
Other assets	5,182	1	4,378	2	3,843	2	2,880	2	3,139	2	2,130	2
	329,725	100	274,437	100	200,550	100	154,752	100	124,168	100	85,276	100
Liabilities												
Bills payable	3,615	1	3,059	1	2,282	1	1,767	1	1,249	1	1,057	1
Due to financial institutions	11,375	3	18,461	7	9,236	5	5,829	4	8,468	7	4,008	5
Deposits and other accounts	289,811	88	230,426	84	170,030	84	131,070	85	100,333	81	70,234	82
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	453	1
Other liabilities	6,011	2	5,928	2	5,220	3	5,006	3	4,934	4	3,549	4
	310,812	94	257,874	94	186,768	93	143,672	93	114,984	93	79,301	93
Net Assets	18,913	6	16,563	6	13,781	7	11,080	7	9,184	7	5,975	7
Represented by:												
Share capital	10,027	3	9,034	3	8,030	4	6,983	5	6,650	5	4,926	5
Reserves	3,551	1	2,760	1	2,058	1	1,380	1	1,050	1	845	1
Unappropriated profit	4,330	2	3,700	2	3,235	2	2,377	1	1,390	1	570	1
Surplus / (deficit) on revaluation of investments	1,005	0	1,069	0	458	-	340	-	94	-	(366)	-
	18,913	6	16,563	6	13,781	7	11,080	7	9,184	7	5,975	7
Profit & Loss Account												
	2013	%	2012	%	2011	%	2010	%	2009	%	2008	%
Return on financings/investments and placements	23,171	87	21,837	90	18,032	88	12,290	83	10,102	86	6,803	91
Return to deposits and other dues expensed	(12,526)	-47	(11,385)	-47	(8,666)	-42	(6,606)	-45	(4,970)	-42	(3,088)	-41
Net Spread Earned	10,645	40	10,452	43	9,366	46	5,684	38	5,132	44	3,715	50
Provisions	(93)	0	(451)	-2	(1,389)	-7	(1,497)	-10	(1,532)	-13	(717)	-10
Net Spread after Provision	10,552	40	10,001	41	7,977	39	4,187	28	3,600	31	2,998	40
Fee, commission, forex and other income	1,962	7	1,413	6	1,347	6	2,056	14	1,332	12	802	10
Dividend income and capital gain	1,539	6	986	4	1,158	6	419	3	266	2	(95)	-1
Income before operating expenses	14,053	53	12,400	51	10,482	51	6,662	46	5,198	45	3,705	49
Administrative and operating expenses	(8,406)	-32	(7,170)	-30	(6,126)	-30	(4,536)	-31	(3,458)	-30	(2,713)	-36
Profit before taxation	5,647	21	5,230	21	4,356	21	2,126	14	1,740	15	992	13
Taxation	(1,690)	-6	(1,722)	-7	(965)	-5	(477)	-3	(715)	-6	(371)	5
Profit after taxation	3,957	15	3,508	14	3,391	16	1,649	11	1,025	9	621	8

# Financial Analysis

## Statement of Financial Position

Total assets of the Bank increased from Rs. 274 billion as at December 31, 2012 to Rs. 330 billion (\$ 3.1 billion) as at December 31, 2013 representing a growth of 20%.

Deposit base of the Bank grew by an impressive 26% from Rs. 230 billion to Rs. 289 billion. The extensive branch network, quality of service and excellent brand image of the Bank were the key contributing factors behind the growth. The deposit mix of the Bank also improved Current and Savings Accounts now account for 68% of total deposits compared to 66% last year. The Bank's strategy of aggressive marketing campaigns to enhance current accounts paid off and the share of current account in the deposit mix increased to 29% as against 26% last year.

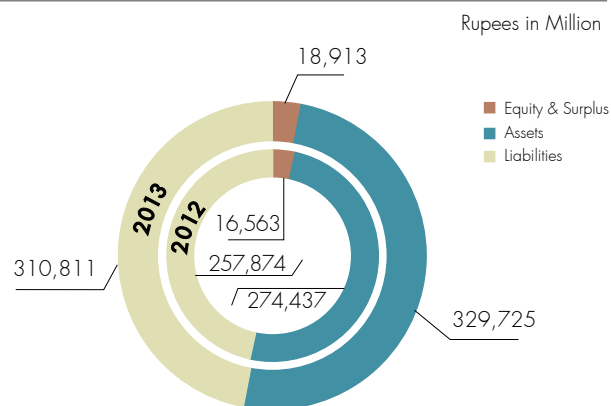
Notwithstanding low demand for financing, both short and long-term, the Bank was able to increase its total financing portfolio by Rs. 39 billion to register a growth of 44% during the year, which is substantially higher than the overall banking industry financing growth of 6%. The portfolio is well diversified by sector and maturities are also comfortably balanced with 59% in short-term (upto one year) and 41% in long-term. Advances to Deposit Ratio (ADR) of the Bank now stands at 44% up from 38% last year.

NPL to gross financings ratio is now at an impressive low of 3.6% down from 5.3% in 2012. This is a commendable achievement given that the average NPL ratio for the banking industry is in double digits.

The NPL coverage ratio of the Bank for 2013 stood at 121% which is one of the highest in the banking industry.

The Bank's equity increased to Rs. 17.9 billion from Rs. 15.5 billion a year earlier, despite the fact that a healthy cash dividend of Rs. 1.504 billion was paid during the year. The share capital of the Bank now stands at Rs. 10.027 billion (2012: Rs. 9 billion). Minimum capital requirement of Rs. 10 billion prescribed by SBP has already been met. The Capital Adequacy Ratio of the Bank has been maintained at a healthy level of 12.48%, compared to the minimum level of 10% prescribed by the Regulator.

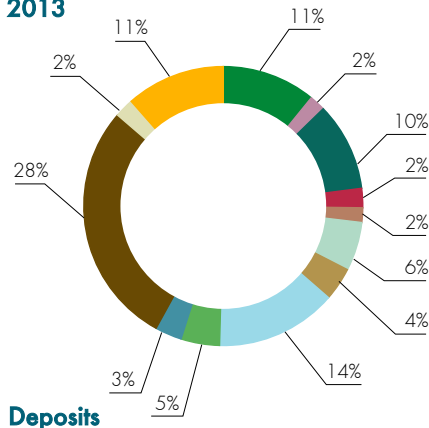
## Statement of Financial Position



## Concentration of Advances & Deposits

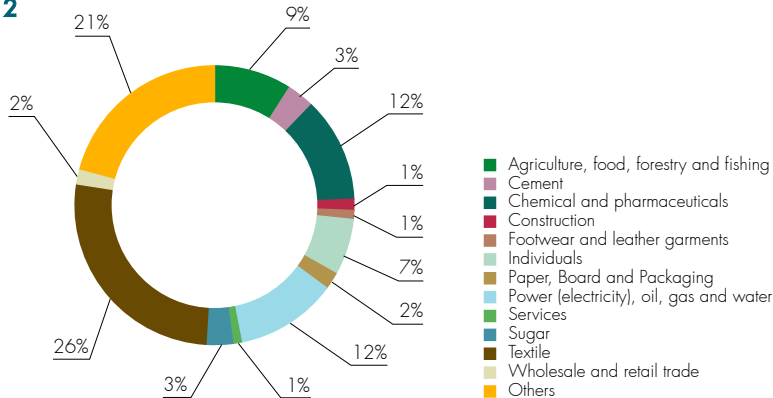
### Islamic Financing and Related Assets (Gross)

2013

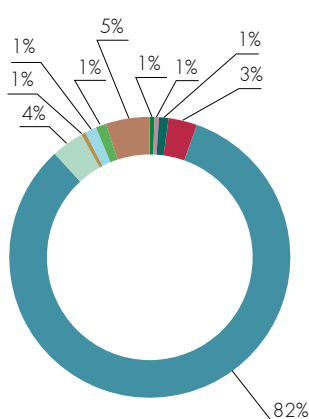


Deposits

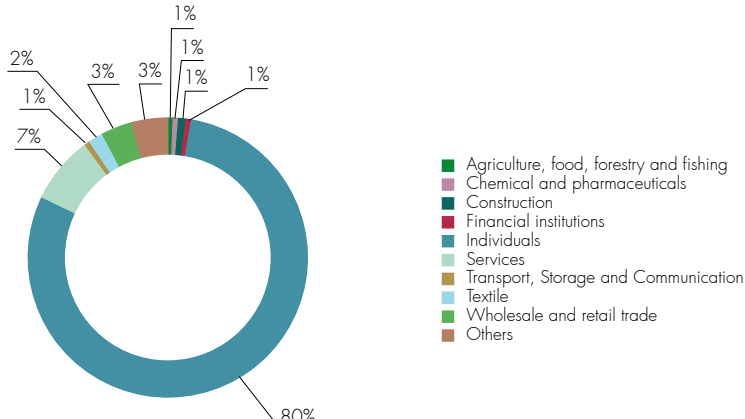
2012



2013



2012



## Profit and Loss Account

The Bank posted Profit after Tax of Rs. 3.9 billion, an increase of 13% over the previous year. Earning per share increased to Rs. 3.95 per share from Rs. 3.50 per share. Income from financings, investment and placement has increased by 6% from Rs. 21.8 billion to Rs. 23.2 billion, a growth of 6%. This increase is mainly due to incremental earning assets although profit rates have been lower than previous year due to reduction in discount rate during the year by SBP.

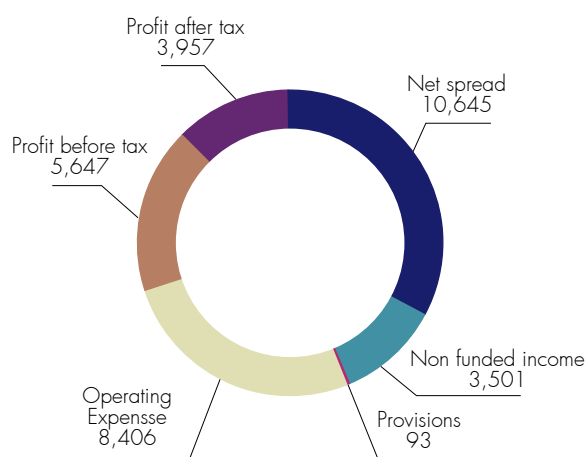
Return on deposits increased to Rs. 12.5 billion from Rs. 11.4 billion. The reason for this rise was increase in deposit base to Rs. 289 billion from Rs. 230 billion as at December 31, 2012. The Bank's average return on deposit stood at 4.52%.

Non Funded income increased by 46% from Rs. 2.4 billion in 2012 to Rs. 3.5 billion in 2013. This was mainly due to higher volume of ancillary business handled during the year. Fee income increased by 30% during the year to reach Rs. 1.25 billion as against Rs. 969 million last year. The Trade Finance business volume handled by the Bank grew by 57% from Rs. 201 billion in 2012 to Rs. 315 billion in 2013. The trade business is supported by the Bank's growing network of correspondent banking relationships around the world.

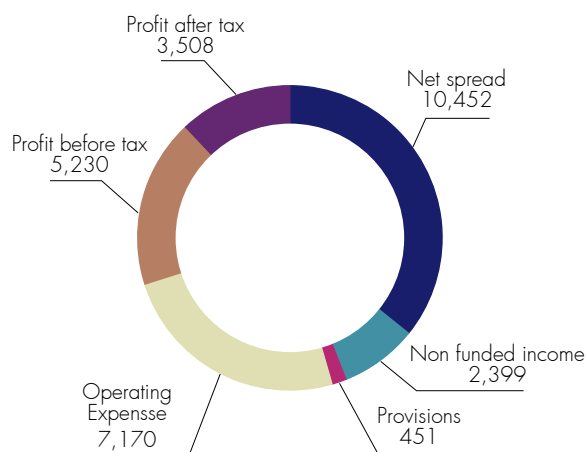
### Profit and Loss

2013

Rupees in Million

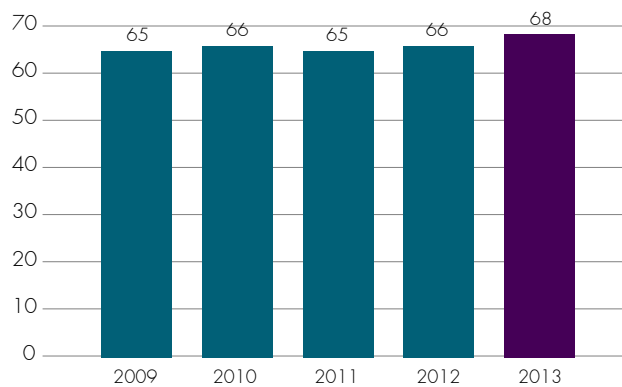


2012

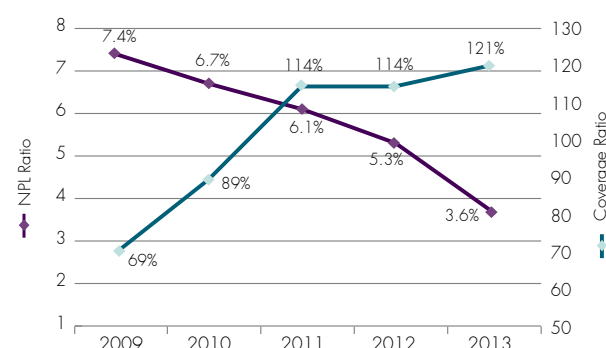


### CASA to Total Deposit

Year-wise trend in %



### NPL and Coverage Ratios



Administrative expenses of Rs. 8.4 billion have increased by 17% during the year, mainly because of higher human resources cost due to induction of staff, salary increments and opening of 41 new branches in 2013 - an investment which has borne fruit for the Bank, as evident from strong growth in deposits and profits over the years.



# Calendar of Major Events

Incorporation of the Bank  
Commencement of business of the Bank  
Issuance of Scheduled Islamic Commercial Bank license  
Commencement of operations as Scheduled Islamic Commercial Bank

January 27, 1997  
September 29, 1997  
January 31, 2002  
March 20, 2002

## Financial Calendar

### 2013

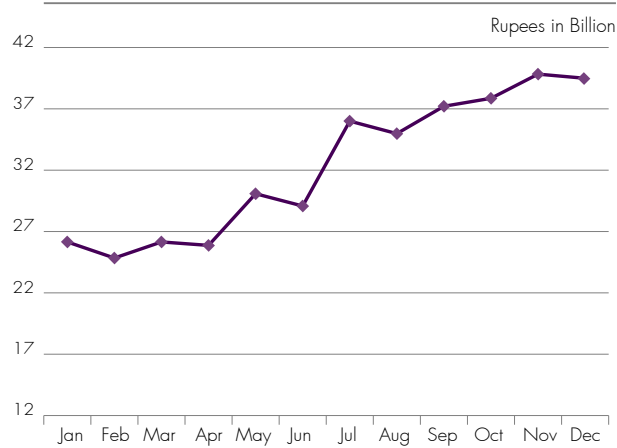
1 <sup>st</sup> Quarter results issued on	May 02, 2013
2 <sup>nd</sup> Quarter results issued on	July 30, 2013
3 <sup>rd</sup> Quarter results issued on	October 30, 2013
Annual results issued on	March 03, 2014
18 <sup>th</sup> Annual General Meeting	Scheduled on March 27, 2014

### 2012

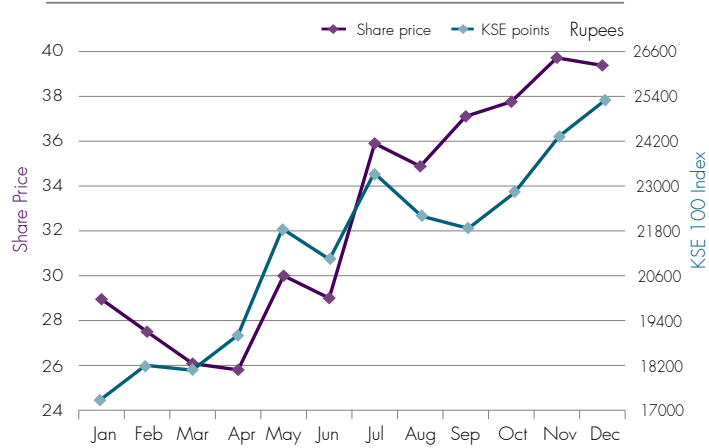
1 <sup>st</sup> Quarter results issued on	April 17, 2012
2 <sup>nd</sup> Quarter results issued on	August 13, 2012
3 <sup>rd</sup> Quarter results issued on	October 12, 2012
Annual Results issued on	February 20, 2013
17 <sup>th</sup> Annual General Meeting	March 28, 2013

## Monthly Market Statistics of Meezan Bank's Share during 2013

### Market Capitalisation



### Share Price Sensitivity



# Shareholders

## Shareholding Structure

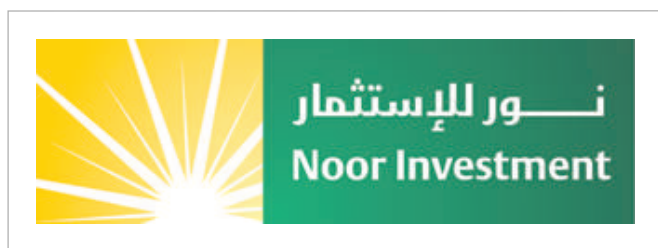
	Rs. in Million	%
Noor Financial Investment Co. Kuwait	4,924	49.11
Pakistan Kuwait Investment Company (Pvt.) Ltd	3,008	30.00
Islamic Development Bank Jeddah	935	9.32
Others	1,160	11.57
<b>Paid up Capital</b>	<b>10,027</b>	<b>100.00</b>

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

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

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

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







## Our Institution

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Management Committees	44
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# Corporate Profile

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

Meezan Bank is a publicly listed company sponsored by leading financial institutions from Pakistan and the Middle East. The Bank offers a complete range of Islamic banking products and services through a retail banking network of 351 branches in 103 cities, which is the 8<sup>th</sup> largest banking network in Pakistan.

Meezan Bank has a strong Shariah-compliance setup that comprises of a dedicated Product Development and Shariah Compliance Department, an in-house Shariah Advisor 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.

The Consumer finance products offered by the Bank include car finance, housing finance, laptop finance and financing for Haj and Umrah. Backed by a state-of-the-art T-24 core banking system, the branch network is supported by 24/7 banking services that include over 280 ATMs, Meezan VISA Debit Cards, Internet Banking, SMS alerts and a 24-hour Call Center.

## Credit Rating

	2013	2012
Long Term	AA	AA-
Short Term	A-1+	A-1+

The JCR-VIS Credit Rating Company Limited has upgraded Meezan Bank's medium to long-term entity rating to AA (Double A) from AA- (Double A Minus) and short term rating at A-1+ (A-One Plus), the highest standard in short term rating with stable outlook - the rating indicates sound performance of the Bank.



# Corporate Awards

## 2007 Islamic Finance News

Best Islamic Bank in Pakistan

## 2008 Islamic Finance News

Best Islamic Bank in Pakistan

Best Deal of the Year

### Global Finance

Best Islamic Financial Institution in Pakistan

### ICAP & ICMAP

Corporate Report Award - Banking Sector

## 2009 Islamic Finance News

Best Islamic Bank in Pakistan

Best Deal of the Year

### Global Finance

Best Islamic Financial Institution in Pakistan

### ICAP & ICMAP

Corporate Report Award - Banking Sector

## 2010 CFA Association Pakistan

Islamic Bank of the Year

### Islamic Finance News

Best Islamic Bank in Pakistan

### AsiaMoney

Best Islamic Bank in Pakistan

### Global Finance

Best Islamic Financial Institution in Pakistan

## 2011 CFA Association Pakistan

Islamic Bank of the Year

### Islamic Finance News

Best Islamic Bank in Pakistan

Best Deal of the Year

### Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Deal - Pakistan

### Global Finance

Best Islamic Financial Institution in Pakistan

## 2012 CFA Association Pakistan

Islamic Bank of the Year

### Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Deal - Pakistan

Highly Commended Deal - Pakistan

### Global Finance

Best Islamic Financial Institution in Pakistan

### Islamic Finance News

Best Deals of the Year

### AsiaMoney

Best Islamic Bank in Pakistan

### ICAP & ICMAP

Corporate Report Award - Banking Sector

## 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

Best Islamic Bank in Pakistan

Ijarah Deal of the Year

Pakistan Deal of the Year

### Global Islamic Finance Awards (GIFA)

Best Research and Development in Islamic Finance

### Global Finance

Best Islamic Financial Institution in Pakistan

### Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Highly Commended Best Islamic Deal Pakistan



Mr. Ariful Islam, Deputy CEO – Meezan Bank receiving award at the CFA Society Pakistan ceremony.



Mr. Irfan Siddiqui, President & CEO of Meezan Bank receiving the GIFA award 2013 from Professor Humayon Dar - Chairman Edbiz Corporation and HE Shahid Malik- Former British Minister for International Development.





# میزان

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

At Meezan Bank, we believe in maintaining a balance between the needs of our shareholders, our customers, our staff and other stakeholders. This approach will Insha' Allah help us achieve our Vision of 'providing a strong foundation for establishing a fair and just society for mankind'. Our identity is derived from this. In the following pages, we are pleased to present an overview of the history of Meezan Bank.

# History of Meezan Bank

1997



Establishment of  
Al Meezan  
Investment Bank

Riba-Free Certificates  
of Islamic Investment  
launched

2002



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



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

Deposit base stood  
at Rs. 5.08 billion

Car  
Meezan Bank



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



EasyHome

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

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

2004

Meezan Bank acts  
as the Shariah  
Structuring Advisor

for the historic transaction  
of international  
Sukuk offering for USD 600  
million under a mandate  
awarded by the  
Government of Pakistan

Deposit base grows to  
Rs.13.7 billion  
Number of branches reaches 16



A 24/7 Call Center is  
established  
ATM/Debit Cards and ATMs are  
introduced

Online Banking is  
launched  
across all branches

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

2005



Meezan Bank wins  
Best Islamic Bank  
in Pakistan

Islamic Finance news  
Awards

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

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

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



ebanking.meezanbank.com

2007



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



Import/Export business reaches  
Rs. 70 billion

Deposit base grows to  
Rs. 54 billion

Best Islamic Bank  
in Pakistan

Islamic Finance news  
Awards



Introduction of Istisna  
financing for the working  
capital needs of customers

2008

Launch of first Government of  
Pakistan Ijarah Sukuk

Deposit base grows to  
Rs. 70 billion

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



First dedicated Islamic Banking  
Training Centers established  
in 3 cities



Corporate Report Award



Best Islamic Financial  
Institution in Pakistan

Islamic Finance news  
Awards

Best Islamic Bank in Pakistan  
Best Deal of the Year



Branch Network expands to  
40 cities

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

CFA  
ASSOCIATION  
PAKISTAN  
Islamic Bank of the Year



Corporate Report Award



Best Islamic  
Financial  
Institution in  
Pakistan

Islamic Finance news  
Awards

Best Islamic Bank in  
Pakistan

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



Implementing 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

**Islamic Finance news  
Awards**

Best Islamic Bank in Pakistan

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

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



The Bank is now the  
**9th largest bank**  
in Pakistan in terms of branch network



**Meezan House inaugurated**

Total assets of the Bank cross  
**Rs. 200 billion**

Meezan Bank becomes the Advisor and  
Lead Arranger for the first ever shortTerm  
Sukuk



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



Islamic Bank of the Year



Launch of  
**Meezan  
LaptopEas**

Technical services and  
support agreement with



in Sri Lanka

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



Home remittance service  
available at all branches

Launch of Running Musharakah for  
working capital requirements of  
corporate customers

# 2012



Total deposits cross **Rs. 230 billion**



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



The Institute of  
Chartered Accountants  
of Pakistan



The Institute of  
Cost & Management  
Accountants  
of Pakistan

Corporate Report Award



Islamic Bank of the Year

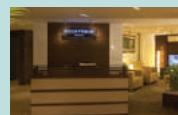


Launched

Launch of Mock Branches in  
Karachi & Lahore for staff training

Launch of Meezan Premium Banking  
& Premium Banking Centers

**MEEZAN PREMIUM  
BANKING**



**facebook.**

www.facebook.com /meezanbank  
Facebook Page crosses 85,000 Fans

Introduction of over 550 employees  
through Batch Hiring



Launch of Meezan Visa Platinum Debit Card

# 2013



**8th largest bank**  
in Pakistan in terms of branch network

**11th largest bank**  
in terms of deposits

Total deposits reach  
**Rs. 289 billion**

**ASIAMONEY**  
Best Islamic Bank in Pakistan



**CFA Society  
Pakistan**

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

**Islamic Finance news  
Awards**

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



Best Islamic Financial  
Institution in Pakistan



Best Research and Development in  
Islamic Finance



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

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



Government of  
Pakistan nominates  
Mr. Irfan Siddiqui (CEO)  
and Dr. Imran Usmani  
as members of Steering  
committee for promotion  
of Islamic banking

**facebook.**

Facebook Page crosses 130,000 Fans

Launch of SMS Banking



# Profiles of the Directors



Front Row from left to right: Noorur Rehman Abid ■ | Alaa A. Al-Sarawi ■ | Abdullateef A. Al-Asfour ■ | H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa ■  
Irfan Siddiqui ■ | Mohammad Abdul Aleem ■  
Back Row from left to right: Rana Ahmed Humayun ■ | Riyadh S. A. A. Edrees ■ | Ariful Islam ■

## H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa ■ Chairman

His Excellency Sheikh Ebrahim Bin Khalifa Al-Khalifa is the Chairman of Board of Trustees of Arab Regional Center for Entrepreneurship and Investment Training for United Nations Industrial Development Organization, Kingdom of Bahrain. He is a graduate of Law from Beirut Arab University, Lebanon. Shaikh Ebrahim has held a number of key positions in the Kingdom of Bahrain including former Minister for Housing and former Undersecretary of Ministry of Finance and National Economy, Kingdom of Bahrain. While serving as the Chairman of Meezan Bank Ltd., H.E. Shaikh Ebrahim is also the Chairman of EBDAA Bank - Kingdom of Bahrain, Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI), Bahrain Citizen LLB - Beirut Arab University in Lebanon and Chairman of Bahrain World Economic Summit.

## Abdullateef A. Al-Asfour ■ Vice Chairman

Mr. Abdullateef A. Al-Asfour is the Chairman and Managing Director of Noor Financial Investment Company, Kuwait. Mr. Abdullateef A. Al-Asfour is a graduate in Business Administration from Manchester, England. Mr. Al-Asfour has held the following positions during his career spanning four decades:

- Chairman of Al-Safat Foods Company, Kuwait
- Chairman of Singapore Fisheries Company, Singapore
- Chairman & Managing Director of United Fisheries of Kuwait
- Chairman of International Hotels Company, Sharjah, UAE
- Deputy Chairman of Light International, Bahrain
- Deputy Chairman of International Tunis Bank, Tunis
- Deputy Chairman of Arab Fishing Company, Saudi Arabia
- Deputy Chairman of Kuwait Hotels Company, Kuwait
- Board of Director in Cairo Poultry Company, Egypt
- Board of Director in Noor Telecommunications (Noortel), Kuwait
- Board of Director in Noor Jordan Kuwait Financial Investment Company, Jordan
- Board of Director in United Gulf Bank, Bahrain
- Board of Director in Kuwait Fund for Arab Economic Development, Kuwait
- Board of Director in Gulf Investment Company, Bahrain
- Board of Director in Arab Industrial International Company, Baghdad, Iraq



### **Irfan Siddiqui ■**

President & CEO

Mr. Irfan Siddiqui is the founding President & CEO of Meezan Bank. He initiated the formation of Al-Meezan Investment Bank in 1997, which converted into a full-fledged scheduled Islamic commercial bank in May 2002. Mr. Siddiqui is a Chartered Accountant from England & Wales and has extensive financial sector experience with Abu Dhabi Investment Authority, Abu Dhabi Investment Company, Kuwait Investment Authority and Pakistan Kuwait Investment Company (Pvt.) Ltd.

Mr. Siddiqui is a member of State Bank of Pakistan's Steering Committee of Media Campaign 'Improving Islamic finance literacy' in the country and Government of Pakistan's Steering Committee for 'Promotion of Islamic Banking in Pakistan'. Formerly, he has served as Director of Pak Kuwait Takaful Co. Ltd., The General Tyre & Rubber Company of Pakistan Ltd., Plexus (Pvt.) Ltd., Al Meezan Mutual Fund Ltd., Al Meezan Investment Management Ltd. and FFC-Jordan Fertilizer Company Limited.

### **Ariful Islam ■**

Deputy CEO

Mr. Ariful Islam is a Chartered Accountant from England and Wales and a Fellow member of the Institute of Chartered Accountants of Pakistan. He joined Meezan Bank in April 1999 as the Bank's first Chief Operating Officer. He has previously worked with Faysal Bank Limited and MCB Bank Limited, where he held various senior management positions in the capacity of Executive Vice President and Senior Executive Vice President, respectively. He has over 25 years of experience in the financial sector. Currently, Mr. Islam is also the Chairman of the Board of Al Meezan Investment Management Limited, the Bank's asset management subsidiary.

### **Rana Ahmed Humayun ■**

Mr. Rana Ahmed Humayun is the Deputy General Manager at Pakistan Kuwait Investment Company (Pvt.) Ltd. He is a Fellow Chartered Accountant (ICAP) and holds an MBA from University College of Wales - Aberystwyth, and a Bachelors of Commerce from St. Patrick's (Govt.) College, Karachi. Mr. Humayun is currently serving as Director - Pak-Kuwait Takaful Co. Ltd., Merak Holdings (Pvt.) Ltd. and Merak Cuisine (Pvt.) Ltd. He is also a former Director of Arabian Sea Country Club Ltd., The General Tyre & Rubber Company of Pakistan Ltd., News VIS Credit Information Services (Pvt.) Ltd., Falcon Greenwood (Pvt.) Ltd and Fayzan Manufacturing Modaraba.

### **Riyadh S. A. A. Edrees ■**

Mr. Riyadh S. A. A. Edrees, is the Executive Manager at National Industries Group (Holding) - Kuwait, where he has been associated with the group since 1999 holding the positions of Senior Manager, Project Development Manager and Deputy Manager for Petrochemical Projects. He is currently serving on the Board of numerous international organizations including Chairman - Privatization Holding Co., Advisory Board Member - Markaz Energy Fund, Board member & Chairman of Risk Management Committee and Audit committee of Noor Financial Investments Company, Kuwait, Member of Investment Committee of Bouniya Fund of the Kuwait Investment Co. (Bahrain), Board member of the Middle East Complex for Engineering, Electronics & Heavy Industries Co., and Saudi International Petrochemical Company. Mr. Edrees has also held the seat of GM-Ikarus Petroleum Industries Company. Mr. Edrees holds a BSc Degree in Chemical Engineering from Newcastle upon Tyne University - UK and a MSc. in Chemical Engineering from Kuwait University.

### **Alaa A. Al-Sarawi ■**

Mr. Alaa A. Al-Sarawi, a Bachelor of Business Administration and Minor in Government from Eastern Washington University - USA, and Accounting Diploma holder from Kuwait Business College - Kuwait, is currently serving as Sr. Investment Manager - Alternative Investments Sector at the Kuwait Investment Authority, Kuwait. Mr. Alaa A. Al-Sarawi was previously associated with noteworthy institutions including Boubyan Bank; Kuwait, Al-Ahlia Investment Company; Kuwait, Wafra International Investment Company; Kuwait, and Kuwait Investment Company; Kuwait. He has also served as Director - Al-Bilad Real Estate Investment Company. Mr. Alaa A. Al-Sarawi did the Investment Trainee Program at the KIA and the overseas assignment with JP Morgan. N.Y. in 1996.

### **Mohammad Abdul Aleem ■**

Mr. Mohammad Abdul Aleem is a Fellow Chartered Accountant (FCA) and a Fellow Cost and Management Accountant (FCMA). Mr. Aleem has worked for 16 years in senior positions with Engro Corporation Ltd. and Esso Singapore. Thereafter, he has worked for another 14 years with British American Tobacco Group UK, (BAT) in Pakistan and overseas. For over ten years Mr. Aleem served as the Chief Executive Officer of BAT operations in Cambodia, Mauritius and Indian Ocean. Since 2004, Mr. Aleem has served in senior positions with large Government owned corporations in Pakistan. His last assignment was as the Managing Director, Pakistan State Oil Company Limited. Currently, he is the Chief Executive and Secretary General of Overseas Investors Chamber of Commerce and Industry. Mr. Aleem is also serving on the Board of Directors of Dawood Hercules Corporation Ltd. and Pakistan Institute of Corporate Governance besides being a Board member of Meezan Bank.

### **Noorur Rehman Abid ■**

Mr. Noorur Rehman Abid is an FCA from Institute of Chartered Accountants in England and Wales. He has more than 35 years experience in the profession across Europe, Middle East and Africa, of which the last 14 years were as the Assurance Leader for Ernst & Young Middle East and North Africa. During this time, he played an instrumental role in promoting several successful initiatives, including the Islamic Banking Center of Excellence in Bahrain. He has been involved in advising a number of clients - including industrial and commercial companies, retail and investment banks, Islamic banks, and sovereign wealth funds - on accounting matters, guidance on controls framework, and governance considerations. In this capacity, he regularly engaged and advised the board of directors. He previously served as the Chairman of Auditing Standards Committee and the Deputy Chairman of Accounting and Auditing Standards Board of AAQIFI (Accounting and Auditing Organization for Islamic Financial Institutions).

### **Mohammed Azzaroog Rajab \***

Mr. Azzaroog Rajab is the nominee director of Islamic Development Bank of Jeddah. He is a Fellow Chartered Accountant (England & Wales) and a Bachelor in Commerce from the Libyan University. Along with his position as Director - Meezan Bank, Mr. Azzaroog is also serving as Director - Bahrain Islamic Bank, Board Member - BISB Bahrain and Al Meezan Investments - Pakistan and was a Former Director - 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.

*\* Not in the Photograph*

# Corporate Information

## Board of Directors

H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa  
Abdullateef A. Al-Asfour  
Rana Ahmed Humayun  
Riyadh S. A. A. Edrees  
Mohammed Azzaroog Rajab  
Alaa A. Al-Sarawi  
Mohammad Abdul Aleem  
Shaharyar Ahmad (resignation accepted on March 2, 2014)  
Noorur Rehman Abid (inducted on January 21, 2014)  
Irfan Siddiqui  
Ariful Islam

Chairman  
Vice Chairman

President & CEO  
Deputy CEO

## Shariah Supervisory Board

Justice (Retd.) Muhammad Taqi Usmani  
Dr. Abdul Sattar Abu Ghuddah  
Sheikh Essam M. Ishaq  
Dr. Muhammad Imran Usmani

Chairman

Shariah Advisor

## Board Committees

### Audit Committee

Mohammad Abdul Aleem  
Noorur Rehman Abid  
Shaharyar Ahmad

### Human Resource & Remuneration Committee

Abdullateef A. Al-Asfour  
Noorur Rehman Abid  
Irfan Siddiqui

### Risk Management Committee

Riyadh S. A. A. Edrees  
Alaa A. Al-Sarawi  
Ariful Islam

### Auditors

A. F. Ferguson & Co.

### Company Secretary

Tasnimul Haq Farooqui

### Chief Financial Officer

Shabbir Hamza Khandwala

### Registered Office

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

### Shares Registrar

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

### Contact

**PABX:** (92-21) 38103500  
**Call Centre (UAN):** 111-331-331 & 111-331-332  
**E-mail:** info@meezanbank.com  
**Website:** www.meezanbank.com



# Board Committees

## Human Resource and Remuneration Committee

Mr. Abdullateef A. Al-Asfour (Chairman)  
Mr. Ahmed Abdul Rahim Mohamed\*  
Mr. Irfan Siddiqui (President & CEO)

## Terms of Reference

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

## Risk Management Committee

Mr. Riyadh S. A. A. Edrees (Chairman)  
Mr. Alaa A. Al-Sarawi  
Mr. Ariful Islam (Deputy CEO)

## Terms of Reference

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

## Audit Committee

Mr. Ahmed Abdul Rahim Mohamed\* (Chairman)  
Mr. M. Abdul Aleem  
Mr. Shaharyar Ahmed\*\*

## Terms of Reference

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

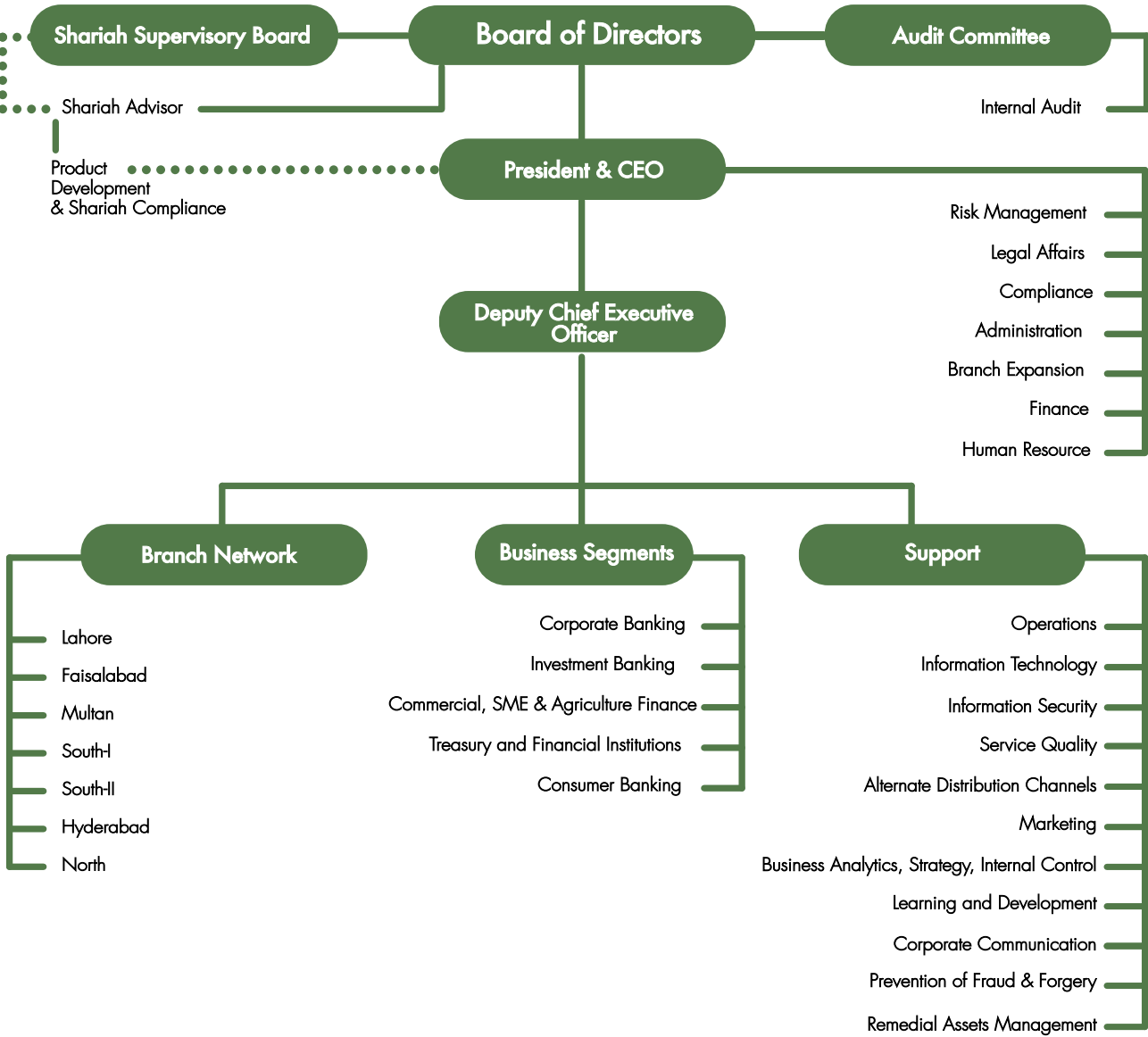
## Dates and Attendance of Board Committees

Name of Director	No. of Meetings Attended	Risk Management Committee				Human Resource and Remuneration Committee				Audit Committee				
		18 Feb. 13	29 Apr. 13	29 Jul. 13	29 Oct. 13	18 Feb. 13	30 Apr. 13	28 Jul. 13	29 Oct. 13	17 Feb. 13	28 Mar. 13	29 Apr. 13	28 Jul. 13	29 Oct. 13
Mr. Riyadh S. A. A. Edrees	4/4	P	P	P	P									
Mr. Alaa A. Al-Sarawi	3/4	A	P	P	P									
Mr. Ariful Islam	4/4	P	P	P	P									
Mr. Ahmed Abdul Rahim Mohamed	4/4					P	P	P	P					
Mr. Abdullateef A. Al-Asfour	4/4					P	P	P	P					
Mr. Irfan Siddiqui	4/4					P	P	P	P					
Mr. Ahmed Abdul Rahim Mohamed	5/5									P	P	P	P	P
Mr. Mohammad Abdul Aleem	5/5									P	P	P	P	P
Mr. Mazhar Sharif	2/2									P	P	N/A	N/A	N/A
Mr. Shaharyar Ahmad	3/3									N/A	N/A	P	P	P

\* Mr. Naourur Rehman Abid was appointed as Director in place of Mr. Ahmed Abdul Rahim Mohamed on October 31, 2013 to fill the casual vacancy, subject to approval from State Bank of Pakistan (SBP) which was granted by SBP on January 21, 2014.

\*\* Mr. Shaharyar Ahmad was appointed as Director in place of Mr. Mazhar Sharif on March 30, 2013 to fill the casual vacancy (he subsequently resigned from the Board of the Bank which was accepted on March 2, 2014).

# Organization Structure



# Management Team

## Head Office

Irfan Siddiqui  
 Ariful Islam  
 Arshad Majeed  
 Ijaz Farooq  
 Muhammad Shoaib Qureshi  
 Shabbir Hamza Khandwala  
 Faiz Ur Rehman  
 Muhammad Abdullah Ahmed  
 Muhammad Raza  
 Syed Amir Ali  
 Zia Ul Hassan  
 Abdul Ghaffar  
 Ahmed Ali Siddiqui  
 Irfan Ali Hyder  
 Kazi Muhammad Aamir  
 Muhammad Sohail Khan  
 Muhammad Zahid Ahmed  
 Munawar Rizvi  
 Saleem Wafai  
 Tasnim ul Haq Farooqui  
 Omer Salimullah  
 Muhammad Asad Ullah

President & CEO  
 Deputy Chief Executive Officer  
 Operations  
 Branch Banking, Commercial, SME & Agriculture Finance  
 Risk Management  
 Finance  
 Information Technology  
 Treasury and Financial Institutions  
 Consumer Banking & Marketing  
 Corporate & Investment Banking  
 Internal Audit & Business Risk Review  
 Remedial Assets Management and Prevention of Fraud & Forgery  
 Product Development & Shariah Compliance  
 Human Resource  
 Commercial Banking, SME & Agriculture Finance  
 Learning & Development and Corporate Communication  
 Business Analytics, Strategy, Internal Control  
 Administration & Branch Expansion  
 Compliance  
 Legal Affairs  
 Alternate Distribution Channels  
 Service Quality

## Regions

Muhammad Saleem Khan  
 Aasim Salim  
 Anwar Ul Haq  
 Muhammad Abid  
 Tariq Mehboob  
 Khalid Masood  
 Tanveer Zaman Khan

Regional Manager - North Region  
 Regional Manager - Lahore Region  
 Regional Manager - Faisalabad Region  
 Regional Manager - South Region - I  
 Regional Manager - South Region - II  
 Regional Manager - Multan Region  
 Regional Manager - Hyderabad Region

## Shariah Advisor

Dr. Muhammad Imran Usmani

# Management Committees

## Asset Liability Management Committee

President & CEO – Chairman  
Deputy CEO – Alternate Chair  
Chief Financial Officer  
Head of Branch Banking, Commercial, SME & Agriculture Finance  
Head of Business Analytics Strategy & Internal Controls  
Head of Consumer Banking  
Head of Corporate & Investment Banking  
Head of Risk Management  
Head of Treasury & FI

## Terms of Reference

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

## Business Continuity Steering Committee

Deputy CEO – Chairman  
Head of Administration & Branch Expansion  
Head of Branch Banking, Commercial, SME & Agriculture Finance  
Head of Compliance  
Head of Information Technology  
Head of Operations  
BCP Manager

## Terms of Reference

BCSC works with the Business Continuity Manager to ensure success and visibility of the Business Continuity Planning efforts at Meezan Bank. It does this by identifying, prioritizing, and overseeing Business Continuity plans and soliciting input from various departments to aid in decision-making and priority-setting for Business Continuity Management (BCM). BCSC is also responsible for defining the Business Continuity Strategy and creating an organizational structure that can support the BCM initiative. BCSC reviews the progress of the BCM initiative and provides support to deal with the issues that arise during its implementation.

## Business Review Committee

President & CEO – Chairman  
Deputy CEO – Alternate Chair  
Shariah Advisor  
Head of Branch Banking, Commercial, SME & Agriculture Finance  
Head of Business Analytics, Strategy & Internal Control  
Head of Commercial Banking, SME & Agriculture Finance  
Head of Consumer Banking & Marketing  
Head of Corporate & Investment Banking  
Head of Finance  
Head of Information Technology  
Head of Operations  
Head of Product Development & Shariah Compliance  
Head of Risk Management  
Head of Treasury & FI

## Terms of Reference

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

## Credit Committee

President & CEO  
Deputy CEO  
Chief Financial Officer  
Head of Risk Management

## Terms of Reference

The Credit Committee reviews and grants approval of the Credit proposals of Corporate, Commercial, SME & Investment Banking clients within its delegated powers. It also supports and guides front lines in managing their businesses while ensuring compliance with applicable policies approved by the Board of Directors of the Bank. The Committee is also responsible to optimize risk on the Bank's credit portfolio, ensure credit quality as per the Bank's risk asset acceptance criteria, manage the tenor of assets, maintain adequate industry diversification and minimize bad debts/loss provisioning.

### Disciplinary Action Committee

Head of Risk Management – Chairman  
Head of Administration & Branch Expansion  
Head of Fraud & Forgery Prevention  
Head of Human Resource  
Head of Internal Audit

### Terms of Reference

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

### Disciplinary Action Review Committee

Deputy CEO – Chairman  
Head of Learning & Development and Corporate Communication  
Head of Legal

### Terms of Reference

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

### Internal Controls & Operational Risk Management Committee

Deputy CEO – Chairman  
Chief Financial Officer  
Head of Branch Banking, Commercial, SME & Agriculture Finance  
Head of Business Analytics, Strategy & Internal Controls (BASIC)  
Head of Compliance  
Head of Corporate & Investment Banking  
Head of Information Technology  
Head of Internal Audit  
Head of Operations  
Head of Risk Management

### Terms of Reference

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

### IT Steering Committee

Deputy CEO – Chairman  
Head of Branch Banking, Commercial, SME & Agriculture Finance  
Head of Business Analytics, Strategy & Internal Controls  
Head of Corporate & Investment Banking  
Head of Information Technology  
Head of Operations  
Head of Product Development & Shariah Compliance  
Manager Business Technology Alignment & PMO

### Terms of Reference

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

### Shariah Audit & Compliance Committee

President & CEO – Chairman  
Deputy CEO  
Shariah Advisor  
Head of Compliance  
Head of Internal Audit  
Head of Operations  
Head of Product Development & Shariah Compliance

### Terms of Reference

The primary objective of SACC is to improve the level of compliance to Shariah standards/guidelines, internal audit observations and SBP polices/guidelines to safeguard the reputation of Meezan Bank. The Committee reviews the major unresolved issues pointed out during Internal Audit & Business Risk Review exercises, Shariah Audit, SBP Inspection, and Compliance reviews of different business units & departments and ensures that required steps and actions are taken by the concerned units.

# 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:

## Strengths

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

## Weaknesses

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

## Opportunities

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

## Threats

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



# Risk and Opportunity Report

The Bank is exposed to various types of risks that it needs to take as a part of its daily business to maximize the return to its stakeholders. Backed by the strong support of its shareholders, the Bank continued to explore opportunities to achieve its strategic objectives while ensuring that it has proper risk mitigants in place.

Under the overall supervision of the Board of Directors and Shariah Supervisory Board, various business units of the Bank continued to explore new business opportunities in close coordination with Risk Management, Compliance, PDSC, Information Technology and Operations departments, keeping in mind the relevant risk-reward trade-offs. Introduction of new and refined products and services is a hall mark of Meezan Bank, while ensuring that proper policies, procedures, systems and controls are in place. The Bank follows a rigorous process of sign-off by all stakeholders to ensure that the relevant business and operational risks have been evaluated and properly mitigated before launch of the products.

While searching for new business opportunities and revising/improving its internal processes, the Bank is fully cognizant of strategic, Shariah non-compliance, regulatory and reputational risks as well as risks arising from people, processes, systems and external events. The Bank also understands that by its very nature of business, it is exposed to commercial and financial risks including credit, concentration, liquidity, market, rate of return and equity investment risks.

Considering the level of opportunities and the complexity of the risks involved, the Bank continued developing and updating its policy framework, improving internal controls and quality of internal and Shariah audits as well as reviewing its systems and procedures. The Bank also focused on capacity building through training and development, improving the quality of risk assessment and working on the business continuity plan during the period under review. The Bank further strengthened its Alternate Distribution Channels and service quality levels. The Bank emphasized on diversified risk assessment tools and techniques and risk mitigants to better deal with the opportunities that it comes across. These actions have helped the Bank in significantly expanding its deposit base, financing portfolio and branch network without exposing itself to unwarranted risks.

# Product Information

Meezan Bank offers a diverse range of Shariah-compliant deposit products through its 351 branches across 103 cities in Pakistan. All products of the Bank are approved by the Shariah Supervisory Board and are completely Riba-Free.

The Bank's nationwide free real-time online banking system allows customers to conduct banking transactions at any branch of Meezan Bank, regardless of which branch their account is in. Meezan Bank also offers free cheque books & pay orders to all Pak Rupee account holders along with free internet banking facility, globally accepted VISA Debit Cards, SMS Alert services on every debit and credit transaction in customers' account, an extensive ATM network and a 24/7 Call Center.

## **Meezan Rupee Current Account**

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

## **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 Bachat Account**

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

## **Karobari Munafa Account**

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

## **Meezan Business Plus Account**

Meezan Business Plus is a savings account with several unique features that make it very suitable for use as a business account. The minimum investment required for opening an account is Rs. 100. On maintaining an average monthly balance of Rs. 25,000 the customer can avail a large number of free services including free pay order issuance and cancellation, free VISA Debit Card, free account statements, free online banking, free internet banking, free hold-mail facility, free SMS Alert service, free inter-city clearing, etc. There is no restriction on withdrawals or numbers of transactions and there is no deduction of service charges if the balance maintained is low. As the product is designed to provide free value added services, the share of profit will be minimal.

## **Meezan Kids Club Account**

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

## **Meezan Teens Club Account**

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

## **Meezan Kafalah**

Meezan Kafalah is a savings product through which customers can save money 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 banca assurance. An individual can start his plan with monthly contribution as low as Rs. 2,000 only. Plans are available from 3 to 15 years. Takaful protection is offered complimentary throughout the plan period.



### Meezan Labbaik Savings Aasaan

Meezan Labbaik Savings Aasaan is a deposit product for individuals who wish to save for Hajj or Umrah of their spouse, children, parents or other family members on a future date. This is a recurring deposit account where the customer deposits monthly contributions as per schedule. The minimum investment required for opening an account is Rs. 1,000.

### Foreign Currency Savings Account

Meezan Foreign Currency Savings Account is a foreign currency savings account that can be opened by both individuals and businesses. Profit is calculated on daily balance and credited into the account on a monthly basis. The minimum investment required for opening an account is USD/Pound/Euro 100. There is no deduction of service charges if the balance maintained is low.

### Monthly Mudarabah Certificate

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

### 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. For monthly profit payment, a minimum investment of Rs. 200,000 is required. There is no limit on maximum investment. Pre-mature withdrawal can be made as per the approved schedule.

### Meezan Amdan Certificate

Meezan Amdan Certificate is a Term Deposit certificate that offers a higher expected monthly profit to investors for periods of 5½ & 7 years. It is ideal for those individuals and organizations that need a regular stream of monthly income. Minimum investment required is Rs. 100,000 for regular customers, while for widows and senior citizens the minimum investment is Rs. 50,000. Pre-mature withdrawal can be made as per the approved schedule.

### Dollar Mudarabah Certificate

Dollar Mudarabah Certificate is a foreign currency Term Deposit

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

### Car Ijarah

Meezan Bank's Car Ijarah is an auto finance facility based on the principles of Ijarah. Car Ijarah is a car rental agreement under which the Bank purchases a new/used car of the customer's choice and rents it out for a period of 3 to 5 years, agreed at the time of the contract. The Bank offers a low monthly rental and quick processing and delivery. Rental payments start after delivery of vehicle to the customer. The Bank also provides Takaful cover of the car and free accidental death coverage up to Rs. 400,000.

### Easy Home

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

### Laptop Ease

Meezan Laptop Ease is a laptop financing facility based on the concept of Musawamah which is a general and regular kind of sale. Through Meezan Laptop Ease, one can purchase a branded laptop equipped with all the latest features. The salient feature of this product is that a laptop can be purchased now and the price can be paid in easy monthly installments over a period of 3-24 months. Laptop Ease is a Shariah-compliant laptop finance facility that is comprehensive, affordable and completely hassle-free.

### Online Banking

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 351 branches nationwide, regardless of which branch or city they have their account in. This facility provides great convenience for depositing



and withdrawing cash, making pay orders and availing numerous other banking services.

### **Meezan VISA Debit Card**

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

### **Internet Banking**

Meezan Bank provides a smarter way to bank through its Internet Banking facility, providing customers global access to their account 24 hours a day, 7 days a week. Meezan Bank's Internet Banking offers the following facilities:

- View Account Statement
- Utility Bill Payments
- Mobile Prepaid and Postpaid Payments
- Funds Transfer Facility
- Balance Inquiry of Multiple Accounts
- Real Time Cheque Status and Stop Payment Request
- Cheque Book and Pay Order Request
- Logging and Tracking Status of Complaints
- Account Activity Alerts

### **SMS Alerts**

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

### **Meezan ATM Network**

Meezan Bank offers a nationwide network of over 280 ATMs located at its branches and at prominent off-site locations across the country. The Bank also offers access to more than 2,000 ATM locations country-wide via 1-Link and MNET networks.

### **Meezan QuickPay**

Meezan QuickPay is a facility that allows customers to pay utility bills, mobile phone bills and top-ups through Meezan Bank's ATMs, meaning that they no longer have to wait in queues to pay these bills. Customers can pay their telephone,

gas and electricity bills of selected companies at any of Meezan Bank's ATMs nationwide, 24 hours a day, 7 days a week.

### **Meezan Premium Banking**

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

- Meezan Visa Platinum Debit Card - a very prestigious card, offering many discounts at selected retail outlets, restaurants and hotels across the country
- Access to the International CIP lounges at Karachi, Lahore and Islamabad airports
- Dedicated Premium Banking Centers at Karachi, Lahore and Islamabad
- Premium Phone Banking - a dedicated Call Center exclusively for the Premium Banking customers
- Premium Internet Banking - an exclusive Internet Banking facility that offers fee waivers on basic banking transactions

## **Corporate Products**

Meezan Bank offers a large variety of products to its Corporate, Commercial and SME Customers based on their financial requirements. Following is a list of the products that are used to offer financing solutions to the customers.

### **Murabaha**

Meezan Bank offers a convenient and easy to use solution for financing raw material and inventory requirements of its customers through the 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 financing facility for meeting asset based working capital requirement of customers where instead of providing a loan, Meezan Bank sells the required asset to the customer on spot or deferred basis.

### **Istisna**

Meezan Bank offers an Istisna based solution to finance the 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, sell the asset in the market.



### Tijarah

Tijarah is a working capital solution specially for those customers who sell their inventory on credit and require funds for business 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

In order to provide a flexible solution to long term financing requirements of the customers, Meezan Bank offers Ijarah based solutions. 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 assets required by the customer and then leases those assets to the customer for a known period. This product is used for financing of assets such as plant, machinery, generators, equipment etc.

### Running Musharakah

Running Musharakah is a Shirkatul-aqd based financing facility offered to the customers where the Bank participates in the business activities of the customer and shares profit and loss as per the actual performance of the business.

### Diminishing Musharakah

Diminishing Musharakah 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. Ultimately, the customer becomes the owner of the asset. This mode is used for financing of fixed assets such as land, factory, building etc.

Different variants of the above mentioned basic products are used at Meezan Bank for offering complete solutions to all the financing needs of the customer.

### Shariah-Compliant Range of Trade Financing Solutions

#### Import Financing

Meezan Bank offers comprehensive solutions for all the import requirements 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 Murabaha. If the customer wants to finance its letter of credit, 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 a deferred payment basis.

### Finance against Imported Merchandise

Meezan Bank also offers Finance against Imported Merchandise facilities to its customers on the basis of 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 fluctuation, 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 a 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

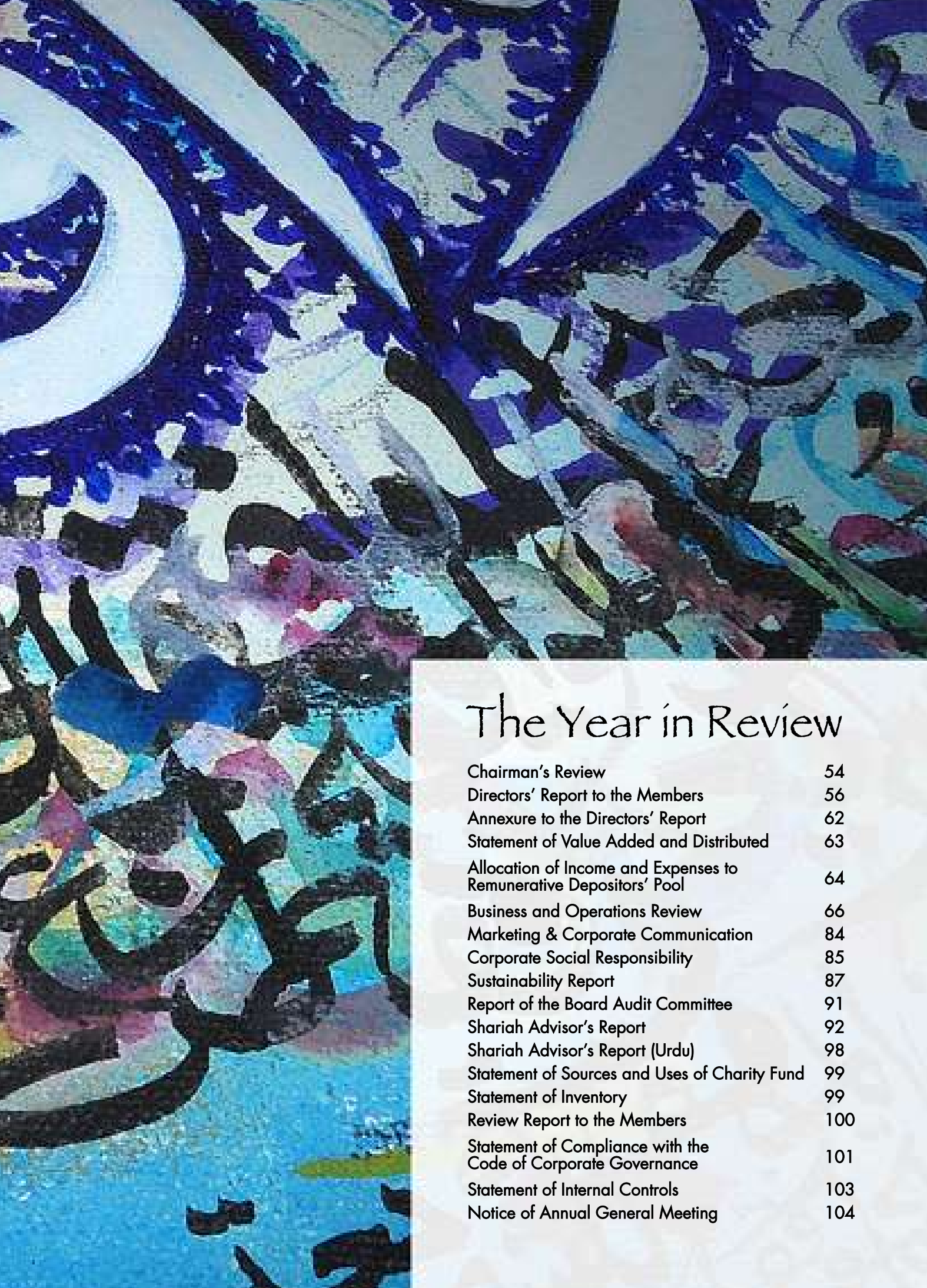
In order to facilitate trade, Meezan Bank offers Shariah-compliant Guarantee facility to its customers where the Bank provides different types of payment and performance guarantees on behalf of the customer.











## The Year in Review

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## Chairman's Review



*“I would also like to thank the people of Pakistan for their support in the establishment of Islamic banking in the country. It is the trust of hundreds of thousands of citizens of Pakistan in the Islamic banking system that has made this industry grow.”*

## بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Alhamdulillah, it gives me great pleasure to present the Annual Report of Meezan Bank for the year 2013.

The Bank maintained its position as the leading Islamic bank of Pakistan and recorded excellent growth during the year in both its deposits and profit. Deposits grew by an impressive 26% and after-tax profit increased by 12%. I would like to congratulate each and every member of the over 6,000 strong Meezan family for their hard work and dedication that made it possible for the Bank to achieve such commendable results in the backdrop of a number of economic challenges.

The Board has reiterated its aggressive growth plans for Meezan Bank and recently approved the opening of 67 new branches in 2014 - the highest target of new branches to be opened during a year. At the same time, key initiatives in various selected areas of the Bank have been planned and we are confident that these will, Insha'Allah, strengthen the Bank's leadership position by taking the quality of its services to the next level. A few of these initiatives include:

- Focus on new technology initiatives
- Maintaining focus on Shariah-compliance across all business and support segments
- Upgrading the Business Continuity Plan of the Bank
- Investment in training and development of staff
- Focus on increasing the foreign remittance business
- Continuous improvement in systems and controls

The Bank won a number of awards by prestigious local and international institutions during the year. These include CFA Society - Pakistan, Asiamoney magazine - Hong Kong, Islamic Finance News - REDmoney Group, Malaysia, Global Finance magazine, New York, Asset AAA - Hong Kong and Global Islamic Finance Awards (GIFA), London. These awards reiterate the fact that Meezan Bank's position as the premiere and leading Islamic bank of Pakistan is recognized not only locally, but also internationally.

We are very encouraged by the keen interest and support of the present Government to promote the cause of Islamic banking. The Government of Pakistan and SBP have significantly intensified their efforts for promotion of Islamic Banking and finance in the country. SBP launched a mass media campaign during 2013 in collaboration with the Islamic banking Industry to enhance awareness and remove doubts and misconceptions about Islamic banking amongst the public. This initiative has yielded very encouraging results in the form of increasing public interest and acceptability of Islamic banking.

Another very important development in this initiative is the appointment of a third Deputy Governor at the State Bank of Pakistan who is steering these efforts in his capacity as Deputy Governor, SBP and the Chairman of 'Steering Committee for Promotion of Islamic Banking', which is a very high level committee constituted to guide the Ministry of Finance, the State Bank of Pakistan and the Islamic banking industry in all matters relating to Islamic banking. The President & CEO and the Shariah Advisor of Meezan Bank have both been appointed as members of this committee. We are confident that this

committee will make significant progress in deepening the roots of Islamic banking in all aspects of the economy, including the important subject of public debt.

I am also very happy to note that the SBP has appointed Justice (R) Muhammad Taqi Usmani, the world's leading authority on Islamic finance, as the Chairman of State Bank's Shariah Board. Justice (R) Muhammad Taqi Usmani is also the Chairman of the Shariah Standards Board of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) which is the apex international body which prepares accounting, auditing, governance, ethics and Shariah standards for the Islamic banking and finance industry, worldwide. We congratulate SBP on this important appointment and assure them of our fullest support and cooperation.

The Government of Pakistan has shown its support for establishment of an Islamic financial system in the country since the very early days of the country formation, as is evident from Quaid-e-Azam's speech at the inauguration ceremony of the State Bank of Pakistan. My sincere gratitude to the State Bank of Pakistan, Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the country.

I would also like to thank the people of Pakistan for their support in the establishment of Islamic banking in the country. It is the trust of hundreds of thousands of citizens of Pakistan in the Islamic banking system that has made this industry grow.

I would also like to thank our valuable shareholders, members of the Shariah Supervisory Board and my fellow Board Members for their unrelenting efforts in making Meezan Bank the largest and fastest growing Islamic bank in Pakistan.



**Ebrahim Bin Khalifa Al-Khalifa**  
Chairman

March 2, 2014

# Directors' Report to the Members

On behalf of the Board of Directors, we are pleased to present the seventeenth Annual Report and audited financial statements, setting out the detailed financial results of the Bank for the financial year ended December 31, 2013.

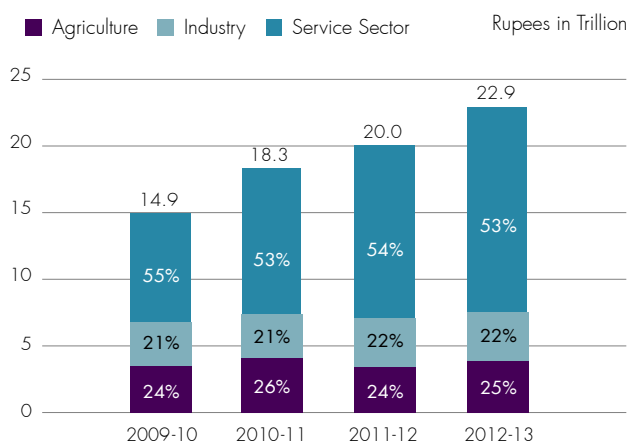
This year Meezan Bank completed eleven years as a full-fledged Islamic commercial bank. We are grateful for the blessing of Allah ﷻ and the commendable team effort that has allowed us to lay a strong foundation for the Bank. From a network of 4 branches and total deposit of Rs. 2 billion, the Bank has established 351 branches in 103 cities with a total deposit of Rs. 289 billion, making it one of the fastest growing banks in the history of Pakistan. Throughout this journey the Bank has remained committed to its Vision of establishing 'Islamic banking as banking of first choice'.

## Economic Overview

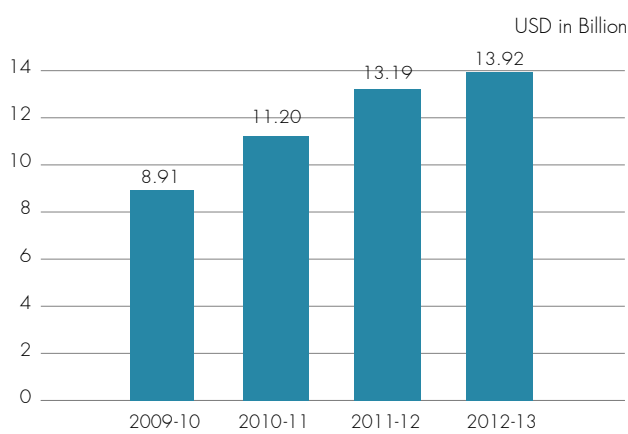
Six years after the democratic transition began in February 2008, the legislature has developed its institutional identity. The 2013 elections and their aftermath marked the first-ever transition from one elected government to another, which augurs well for the country's stability.

While the GDP has grown at an average rate of 3.6% over the past couple of years, the relative share of the Agriculture, Service and Industrial sectors has largely been constant. It is

## GDP Break-up



## Home Remittance

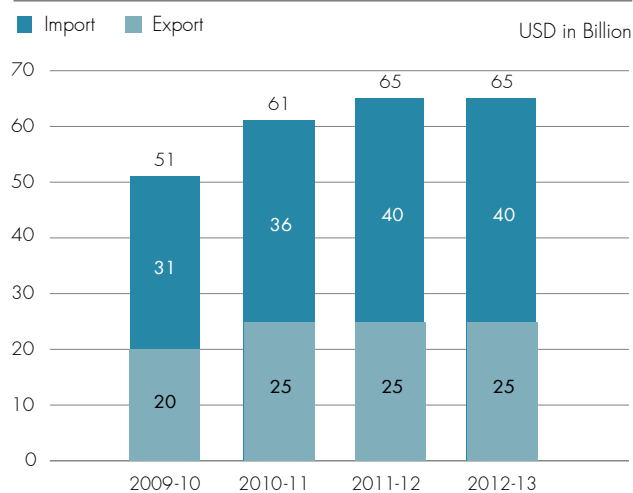


evident from this trend that the Service sector shall continue to hold the largest share of Pakistan's economy in the years to come; this sector primarily includes wholesale & retail trade, finance and insurance, transport, storage and communication, housing services, public administration & defense.

While GDP grows steadily, inflation, fueled mainly by food and oil prices, also continues to rise. Although there have been some spikes during the past couple of years, the government has largely managed to control the ominous number - the CPI. Inflation was last recorded at 9.2% in December 2013 and is expected to remain at these levels in the coming years. It is expected that by increasing the discount rate this trend shall be controlled, which augurs well for the Banking industry.

A huge positive for Pakistan has been its rising remittance from overseas nationals which has increased at a phenomenal rate from under US\$ 9 billion in 2009-2010 to nearly US\$ 14 billion in the last fiscal year. A large part of this increase may be attributed to the Pakistan Remittance Initiative (PRI). This factor has yielded positively towards the banking deposits and the trend is expected to continue as more and more remittances continue coming through the official banking channels.

## Balance of Trade



## Our Performance

Alhamdulillah, notwithstanding these economic challenges, Meezan Bank consolidated its position as a leading commercial bank in Pakistan and recorded good all round results for the year ended December 31, 2013. The Bank's profit after tax increased to Rs. 3.96 billion from Rs. 3.51 billion in the previous year, reflecting an increase of Rs. 448 million while the Bank's total assets reached Rs. 330 billion, up 20% from Rs. 274 billion in 2012.

Deposit of the Bank grew by 26%, closing the year at Rs. 289 billion from Rs. 230 billion a year ago; this is significantly higher than the banking industry that grew by only 13% during 2013. This performance is especially impressive in light of the fact that the average cost of deposits for the year has been contained at 4.52%. Deposit mix also improved with CASA contributing 68% to the mix as against 66% last year. The investment portfolio remained constant at Rs. 152 billion.

The Bank has used its resources aggressively to grow its financing portfolio, which jumped by 44% to Rs. 128 billion from Rs. 89 billion last year. This growth is significantly higher than the banking industry's financing growth of 6%. The Bank has achieved this growth despite challenging economic circumstances and crowding out of private sector financing due to government borrowing. The Bank's focus has been on building a high quality and well diversified portfolio.

The Bank also made substantial recovery efforts during the year on its non-performing financing portfolio. These efforts resulted in cash recoveries of Rs. 358 million, as a result of which, NPL charge for the year was only Rs. 93 million, compared to Rs. 451 million provided in the previous year. The ratio of non-performing financings to total financing (NPL ratio) fell from 5.3% to 3.6% in 2013. The Bank maintains a comfortable level of provisions against its non-performing financings with a coverage ratio of 121%.

The Bank's total revenues increased to Rs. 26.7 billion from Rs. 24.2 billion, a growth of 10%. Funded revenues increased from Rs. 21.8 billion in 2012 to Rs. 23.2 billion in 2013, a growth of 6%. This increase is mainly due to incremental earning assets, although profit rates have been lower than previous years. Non Fund based income increased by 46% from Rs. 2.4 billion to Rs. 3.5 billion, mainly due to higher volume of ancillary

business handled during the year. Fee income increased by 30% to Rs. 1.25 billion as against Rs. 969 million last year. The Trade Finance business volume handled by the Bank also grew by 57% to Rs. 315 billion in 2013. The Trade business is supported by the Bank's growing network of correspondent banking relationships around the world.

The income from core banking business grew to Rs. 14.1 billion from Rs. 12.4 billion, posting an increase of 13%, mainly on account of concerted efforts by the Bank to increase its asset portfolio without compromising on quality.

Administrative and operating expenses increased to Rs. 8.4 billion from Rs. 7.2 billion, a rise of 17%. The rise in expenses is primarily due to higher staff expenses, rent and costs associated with branch expansion - an investment which has borne fruit for the Bank, as is evident from the strong growth in deposits and profits over the years.

The Bank has already met its minimum capital requirement of Rs. 10 billion during the year by issuance of 11% bonus shares. Capital base of the Bank is also very strong with a Capital Adequacy Ratio of 12.48% compared to the minimum 10% prescribed by SBP. The Bank's equity increased to Rs. 17.9 billion from Rs. 15.5 billion a year earlier, notwithstanding the fact that a healthy cash dividend of Rs. 1.5 billion was paid during the year.

The key business results achieved in 2013 are as under:

	2013	2012	Growth
Branch Network	351 Branches	310 Branches	13% ↑
Presence	103 Cities	90 Cities	14% ↑
Deposits	Rs. 289 Billion	Rs. 230 Billion	26% ↑
Total Assets	Rs. 330 Billion	Rs. 274 Billion	20% ↑
Profit After Tax	Rs. 3.96 Billion	Rs. 3.51 Billion	13% ↑
Equity	Rs. 17.9 Billion	Rs. 15.5 Billion	15% ↑
Trade Finance Business (Import and Export)	Rs. 315 Billion	Rs. 201 Billion	57% ↑

## Financial Results

Rs. in Million

PROFIT AND LOSS ACCOUNT	2013	2012
Profit/return on financings, investments and placements	23,171	21,837
Return on deposits and other dues expensed	(12,526)	(11,385)
<b>Net spreads before provisions</b>	<b>10,645</b>	<b>10,452</b>
Provision against non performing financings and investments	(93)	(451)
<b>Net spreads after provisions</b>	<b>10,552</b>	<b>10,001</b>
Fee, commission and brokerage income	1,258	970
Dividend income	309	481
Income from dealing in foreign currency	603	347
Capital gain on investments	1,230	505
Other income	101	96
<b>Income before expenses</b>	<b>14,053</b>	<b>12,400</b>
Administrative and other expenses	(8,406)	(7,170)
<b>Profit before tax</b>	<b>5,647</b>	<b>5,230</b>
Taxation	(1,690)	(1,722)
<b>Profit after tax</b>	<b>3,957</b>	<b>3,508</b>



The Islamic Banking industry continues to grow with five full-fledged Islamic banks and thirteen Islamic windows of conventional banks presently operating in Pakistan. Islamic banks now account for almost 10% (2012: 9%) of the total banking industry. This augurs well for the Islamic Banking sector and we are confident that the existing Islamic banks and new players will further increase their market share in the coming years.

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

### Earning Per Share

Due to increase in profitability, the Earning per Share increased from Rs. 3.50 to Rs. 3.95 per share reflecting an increase of 13% despite issuance of 11% bonus shares during the year.

### Dividend

The Board has now recommended the final cash dividend of Re. 0.50 per share (5%) for the year 2013. This declaration, together with the earlier interim cash dividend of 15% in 2013, brings the total payout for the year to 20% and maintains the Bank's unbroken payout record since the date of listing on the Stock Exchange.

### Credit Rating

The JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan has upgraded the Bank's long-term entity rating to AA (Double A) from AA- (Double A Minus) 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 bank with AA credit rating in the Islamic banking industry in Pakistan.

### Corporate Awards and Recognition

Meezan Bank won the following prestigious awards during the year:

- 'Best Islamic Bank in Pakistan' by **Asiamoney**
- 'Islamic Bank of the Year' and 'Corporate Finance House of the Year (Fixed Income)' by **CFA Society of Pakistan**
- 'Best Islamic Bank in Pakistan', 'Ijarah Deal of the Year', 'Pakistan Deal of the Year' by **Islamic Finance News**
- 'Best Research and Development in Islamic Finance' by **Global Islamic Finance Awards**
- 'Best Islamic Financial Institution in Pakistan' by **Global Finance magazine**

### Corporate Social Responsibility

The disclosure required under Company's Corporate Social Responsibility (General Order, 2009) has been duly made in the Annual Report.

### Corporate and Financial Reporting Framework

The Board of Directors is fully cognizant of its responsibility under the Code of Corporate Governance issued by the

Securities and Exchange Commission of Pakistan and adopted by the State Bank of Pakistan. The following statements are a manifestation of its commitment towards high standards of Corporate Governance and continuous organizational improvement.

1. The financial statements prepared by the management of the Bank present fairly its state of affairs, the results of its operations, cash flow and changes in equity.
2. Proper books of account of the Bank have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements except for the changes in accounting policy as disclosed in note 3.5 to the financial statements. The accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departure from these has been adequately disclosed.
5. The system of internal controls is sound in design and has been effectively implemented and monitored. The ultimate responsibility of the effectiveness of internal controls system and its monitoring lies with the Board. An Audit Committee has been formed for this purpose that meets periodically and independently throughout the year with the management and also the internal and external auditors to discuss the effectiveness of internal controls system and other financial reporting matters. In addition, there are financial forecasts and budgetary control procedures in place, which are reviewed and monitored throughout the year to indicate and evaluate variances from the budget.
6. There are no doubts upon the Bank's ability to continue as a going concern, Insha'Allah.
7. There has been no material departure from the best practices of Corporate Governance as detailed in the listing regulations.
8. Key operating and financial data for the last six years in summarized form, categories and pattern of shareholding as required by the Companies Ordinance, 1984 are annexed to the report.
9. The value of investments of the Bank's recognized Provident Fund and Gratuity Fund as at December 31, 2013 are as under:
 

- Staff Provident Fund	Rs. 995.23 million
- Staff Gratuity Fund	Rs. 344.97 million
10. The purchase and sale of shares by the Directors, Chief Executive, Chief Financial Officer, Head of Internal Audit and Company Secretary during the year and pattern of shareholding is included in the report.

### Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its listing regulation relevant for the year ended December 31, 2013 have been adopted by the Bank and have been duly complied with. A statement to this effect is annexed with the report.

### Risk Management Framework

Risk Management Framework in the Bank is based on sound organizational structure, policies and procedures,



risk assessment techniques, monitoring tools and reporting mechanism closely aligned with the Bank's strategy. Risk Management activities broadly take place simultaneously at different hierarchy levels i.e. strategic, macro and micro levels. The overall responsibility of Risk Management rests with the Board of Directors through a Risk Management Committee comprising of Board members with clear terms of reference.

Under the guidance of the Board, the scope of Risk Management Department (RMD) has been widened over the period, mainly focusing on development of new policies, procedures, limit structure, enhanced monitoring, reporting and increase in awareness about risk management principles and practices. These improvements are in line with the regulatory requirements including Basel Accord, best industry practices and significant growth of the Bank.

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

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

The CC approves, monitors and ensures that financing transactions are within tolerance level and optimizes the financing portfolio. ALCO reviews market and liquidity risk exposures, assets and liabilities maturity profile, sets pricing and takes decisions for sound liquidity management. The ICORC ensures that adequate internal controls and systems are in place, thereby ensuring operating efficiency.

Assets quality is being ensured by appropriately delegated financing approval authorities, proper risk-reward trade off, avoidance of concentration, adequate documentation and periodic reviews under the overall umbrella of Board approved Financing policy. The Bank applies stress testing and Value at Risk techniques for market risk assessment. Day-to-day liquidity management is done through cash flow matching and liquid assets. A contingency funding plan for managing liquidity crisis is in place. Key operational risks are managed through policies and procedures, segregation of duties, maker and checker mechanism, early warning signals, Business Continuity Plan and Disaster Recovery site. A defined Risk Appetite Statement guides in achieving business objectives without compromising on risk profile.

Under RMD, a full-fledged credit risk function caters to corporate, commercial and SME, agriculture, consumer, financial institutions and investment banking segments. The coverage of RMD in credit assessment of individual customers has been further enhanced by implementation of four-eye principle. The role of market risk function in monitoring of treasury activities has been strengthened with various limits structuring, their monitoring, reporting and system improvements. Loss data reporting risk and control self assessment and identification of key risk indicators signifies the importance the Bank gives to operational risk

management. Scope of RMD is being further enhanced to include Business Continuity Management. System-based information reports from risk perspective and risk modules will bring RMD at an advantageous position in monitoring and managing risks. A comprehensive training plan will be implemented to further enhance the level of implementation of policies and procedures.

### Statement of Internal Controls

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

### Pattern of Shareholding

The pattern of Shareholding as at December 31, 2013 is annexed with the report.

### Directors

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

Name of Directors	No. of Meetings held	No. of Meetings Attended
H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa - Chairman	4	4
Mr. Abdullateef A. Al - Asfour - Vice Chairman	4	4
Mr. Shaharyar Ahmad*	3	3
Mr. Rana Ahmed Humayun	4	4
Mr. Mohammed Azzaroog Rajab	4	0
Mr. Ahmed Abdul Rahim Mohamed**	4	4
Mr. Alaa A. Al-Sarawi	4	4
Mr. Mohammad Abdul Aleem	4	4
Mr. Riyadh S.A.A. Edrees	4	4
Mr. Mazhar Sharif*	1	1
Mr. Noorur Rehman Abid**	0	0
Mr. Irfan Siddiqui - President & CEO	4	4
Mr. Ariful Islam - DCEO	4	4

\* Mr. Shaharyar Ahmad was appointed as Director in place of Mr. Mazhar Sharif on March 29, 2013 to fill the casual vacancy (he subsequently resigned from the Board of the Bank which was accepted on March 2, 2014).

\*\*Mr. Noorur Rehman Abid was appointed as Director in place of Mr. Ahmed Abdul Rahim Mohamed on October 31, 2013 to fill the casual vacancy, subject to approval from State Bank of Pakistan (SBP) which was granted by SBP on January 21, 2014.

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



## Auditors

The present auditors A.F. Ferguson and Co., Chartered Accountants (a member firm of the PwC Network) retire and being eligible offers themselves for reappointment. As required under Code of Corporate Governance, the Audit Committee has recommended the appointment of A.F. Ferguson and Co., Chartered Accountants as auditors of the Bank for the year ending December 31, 2014.

## Future Outlook and Strategy

Our focus will be on maintaining the growth momentum and asset quality due to the aforementioned improvements in the economy. Efforts are also underway to target new market segments and improve efficiency and productivity by leveraging on the substantial investment in technology made by the Bank in recent years.

Some of the major initiatives for 2014 include:

- ▣ **Branch Expansion:** Despite the challenging external environment, the Bank intends to continue its aggressive branch growth strategy and will add 67 new branches during the year, bringing the total branch network to 418 branches in 113 cities, Insha'Allah. 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 that is critical for effective market penetration.
- ▣ **Deepening the existing and adding new Alternate Delivery Channels:** More than 70 new ATMs will be added to the existing network of 281 ATMs. Plans are also underway to launch mobile banking apps for I Phone and Android users which will allow the account holders to carry out banking transactions on the go from anywhere in the world.
- ▣ **Investing in Technology:** The Bank recognizes the importance of a strong technology backbone to enhance the customer value proposition and will continue to make significant investment in various technology platforms to achieve this objective.
- ▣ **Improve systems and controls:** Significant focus is being given to the improvement of systems and controls in the Bank. Various projects are underway in this regard, including but not limited to the implementation of a Collaboration portal during the year.
- ▣ **Improve training and development:** As the Bank expands, sourcing and retaining the right quality of human resource is an increasingly significant challenge. Accordingly, the Bank has enhanced the physical infrastructure of its learning and development facilities and is also planning to enhance the outreach of its learning initiative through including an e-learning solution in its infrastructure. The e-learning solution will enable the Bank to offer focused and modular sessions that can be viewed by individuals at their convenience. These sessions will comprise of both Shariah-based as well as branch banking trainings.

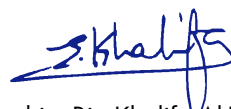
Islamic Banking has a great future in Pakistan and its share in the country's Banking industry is increasing every year. Meezan Bank is already a leader in Islamic banking and would contribute to the growth of Islamic banking in Pakistan and also enhance its share in this industry. We welcome new players to this segment as this would bring more representation and help further evolve the Islamic Banking industry. Meezan Bank is well positioned to meet the challenges of the future. The Board is confident that the Bank will Insha'Allah continue to play its leadership role in the Islamic banking industry.

## 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 them 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 would also like to thank our shareholders and the members of the Shariah Supervisory Board for their unrelenting efforts towards establishing Meezan Bank as the premier Islamic bank.

On behalf of the Board.



Ebrahim Bin Khalifa Al-Khalifa  
Chairman



Irfan Siddiqui  
President & CEO

March 2, 2014

“I came to Interest-free banking because it seemed like the right thing to do. **The excellent service and product range made me shift all my personal and business accounts to Meezan Bank.**”

**Peter Charles** a Meezan Bank customer since 2013

“With Islamic banking I thought that I would lose out on value added services. I **’m happy to say, I was totally mistaken!**”

**Syed Mohammad Amir Zaheer** a businessman and avid user of services like Internet Banking and SMS Alerts who switched his personal and business accounts to Meezan Bank in 2009

“I switched to Islamic banking after I returned from Hajj. **It has proven to be one of the best decisions that I have ever made.**”

**Shaista Arif** a housewife with her personal savings account in Meezan Bank since 2003

“Profitable accounts, easy money transfer, Alhamdulillah, I have never been happier. Switching to Islamic banking was my **best decision.**”

**Najam Sadiq** a businessman who is an account holder of Meezan Bank since 2012

# Annexure to the Directors' Report

## For the year ended December 31, 2013

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:

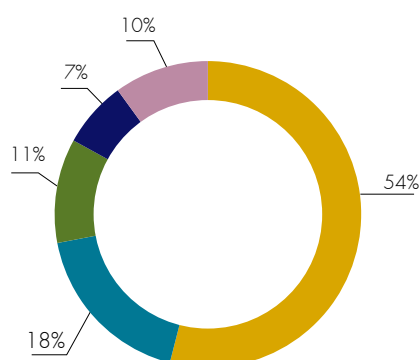
	Number of Shares as at Jan. 01, 2013	Number of Shares purchased during the year	Number of Shares sold during the year	Bonus Shares allotted during the year	Number of Shares as at Dec. 31, 2013
<b>NAME OF DIRECTORS</b>					
H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa	6,041,425	-	-	664,556	6,705,981
Mr. Mohammad Abdul Aleem	166,059	-	-	18,266	184,325
Mr. Irfan Siddiqui	2,899,160	-	-	318,907	3,218,067
Mr. Ariful Islam	1,620,174	-	-	178,219	1,798,393
<b>CHIEF FINANCIAL OFFICER</b>					
Mr. Shabbir Hamza Khandwala	499,218	-	-	54,913	554,131
<b>HEAD OF INTERNAL AUDIT</b>					
Mr. Ziaul Hassan	23,751	-	(21,751)	220	2,220
<b>COMPANY SECRETARY</b>					
Mr. Tasnimul Haq Farooqui	-	-	-	-	-

# Statement of Value Added and Distributed

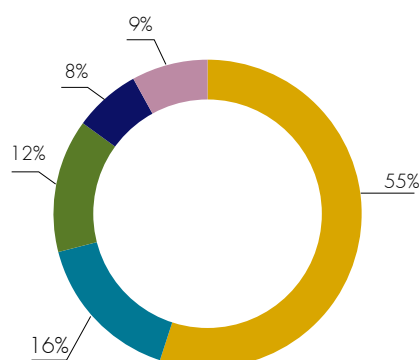


	2013 Rupees in ' 000	%	2012 Rupees in ' 000	%
<b>Value Added</b>				
Profit / return on financings, investments and placements - net of provision	23,077,636	100.3%	21,385,781	103.7%
Fee, commission and brokerage income	1,258,234	5.5%	969,517	4.7%
Dividend income	309,285	1.3%	481,026	2.3%
Income from dealing in foreign currencies	603,352	2.6%	346,830	1.7%
Capital Gain on sale of securities and other income	1,330,579	5.8%	601,217	2.9%
	<b>26,579,086</b>		<b>23,784,371</b>	
Administrative and other expenses	(3,572,398)	(15.5%)	(3,162,679)	(15.3%)
	<b>23,006,688</b>	<b>100%</b>	<b>20,621,692</b>	<b>100%</b>
<b>Value Allocated as follows:</b>				
To Depositors / Financial Institutions Return on deposits and other dues expensed	12,526,169	54%	11,384,534	55%
To Employees Salaries, allowances & other benefits	4,081,439	18%	3,389,609	16%
To Shareholders Dividend - Bonus Shares	993,704	4%	993,704	5%
Dividend - Cash	1,504,107	7%	1,355,051	7%
	2,497,811	11%	2,348,755	12%
To Government Income Tax	1,689,888	7%	1,722,110	8%
To Expansion Depreciation & Amortisation	752,416	3%	617,323	3%
Retained in Business	1,458,965	7%	1,159,361	6%
	2,211,381	10%	1,776,684	9%
	<b>23,006,688</b>	<b>100%</b>	<b>20,621,692</b>	<b>100%</b>

Statement of Value Added & Distributed 2013



Statement of Value Added & Distributed 2012



■ 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, 2013

	2013	2012
	Rupees in '000	
Income from financing activities	8,203,813	7,908,632
Income from investments	14,151,702	13,297,272
Income from placements with financial institutions	351,759	326,224
Other income attributable to pools	909,349	884,303
<b>Total Income</b>	<b>23,616,623</b>	<b>22,416,431</b>
Less: Administrative Expenses / other charges directly attributable to pools (Note)	(280,277)	(250,303)
Less: Profit distributed to other special pools (including IERS and special musharakah pool)	(2,705,750)	(1,571,058)
<b>Gross distributable Income</b>	<b>20,630,596</b>	<b>20,595,070</b>
Mudarib (Bank) share of profit before Hiba	8,195,125	10,210,798
Less: Hiba from Mudarib (Bank) share	(3,549,276)	(3,432,688)
Net Mudarib (Bank) share of profit	4,645,849	6,778,110
<b>Rab-ul-Maal share of profit</b>	<b>15,984,747</b>	<b>13,816,960</b>
<b>Rab-ul-Maal share of profit is distributed as follows:</b>		
Remunerative depositors' profit share in mudarabah pools	11,691,231	10,157,462
Bank's equity in mudarabah pool	4,293,516	3,659,499
	<b>15,984,747</b>	<b>13,816,960</b>

The Bank maintains following four remunerative general pools:

Type of general pool	Income earned	Mudarib share of profit	Hiba from Mudarib (Bank) share	Net Mudarib (Bank) share of profit	Remunerative depositors' share in mudarabah pool
2013					
Rupee deposit pool	20,247,879	8,012,734	3,549,276	4,463,458	15,784,421
Dollar deposit pool	356,217	170,327	-	170,327	185,890
Pound deposit pool	14,240	7,692	-	7,692	6,548
Euro deposit pool	12,260	4,372	-	4,372	7,888
	<b>20,630,596</b>	<b>8,195,125</b>	<b>3,549,276</b>	<b>4,645,849</b>	<b>15,984,747</b>
2012					
Rupee deposit pool	20,324,942	10,069,025	3,432,688	6,636,337	13,688,607
Dollar deposit pool	248,878	124,009	-	124,009	124,870
Pound deposit pool	8,776	7,312	-	7,312	1,464
Euro deposit pool	12,474	10,452	-	10,452	2,020
	<b>20,595,070</b>	<b>10,210,798</b>	<b>3,432,688</b>	<b>6,778,110</b>	<b>13,816,960</b>

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



**769** thousand  
customers

Over **6** thousand  
employees

Rs. **330** billion  
assets

**103**  
cities

**351**  
branches

**8<sup>th</sup>** largest Bank of Pakistan  
(in terms of branch network)

**A-1<sup>+</sup>**  
JCR-VIS short term rating

**11<sup>th</sup>** largest Bank of Pakistan  
(in terms of deposits)

Rs. **289** billion  
deposits

EST  
**2002**

**AA**  
JCR-VIS long term rating

Deposits growth  
**26%**

SME & Commercial Banking  
**85%** growth

Total financing  
portfolio **44%**  
growth

Profit growth  
**13%**

Auto financing  
**24%** growth

Corporate assets  
**34%** growth

# Business and Operations Review

## Business Review

Alhamdulillah, Meezan Bank made excellent progress during the year. The Bank's focus during the year was on strengthening systems and processes while, at the same time, maintaining growth.

Total assets of the Bank increased from Rs. 274 billion as at December 31, 2012 to Rs. 330 billion (\$ 3.1 billion) as at December 31, 2013 representing a growth of 20%. Despite this substantial increase in the asset base, the Capital Adequacy Ratio of the Bank has been maintained at a very healthy level of 12.5%, compared to the minimum level of 10% prescribed by the Regulator. Total equity of the Bank now stands at Rs. 17.9 billion, up from Rs. 15.5 billion a year earlier, an increase of 15.5%. Deposit base of the Bank also increased by an impressive 26% from Rs. 230 billion to Rs. 289.8 billion. The large branch network, quality of service and excellent brand image of the Bank were the key contributing factors contributing to this growth.

The management takes a cautious approach in its financing decisions and is focused on building a high quality and diversified portfolio. Although the demand for private sector credit has remained low, mainly due to the crowding-out effect of public sector borrowing, the Bank was able to increase its total financing portfolio by Rs. 39 billion to register a growth of 44% over December 2012. The portfolio has a very healthy sector diversity and maturities are also comfortably balanced with 65% in short-term (up to one year) and 35% in long-term. NPL to gross financings ratio has been reduced to 3.6% in 2013 as compared to 5.3% in 2012 which is reflective of quality asset booking by the Bank. The NPL coverage ratio of the Bank for 2013 stood at 121% which is one of the highest in the banking industry. The prudent lending strategy backed by a sound risk infrastructure and rigorous remedial and recovery efforts has enabled the Bank to limit the rise of non-performing financings. Advances to Deposit Ratio (ADR) of the Bank has shown a significant improvement over the year and now stands at 44% as against 38% last year. The Trade Finance business volume handled by the Bank grew by 57% from Rs. 201 billion in 2012 to Rs. 315 billion in 2013. The trade business is supported by the Bank's extensive network of correspondent banking relationships around the world.

## Branch Network & Deposits

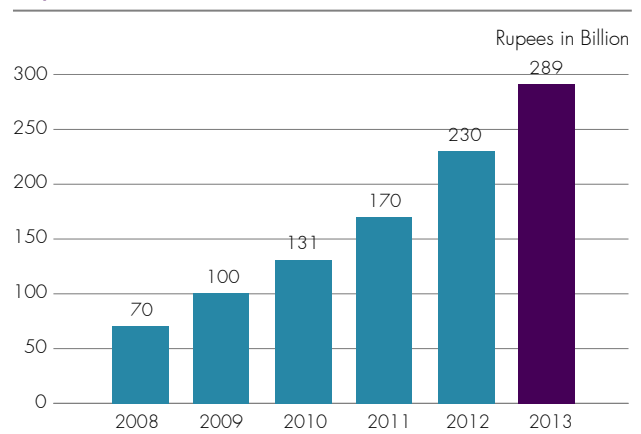
Meezan Bank offers a wide range of deposit products - current, saving and term deposit accounts - all designed with flexible features to meet the needs of its customers in a Shariah-compliant manner. The Bank's diverse range of Shariah-compliant deposit products has enabled it to develop a well diversified and stable deposit-base.

The Bank further expanded its geographic outreach and added 41 new branches to its network, bringing the total size of the network to 351 branches spread across 103 cities in the country. It now has the 8<sup>th</sup> largest banking network in Pakistan with presence in more than 100 cities of the country. Continuous expansion of the network has enabled the Bank to serve customers from all walks of life, commensurate with its Vision to 'establish Islamic banking as banking of first choice'.

Deposit growth of the Bank has been impressive. Total deposits of the Bank crossed Rs. 289 billion compared to Rs. 230 billion in 2012, an increase of over 25%. A very focused Retail Banking strategy and a loyal customer base allowed Meezan Bank to surpass the aggressive targets that had been set in early 2013. Total customer base (number of accounts) also increased by 11% from 693,983 to 769,532.

The Bank also enhanced its efforts to mobilize Current Accounts and various special campaigns were run throughout the year, which resulted in increasing the Current Account base of the Bank by over 38% during this period, thus helping in containing the overall cost of deposits.

### Deposits



**Alhamdulillah**

**351** Branches

**103** Cities

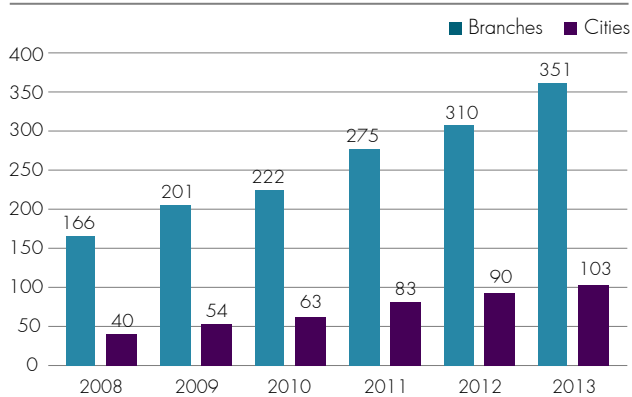
**8<sup>th</sup>** Largest Bank in Pakistan

**Rs. 289 billion** in Deposits

**Rs. 315 billion** in Import & Export business

These numbers are more about trust than about success.

## Branch Network



## MEEZAN PREMIUM

### BANKING

Meezan Bank also offers Premium Banking to cater to the needs of its high net worth customers. Premium Banking customers enjoy special privileges and priority services including:

- State-of-the-art Premium Banking Centers at Karachi, Lahore and Islamabad.
- Premium Phone Banking - a dedicated Call Center exclusively for the Premium Banking customers.
- Premium Internet Banking - an exclusive Internet Banking facility that offers fee waivers on basic banking transactions.
- Meezan Visa Platinum Debit Card - a very prestigious card, offering many discounts at selected retail outlets, restaurants and hotels across the country. In addition, Premium Banking customers enjoy access to the International CIP lounges at Karachi, Lahore and Islamabad airports as well as other special offers from time to time.
- Access to a comprehensive range of 8 different Mutual Fund products managed by the very successful Asset Management Company, Al Meezan Investment Management, a subsidiary of Meezan Bank.



The Bank endeavors to meet the needs of all customer segments and new product launches and refinements ensure that a comprehensive range of competitive products are on offer to all customers.

The Bank launched Meezan Kafalah, a Shariah-compliant alternative to Bancassurance which is a savings product through which customers can save money for their future plans such as education or wedding of their child, going for Hajj, planning for old age etc.



## Corporate Banking

The Bank provides financing and financial services to a large number of local corporates, multinationals and public sector entities, by partnering with them to build long-term relationships. By drawing on the expertise of in-house product specialists and Shariah scholars, the Bank meets the financial needs of its corporate clients through a bouquet of Shariah-compliant products ranging from working capital finance, import finance, export finance, long-term finance and documentary trade credit facilities.

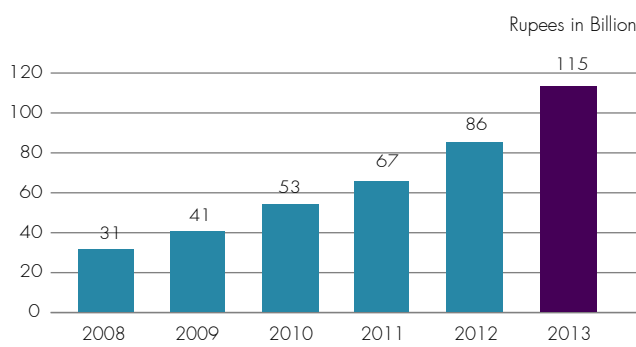
The Corporate Banking relationship teams work closely with Treasury, Cash Management, Investment Banking, Commercial Banking and Consumer Banking departments to develop and deliver suitable value added products that fulfill the specific needs of the corporate clients.

2013 was a challenging year for Pakistan's corporate sector due to continuous energy crisis, precarious foreign exchange position and an adverse law and order situation. Notwithstanding this, the Bank continued to actively manage and grow its corporate business portfolio and delivered strong results while pursuing selective new financing and trade opportunities. The 2013 performance explained below demonstrates the successful execution of the Bank's strategy to increase its funded and trade business in targeted sectors.

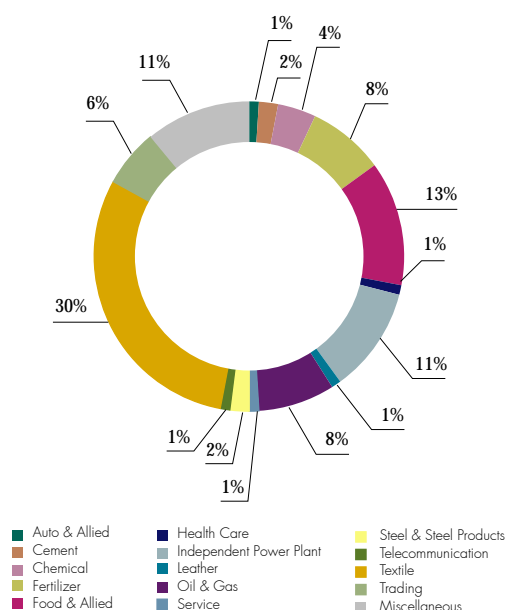
### Corporate Assets

The Bank was able to successfully grow its corporate assets portfolio to Rs. 115 billion in 2013 against Rs. 85.7 billion in 2012, registering an excellent growth of 34% over the previous year. Due to the focused business development strategy adopted by the Bank over years to build a healthy and well diversified portfolio, the corporate assets book of the Bank has grown at a CAGR of 30% since 2008.

### Corporate Assets



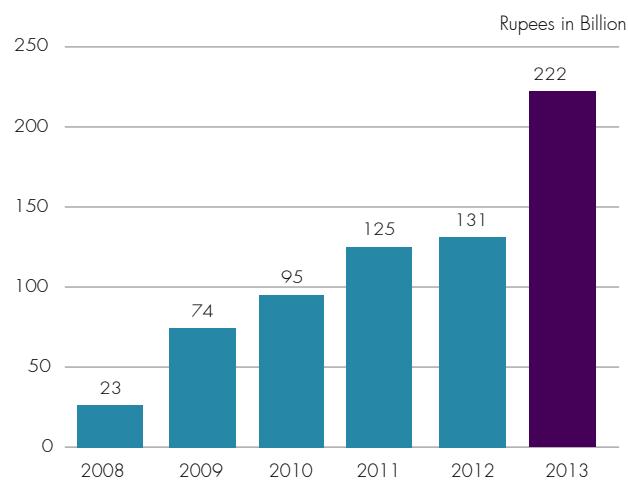
## Corporate Banking Portfolio



## Corporate Trade Business

Two third of the Bank's total trade business originates from its corporate clients. The corporate trade business of the Bank performed tremendously well in 2013 and grew to an all-time high of Rs. 222 billion against Rs. 131 billion in 2012, registering a year-on-year growth of 69%. This included many large ticket LCs established for oil and commodities imports. The Bank has increased its corporate trade business by 10 times during the last five years and plans to continue growing at the same pace.

## Corporate Trade Business



## Investment Banking

Meezan Bank provides a wide range of financing solutions including structured finance, project finance and advisory services, syndications and Sukuk issue to the Bank's customers. The bank is widely acknowledged for providing highly innovative and tailored Investment Banking solutions to cater to the ever demanding needs of its clients.

The Bank has advised and arranged Islamic Investment Banking deals of over Rs. 150 billion during the last 8 years and has clearly established itself as a market leader in providing structured Islamic financing solutions to its extensive corporate client base. During 2013, with the commitment to maintain its market leadership, the Bank successfully delivered syndicated financing transactions of over Rs. 54 billion; These included syndicated finance facilities for Attock Refinery Limited and Qasim International Terminal Limited, amounting to Rs. 22 billion and Rs. 7.3 billion respectively. Another significant achievement during 2013 was the development and successful arrangement of first ever Air-time Sukuk, a Sukuk structured on the basis of intangible services, advised to Pakistan Mobile Communications Limited (Mobilink Pakistan). Notable transactions are highlighted overleaf.

Meezan Bank is also acting as financial advisor to the Government of Pakistan (GoP). Following the structuring of a sovereign Sukuk on the Peshawar-Islamabad (M1) motorway in 2012, the Bank provided advisory services to GoP in 2013 for issuance of another series of sovereign Sukuks amounting to over Rs. 43 billion.

The Bank's efforts in the field of Islamic finance have been recognized by numerous independent bodies. A recent accolade by the prestigious CFA Society Pakistan, declaring MBL the 'Corporate Finance House of the Year (Fixed Income) - 2012' is a testimony to the expertise of Meezan Bank in providing innovative structured finance solutions to its clients.

The Bank has entered 2014 with a commitment to continue innovating in the field of Islamic corporate finance. The team will focus on applying all its energies towards promoting Islamic banking as banking of first choice in Pakistan and maintaining the Bank's position as the leader of Islamic Banking industry in the country.



# Investment Banking Awards 2013



# Major Investment Banking Transactions



**Government of  
Pakistan**

Ijarah Sukuk  
**Rs. 43,018 million**  
Joint Financial Advisor



**Attock Refinery Limited**

Syndicated Islamic Finance  
Facility  
**Rs. 22,000 million**  
Lead Advisor & Arranger



**DP WORLD**  
Karachi

**Qasim International  
Container Terminal Pakistan Limited**

Syndicated Finance Facility  
**Rs. 7,300 million**  
Lead Arranger & Financial Advisor



**Pakistan Mobile  
Communications  
Limited**

Air-time Sukuk  
**Rs. 6,900 million**  
Joint Lead Arranger



**Hub Power Company  
Limited**

Short Term Sukuk  
**Rs. 4,500 million**  
Advisor & Arranger







**Trading Corporation  
of Pakistan Private Limited**

Murabaha Finance Facility  
**Rs. 2,500 million**

Lead Arranger



SSGC

**Sui Southern Gas  
Company**

Certificates of Leasing  
**Rs. 2,000 million**  
Financial Advisor & Lead  
Arranger



**Kot Addu Power Company Limited**

Short Term Sukuk  
**Rs. 1,500 million**  
Advisor & Arranger



**Lalpir Power Limited**

Short-term CP Sukuk  
of up to  
**Rs. 1,500 million**  
Advisor & Arranger



**Tetra Pak Pakistan  
Limited**

Off-Balance Sheet  
Operating Lease Facility  
**Rs. 889.3 million**  
Advisor & Arranger

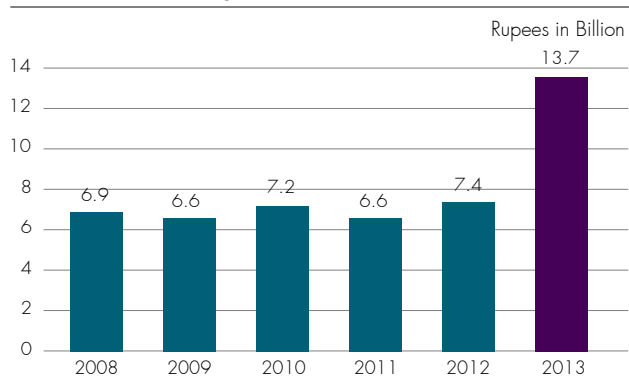


## Commercial Banking (including Small & Medium Enterprises and Agriculture Finance)

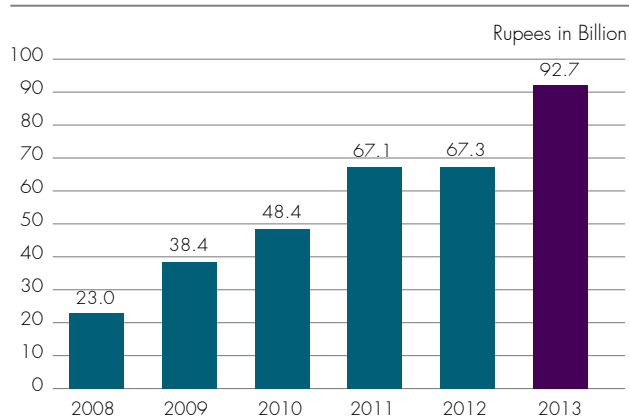
Commercial Banking business targets the 'middle-market' segment of customers with sales turnover up to Rs. 1.0 billion while the 'Small and Medium Enterprises' (SME) business targets customers with sales turnover of up to Rs. 400 million and financing requirement of up to Rs. 100 million. This market segment represents the backbone of Pakistan's economy and has high growth potential.

The Bank, as part of a focused strategic initiative, grew the Commercial Banking business segment by 85% in 2013, bringing the year-end portfolio to Rs. 13.7 billion. Trade finance business generated by this segment also increased by 38% to Rs. 92.7 billion.

### Commercial Banking Assets



### Commercial Banking Trade Business



Meezan Bank entered the ship-breaking finance business during the year and successfully financed number of high value transactions including its largest Commercial Banking Letter of credit (L/C) of Rs. 1.5 billion. The unique Islamic product tailored for the ship-breaking industry was innovatively structured with the joint efforts of various functions within the Bank and was implemented in a very successful manner.

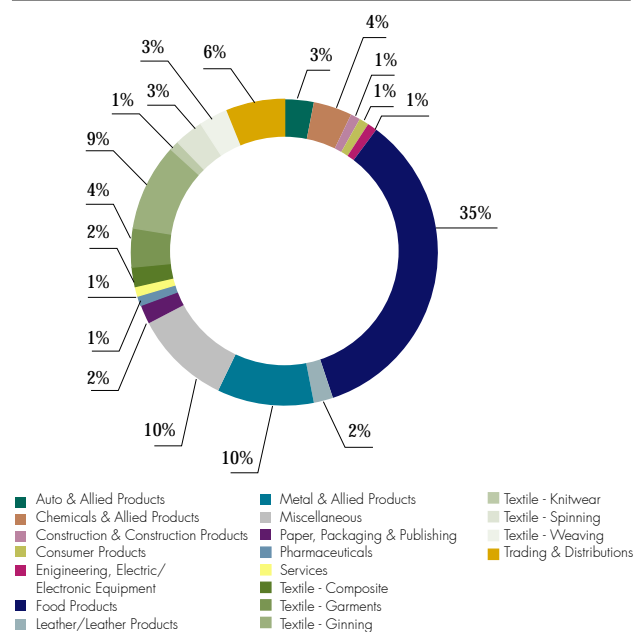
The Bank tapped into key sectors such as wheat, sugar, and edible oil & ghee, which contributed to growth of the Commercial Banking financing portfolio. Financing to the cotton industry was also expanded through forward integration into the industry,

whereby the Bank moved into the cotton spinning sector from its present portfolio of cotton ginning and several well-reputed clients of this sector were included in the Bank's portfolio.

The Bank also entered the Agriculture sector and set up a dedicated Agriculture Unit. The Unit is working on several initiatives in this sector with plans to aggressively increase its penetration in this business.

The above approach has helped Meezan Bank develop a well-diversified Commercial Banking portfolio where not only a number of new relationships were added but the existing relationships were also deepened, which helped improve this segment's utilization ratio to levels significantly better than the industry average.

### Commercial Banking Portfolio



To improve the performance of its Commercial Banking business, the Bank focused on various internal initiatives such as improvement in systems and processes, strengthening of the human resource pool, strong monitoring of the turn-around time of financing proposals and improvement of credit control mechanisms.

The under-performing portfolio of Commercial Banking segment also reduced with the Non-Performing financings ratio improving to significantly better numbers than the industry average, indicating a robust recovery and build up of a quality portfolio. The Bank is also improving the organizational structure of its Commercial Banking business through initiating the establishment of SME & Commercial Centers across the country. These Centers provide one-window solutions for the financial needs of customers of this segment and are expected to provide a strong boost to this business through improvement in the quality of customer services and substantial reduction in turnaround time.

The Bank is confident that with the strategy it is adopting for increasing the size of its Commercial Banking portfolio, it will soon be one of the major players in these segments.

## Consumer Banking

Meezan Bank is the pioneer in providing Shariah-compliant consumer products in the country and offers four consumer asset products to its customers - Car Ijarah (auto finance), Easy Home (housing finance), Laptop Ease (laptop finance) and Meezan Labbaik (Hajj & Umrah finance).

### ■ Car Ijarah (auto finance)



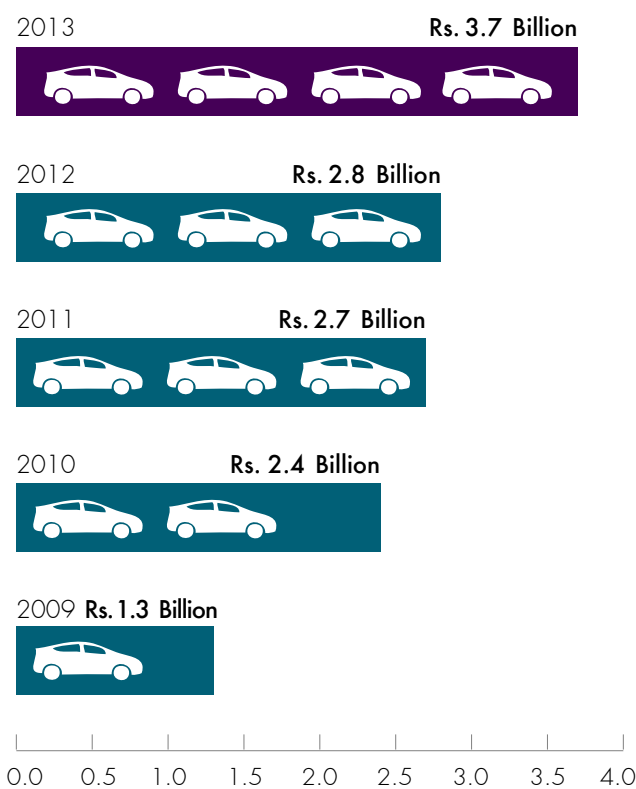
The automobile industry witnessed a decline in 2013 with car sales standing at 138,002 units compared to 154,424 units last year; a decrease of 11%.

Over the year, The Bank remained active in devising and implementing a number of changes and improvements in the overall infrastructure as well as management of the Car Ijarah business.

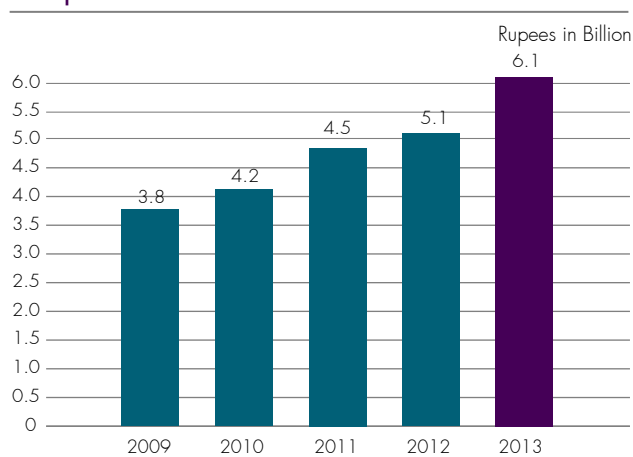
The Bank's auto finance business, 12 years after its launch, stands at Rs. 6.1 billion with over 9,000 active vehicle contracts including both new and used vehicles. Despite challenging economic conditions, Meezan Bank remains among the top two banks in the auto finance market of the country.

The Bank disbursed Rs. 3.7 billion during the year, growing the portfolio by a healthy 24%.

### Car Ijarah Disbursements



### Car Ijarah Portfolio



The Bank's auto finance portfolio is well diversified among assets having secured secondary market, largely pertaining to major local manufacturers.

Meezan Bank follows the strategy of maintaining stringent credit criteria for the Consumer Banking segment. Healthy portfolio management and risk diversification in this business line is evident as the ratio of non-performing financing for the Car Ijarah portfolio remains at a low level of 0.68%, which is amongst the best in the industry.

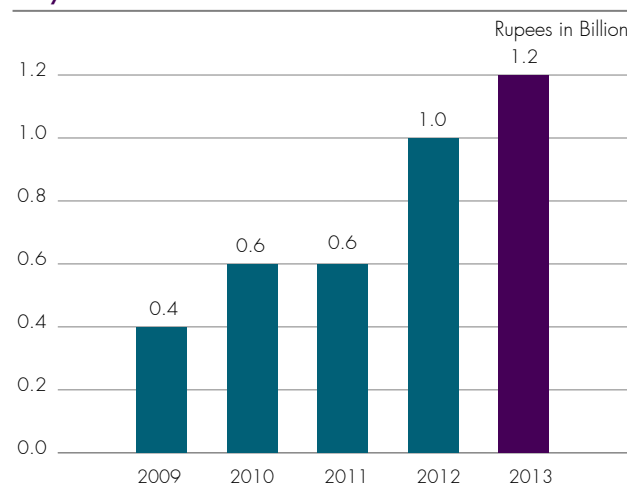
### ■ Easy Home (housing finance)



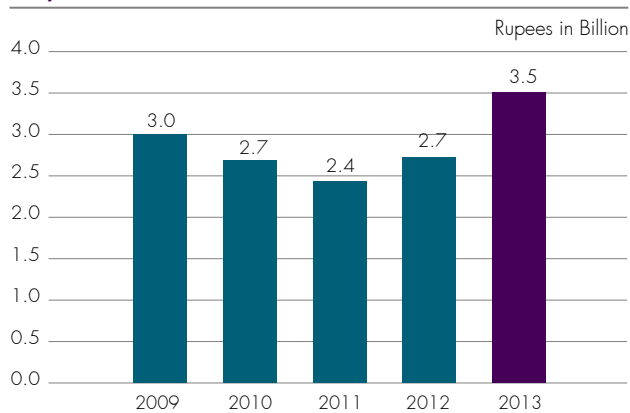
In the year 2013, Meezan Bank completed a decade of its uninterrupted operations in the mortgage finance sector. Since the commencement of this business, the Bank has disbursed an aggregate amount of Rs. 10.5 billion towards housing finance.

The year was very encouraging for the mortgage finance business as the Bank disbursed Rs. 1.56 billion, which is the highest disbursement ever in a single year since the commencement of this business.

### Easy Home Disbursements



## Easy Home Portfolio



As a result of the Bank's selective approach for fresh financing, its NPL ratio has reduced to 6.9% which is amongst the lowest in the industry.

With its stable and prudent approach towards housing business, Meezan Bank is now ranked among the leading banks in the country's housing finance industry.

## ■ Laptop Ease (laptop finance)

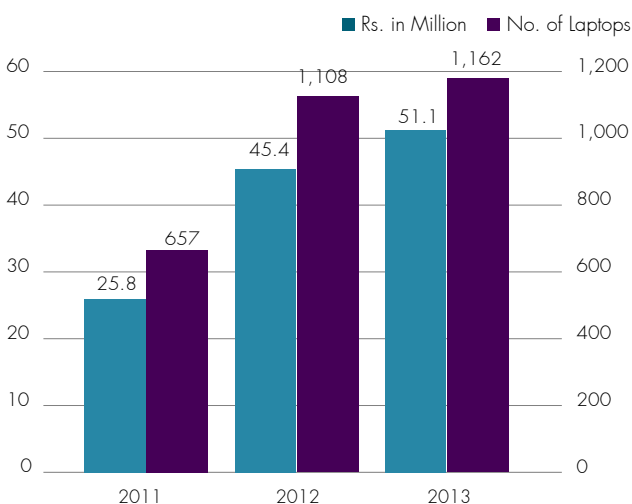


Meezan Bank launched its laptop finance product in 2011 and has so far extended financing for more than 2,800 laptops to individual customers. As a result of the Bank's prudent approach and outstanding credit quality, the delinquency ratio of this business is less than 0.7%.

To cater to the increasing demand of this financing product and to make it available to an even wider range of customers, the Bank added the renowned brand 'APPLE' to its product menu, thus letting customers choose from a wide variety of laptops of DELL, HP and APPLE brands.

Going forward, the Bank is planning to add other well-known brands to increase its product range and make it more attractive to individual customers.

## Laptop Ease



## ■ Meezan Labbaik (Hajj & Umrah financing)



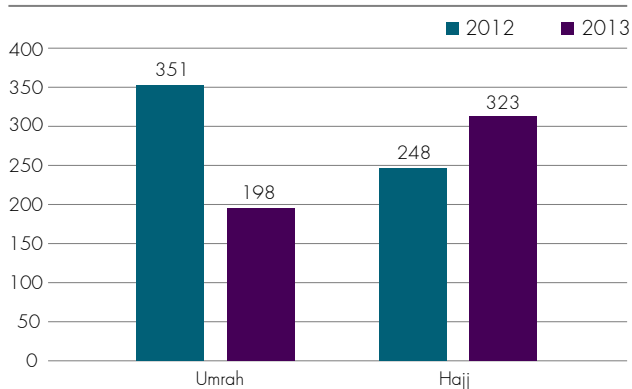
Meezan Labbaik Hajj & Umrah Financing product facilitates customers who wish to perform Hajj or Umrah through a product that allows them to pay the price of their travel package in 12 monthly installments. The Bank's role, in this product, is that of a sales and funds collection agent acting on behalf of selected travel agents while delivery of the travel package selected by the customer is the responsibility of the travel agent.

Meezan Labbaik provides the following two options to the customer:

- To pay the full price of the selected package upfront and travel immediately, after completion of all travel arrangements.
- To pay a down-payment and travel immediately after completion of all travel arrangements. The remaining price can be paid in 12 equal monthly installments with no additional charges. The installment starts after the customer completes his holy visit.

198 customers performed Umrah and 323 customers performed Hajj during the year by availing the benefit of Meezan Labbaik. Due to the splendid credit quality of financing cases, the delinquency ratio is NIL.

## Meezan Labbaik Customers

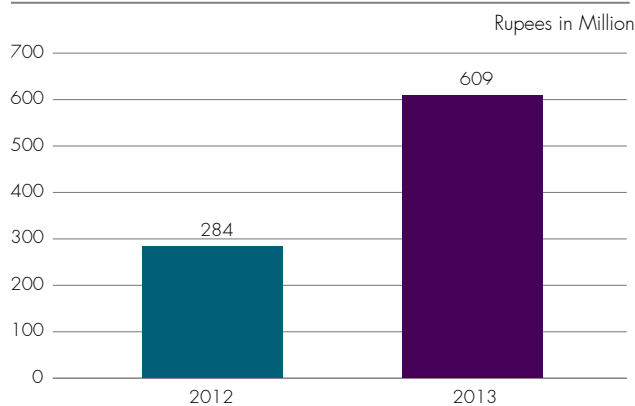


## Treasury & Financial Institutions

Meezan Bank's Treasury is one of the active treasuries in the market, offering a wide range of Shariah-compliant products that not only serve the foreign exchange (FX) needs of its clients but also provide well-structured financing solutions, especially to finance trade.

The FX trading desk, which is responsible for managing the FX risk of the Bank, is an active market maker providing FX liquidity and stability to the volatile Inter-bank market. Its activity in the Inter-bank market enables it to facilitate the Treasury Marketing Unit (TMU) with attractive pricing, which in turn generates FX flows, boosting the overall Trade Business of the Bank. In addition to facilitating the TMU desk, the FX Inter-bank desk has also played a great part in supporting other Inter-bank market players to hedge their international trade finance exposures.

### Non - funded Forex Income



The TMU performed very well during the year by nurturing relationships with corporate clients and following a very competitive FX pricing strategy. The TMU also negotiated several big tickets items at its counter with clients in the oil marketing industry, fertilizer industry, and exporters of agricultural products. The growth in volumes came not only from plain vanilla spot transactions, but also from Forward bookings and Salam transactions, which have gained great popularity as hedging and financing instruments with the clients. Of noticeable mention to developments in the Salam product, is that the Bank developed a Dollar Bai Salam product which utilizes the FE Dollar Deposits for Salam financing. The product gained immediate acceptance with the corporate clientele and provided the USD depositors with another investment avenue.

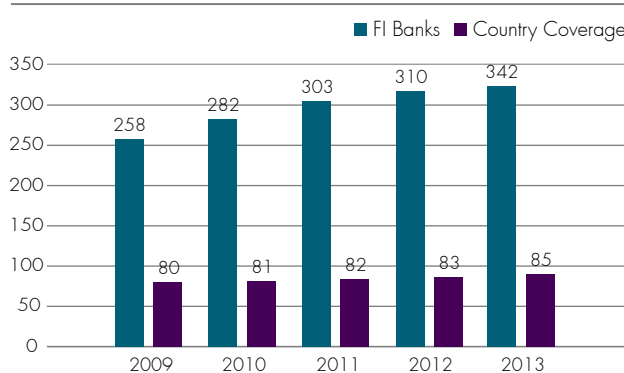
The Asset and Liability Management (ALM) desk that manages the Bank's liquidity and asset and liability mismatches continued to perform proactively, enhancing the depositors' yield. One of the main challenges this year was the limited supply of Shariah-compliant investment instruments; however the ALM desk was successful in deploying the excess liquidity in an efficient manner.

Reading the market sentiment and interest rate expectations, the Bank traded actively in GOP Ijara Sukuk, and continued to build on its portfolio of USD denominated Ijarah Sukuk through both the primary and secondary markets. The Bank also launched secured Musharakah transaction during the year.

The Bank's Financial Institutions (FI) and Correspondent Banking unit secured many achievements this year. It was instrumental in the establishment of the Bank's first L/C for import of Crude Oil by Pak Arab Refinery Ltd. This L/C was confirmed by one of the Bank's prime correspondent banks in UAE with risk-partnering by the Asian Development Bank. Such transactions indicate the confidence that the international institutions have reposed in Meezan Bank. Similarly, the FI unit also arranged confirmation by a consortium of European Banks for the largest ever L/C issued by Meezan Bank on behalf of a leading Oil Marketing Company.

On the export side, the Bank developed its first Islamic L/C confirmation product this year, which enables the Bank to add confirmation to incoming export L/Cs by taking international risk exposure. Landmark confirmations in this regard were done for large export L/Cs of a leading oil refinery. The Bank also supported the country's power generation initiative by confirming an international guarantee issued by one of the largest banks in China for the Nandipur hydel power project.

### Correspondent Banking Network



New Nostro accounts were opened in 2013 that enabled Meezan Bank to forge new partnerships and payment handling capabilities. This includes a Euro account with Unicredit Bank, Italy, which is the largest bank in Italy with presence all over Europe, and an ACU dollar account with Mashreq Bank in India.

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## Al Meezan Investment Management Limited

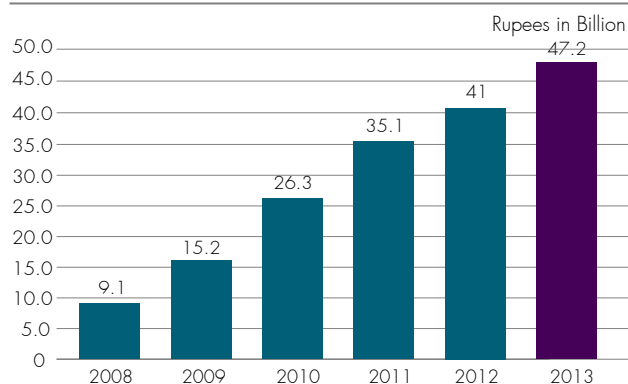
### Asset Management

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

Al Meezan has grown considerably since inception and has to its credit multiple achievements. With Assets under Management (AUMs) crossing the Rs. 47.2 billion mark in December 2013, Al Meezan is the largest private sector asset management company of the country. Its AUMs represent around 12% of the total mutual funds industry and 67% of the Shariah-compliant mutual funds industry. Al Meezan is also managing the largest private sector equity fund and the largest Voluntary Pension Fund. The company's flagship fund, Meezan Islamic Fund (MIF) successfully completed its ten years in operation in August 2013, providing to investors a return of 662% since inception to December 31, 2013. This translates into annualized return of 22% in Pak Rupees and 15% in US dollar terms (taking into account PKR depreciation against USD in last 10 years). Al Meezan also won the 'Best Islamic Asset Management House of the Year 2013' award by Asset Asian Awards. JCR-VIS Credit Rating Company has rated Al Meezan as AM2 denoting 'High Management Quality' rating with stable outlook.

The assets under management have recorded an average annual growth of 84% during the last five years, as shown below:

#### Funds under Management of Al Meezan



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

During the year, Al Meezan successfully launched Meezan Financial Planning Fund of Fund (MFPF), which invests in two of the largest equity and fixed income funds of the company in varying allocations to suit the investor's risk profile. Also, Meezan Balanced Fund was converted to an open end fund in June 2013. This brought the total funds being managed by Al Meezan to nine open-end funds and one Pension Fund. A recent addition to the product portfolio is Meezan Capital Preservation Fund launched in January 2014. The fund utilizes an internationally recognized asset allocation strategy while at the same time complying with Shariah guidelines to provide investors healthy returns while preserving their initial capital. The fund size is about Rs. 2 billion making it the largest capital preservation fund in the market.

The fund-wise break up of assets under management along with return on these funds since inception and for calendar year 2013 (CY13), are as under:

Islamic Mutual Funds	Type	Net Assets - Rs. million (December 31, 2013)	Annualized Return since Inception till December 31, 2013	Return for 2013
<b>Equity</b>				
Al Meezan Mutual Fund (AMMF)	Equity	2,485	18%	43%
Meezan Islamic Fund (MIF)	Equity	11,261	22%	43%
KSE Meezan Index Fund (KMIF)	Equity Index Tracker	1,020	41%	41%
<b>Fixed Income</b>				
Meezan Islamic Income Fund (MIIF)	Income	2,870	14%	11%
Meezan Cash Fund (MCF)	Money Market	5,821	12%	8%
Meezan Sovereign Fund (MSF)	Income	19,500	12%	8%
<b>Balanced</b>				
Meezan Balanced Fund (MBF)	Voluntary Pension Balanced	1,727	17%	26%
<b>Capital Protected</b>				
Meezan Capital Protected Fund - II	Capital Protected	511	14%	13%
<b>Fund of Fund Scheme</b>				
Meezan Financial Planning Fund of Fund*	Fund of Fund	772		
Aggressive		287	21%	21%
Moderate		159	15%	15%
Conservative		326	10%	10%
<b>Pension Fund Scheme</b>				
Meezan Tahaffuz Pension Fund	Scheme	2,053		
Equity Sub fund		988	28%	46%
Debt Sub Fund		779	12%	8%
Money Market sub fund		286	12%	7%
<b>Total</b>		<b>47,248</b>		

\* Meezan Financial Planning Fund of Fund was launched during the year on April 11, 2013



## Operations Review

Only a very efficient support functions infrastructure will enable Meezan Bank to deliver products and services that consistently meet the demands of its customers in a way that establishes it as a superior brand in the customers' eyes. At Meezan Bank, these units work together to ensure that all business and transactions undertaken by the Bank are in accordance with the directives of its Shariah Advisor and Shariah Supervisory Board (SSB) as well as with the Bank's Policies and Procedures. Some of the key support units are:

### Product Development & Shariah Compliance

The Product Development & Shariah Compliance (PDSC) department ensures that all activities at Meezan Bank are strictly Shariah-compliant. This department also provides a centralized hub for innovative research and product development activities, finding practical and Shariah-compliant solutions for customer needs, Islamic banking training and Shariah audit and compliance. This function works under the guidance and direct supervision of the Bank's Shariah Advisor and the Shariah Supervisory Board (SSB) and conducts the following diversified activities:

- Facilitating new research and product development activities
- Refining and improving existing products and procedures
- Providing in-house Islamic banking training to new and existing staff members
- Providing Islamic banking advisory services to both local and foreign institutions
- Conducting regular Shariah audit and reviews of branches and departments
- Coordinating with Bank's Shariah Supervisory Board
- Facilitating external learning of Islamic banking at universities and business schools

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

Alhamdulillah this year, in recognition of the Bank's contribution to research and development in Islamic banking, the Bank received the 'Best Research and Development Award 2013' by Global Islamic Finance Awards, London.

### Product Development and Structuring

The Product Development and Structuring team of the Bank works very closely with clients, Shariah scholars, legal firms and professional accountants to develop client-specific tailor made solutions to enable clients to obtain Shariah-compliant financing facilities. More than 1,000 such cases were structured during the year. These initiatives have facilitated



the implementation of Islamic modes of finance into day-to-day corporate and retail finance transactions and are an important contributor towards achieving the Bank's vision of establishing Islamic banking as banking of first choice.

Meezan Bank's research wing is active in highlighting, pursuing and resolving numerous issues for the Islamic banking industry as a whole. For instance, the Bank developed an innovative Wakalah based Shariah-compliant solution for dealing with Foreign Currency Close out cases; providing solution to a problem being faced by the Islamic financial industry globally. The Bank also developed a comprehensive set of guidelines catering to the diverse requirements of import financing, keeping in view the global trade finance regulations.

On the Treasury side, a solution for facilitating foreign currency interbank placements among Islamic banks and a solution for dollar based special pool interbank Musharakah transaction were developed. The Bank also developed and executed the first ever secured interbank placement transactions on the concept of Musharakah as an alternate to the conventional repo transactions. Such initiatives help in the development of Islamic banking industry and have established Meezan Bank as a leading player in the field.

For corporate customers, the Bank maintained its focus on increasing Shirkatul Aqd based financings with a unique short-term Musharakah solution for Al Meezan Investment Management Limited (AMIM); which is the largest Islamic fund manager of the country, involving investment in an identified pool of assets of AMIM. The solution opens new avenues for providing Shariah-compliant funding for asset management companies. The quantum of Running Musharakah transactions continued to rise with more than 20 blue chip companies obtaining funding through this mode. The total Running Musharakah financing at year end stood at approximately Rs. 10.35 billion. In addition, a number of large IPP's used the short term Musharakah Sukuk structure developed by the Bank, to raise a substantial component of their working capital needs. The Bank also developed a unique Wakalah pool based solution for Mudarabah companies having Shariah-compliant investments.

The Bank developed an agency based financing solution to enable its SME and Commercial banking segments to extend financing facilities to the Ship Breaking industry and also a new Musawamah based solution for financing facilities for the cotton and ginning industry.

At the national level, the Bank recommended various structures to the Government for obtaining Shariah-compliant funding from international funding agencies. The Bank also advised the Government for developing Shariah-compliant mechanisms for providing funding under the Prime Minister's Youth Financing Scheme and is an active participant in the recently formed 'Steering Committee for Promotion of Islamic Banking.'

### Retail Banking Products

On the retail banking front, Meezan Kafalah, a Shariah-compliant alternative to Bancassurance which is another first from the platform of Meezan Bank, has been launched for its customers.



One important initiative during the year was implementation of a system under which the Bank now announces its profit distribution rates on the first of each month, thus ensuring a major convenience to its customers.

### Internal Training

Meezan Bank runs rigorous training programs for employees at all levels, ranging from basic orientation for all new staff to specialized functional modules, certificate programs as well as product related trainings and refresher programs. During the year more than 114 sessions were held where knowledge pertaining to Islamic banking was extended to more than 4,200 employees of the Bank.

The Intranet based Knowledge Portal launched last year was further improved to facilitate easy access to updated knowledge about Islamic banking through additions of articles, lectures, knowledge updates and different product manuals.

### External Training, Customer & Public Awareness Initiatives

Continuing its practice of arranging public awareness events on Islamic banking, the Bank conducted 39 Islamic banking seminars and Corporate/SME Workshops in 12 cities in Pakistan and in 3 other countries, benefiting over 2,500 people. The Bank also continued its support initiatives with institutions such as SBP, National Institute of Banking and

Finance (NIBAF), and Centre for Islamic Economics (CIE), in conducting Islamic banking training sessions in addition to supporting various Islamic banking courses, sessions and degree programs in different institutes and organizations such as IBA - Karachi, Mohammad Ali Jinnah University, Greenwich University, COMSATS (Lahore), Baqai Institute of Diabetology Karachi, The Citizens Foundation, The Institute of Legal Studies (Islamabad), and COMMECS Institute of Business and Emerging Sciences (CIBES).

During the year the Bank actively used electronic, print, and social media for dissemination of information about Islamic banking. 12 articles and research papers of employees of Meezan Bank were published in well reputed and high profile international magazines and journals including Thomas Reuter, IFN News, New Horizon, International Journal of Islamic Banking and Finance, Financial Daily, etc. The Bank also published a detailed brochure in Urdu language about different financing products and their application to further improve the penetration of understanding about Islamic banking among the masses.

Several employees of Meezan Bank were invited to present their papers and deliver lectures at various international events and institutes such as INCIEF. The Bank has also entered into strategic partnership with Journal of Islamic Banking and Finance to revamp the journal's positioning as the most representative journal of Islamic Finance in the world. The Bank had also entered into a strategic collaboration with Institute of Banker's Pakistan to write and launch a comprehensive book on Islamic Banking and Finance, which was launched during 2013.

### Efforts made for addressing some common issues of the Islamic Banking Industry

In order to share information on common issues regarding Treasury products and bring uniformity among Islamic banks in Treasury related practices, Meezan Bank arranged a special knowledge-sharing session of Shariah scholars, treasury experts and product teams of Islamic financial institutions for discussing the practical issues being faced by Islamic banks. This initiative was hailed by the Islamic banking industry as a very valuable idea. Meezan Bank was also very active in pursuing the State Bank of Pakistan for various issues pertaining to the industry such as launch of Islamic benchmark rate, standardization of FX Interbank formats, launch of Islamic LTTF scheme, launch of Islamic discount window etc.

As a public service initiative, the Bank also arranged a public awareness session for NGOs and other charitable institutions regarding the rules and regulations for utilization of funds collected under Zakat and other Sadqaat e Wajiba.

### Shariah Audit and Compliance

The Bank has put a comprehensive Shariah audit function in place to ensure that every activity that it undertakes is in compliance with the rules of Shariah. The Shariah audit function strengthens the effectiveness of Shariah controls within the organization, focusing on the following areas:

- Evaluation and assessment of Shariah control systems that are in place
- Recognition of income with respect to permissibility in Shariah
- Individuals' understanding and mindset in ensuring Shariah-compliance
- Conformity and suitability of financing products with customers' actual business cycle
- Ensuring that profit distribution process is in accordance with Shariah and regulatory guidelines

### Islamic banking & Shariah Advisory Services

Meezan Bank, through its Islamic Financial Advisory Services arm, facilitates banking as well as non-banking financial institutions including governments, banks, mutual funds; stock exchanges etc. in developing Shariah-compliant alternatives to conventional products. The Bank also offers knowledge-sharing and training, mainly on Islamic banking and finance, to professionals and academicians across industries to make them conversant with modern day Islamic banking and finance. This initiative is in line with the Bank's Vision of establishing Islamic banking as banking of first choice.

### Operations

The Operations department at Meezan Bank works as a partner of all business units and is responsible for complete processing for Branch Banking, Trade Finance, Credit Administration, Home Remittances, Cash Management, Branchless Banking, Cash Houses, Treasury & 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 the Bank's internal policies, procedures and SOP's as well as Shariah guidelines, SBP regulations and all related legal requirements.

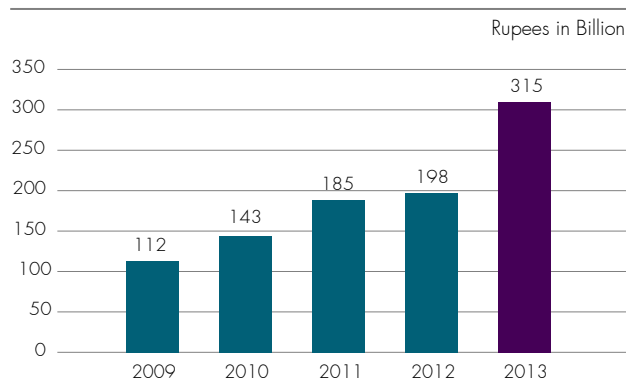
The increasing competition in the banking industry has highlighted the importance of a well-developed and structured Operations strategy. Proper alignment of operational capabilities with the overall organizational goals and objectives has a significant impact on business performance and consequently, on competitive strength. Cognizant of this fact, Meezan Bank has developed its Operations function into a strong 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.

Some of the notable highlights and key milestones of 2013 were:

- Trade volume and income registered a significant increase with YoY growth of 50% and 38% respectively. Trade business of over Rs.315 billion was routed through the Bank.

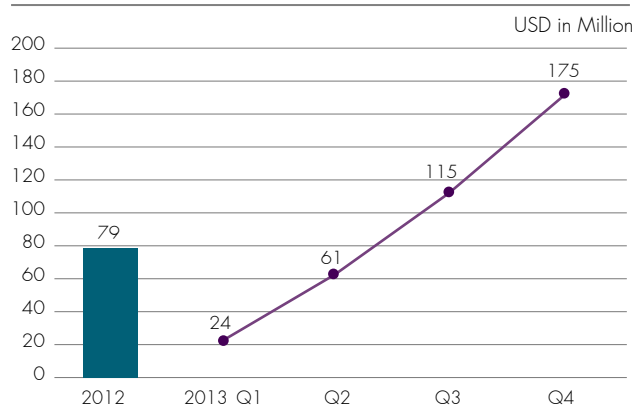
A snapshot of the last 5 years' volume growth in trade business is shown below:

### Trade Finance Business



- The Home Remittance Unit continues to play an active role in the nationwide drive of stimulating and formalizing home remittances through banking channels under PRI and non PRI arrangements. A major achievement of remittance network development was that the Bank entered into agreements with 21 International Remittance Companies. The overall volume in 2013 was 284,000 transactions worth \$175 million.

### Remittance Volume



- The Bank has established a very comprehensive Cash Management unit for providing Cash Management services to its customers. In order to ensure delivery of quality services under this umbrella, it has acquired a complete system to provide tailor made Cash Management products including payroll management, small to large scale Payment solutions, Collection through multiple channels as well as real time MIS and reconciliation solutions to their customers.
- As part of the Bank's continuous efforts to optimize operational efficiency and improve customer service, major automation projects are underway and are expected to be rolled out in 2014. These include complete digitization of Centralized Account Opening through which customers' data as well as flow of information and documents from branches to Centralized Account Opening department would be automated and centralized.

The Bank is now providing Transfer Agent services to Al Meezan Investment Management Ltd., the Asset Management subsidiary of Meezan Bank with Assets Under Management of over Rs. 50 billion.

### Information Technology (IT)

Meezan Bank maintained special focus on enhancing its ability to control and sustain the resilience of its IT operations. Continuous improvement to the Bank's core banking application T24, infrastructure improvements, process re-engineering and enforcement of IT governance and controls helped ensure a very high degree of system availability. The Bank also took measures to increase the security of its information assets from internal and external threats by implementing specialized security solutions. These proactive steps have resulted in improved operating performance and system resilience, better IT risk management, IT governance, and compliance to operational, legal and regulatory requirements. The notable highlights for the year include:

- **Migration of Temenos T24 to the new high-end IBM P770 enterprise servers for both the Primary Data Centre and the Secondary Disaster Recovery (DR) Site**

With the completion of this project in 2013, the Bank successfully upgraded its core banking application T24 to a new multi-server architecture. This provides a more robust infrastructure catering to the requisite back-end support handling the increasing transactions load, expanding branch network and growing demands of business units.

### ■ Investment in Enterprise Collaboration Portal Solution

The Bank is investing in a world-recognized collaboration solution that will provide for a modern and efficient way for employees to work together by sharing and accessing information and business applications as well as automating business processes. This system will provide a common platform on which numerous business workflows and information repositories will be developed and accessed, reducing redundancy of data, number of independent systems, operating expenditure and turn-around time of inter-department operations.

### ■ Improvement in Business Continuity Plans and arrangements

The Bank took steps to setup multiple Business Continuity Planning (BCP) locations and conducted BCP and DR drills to test the system's resilience, failover and failback between the Live and DR site. The local office of an international professional services firm has been engaged to develop a comprehensive BCP and Disaster Recovery Plan (DRP) in line with international best practices and local regulatory requirements.

The Bank also completed the process of relocation of its DR Site from Karachi to Islamabad to mitigate the risks associated with its business continuity concerns. The new Tier 3 Level DR location provides 99.98% availability of services in case of any incident at the primary data center.





## ■ Implementation of a Security Information and Event Management (SIEM) system, ACS Server and Transport Layer Security (TLS) certificate

The implementation of a SIEM solution system logs and conducts real-time analysis of security data and alerts generated within the network. This enables the Bank to proactively take the necessary preventative measures to reduce security threats. The implementation of TLS on email protects confidentiality and integrity of email communication in compliance with the regulatory requirements. The Bank has also taken added security measures including deployment of an ACS server which provides improved protection and accounting of network access.

## Alternate Distribution Channels

Meezan Bank offers an alternative to traditional 'brick and mortar' branch banking through its interlinked ATMs, Call Centre, Internet Banking, SMS Alerts and Visa Debit Cards. During 2013, the overall customer base for these Alternate Distribution Channels (ADC) products grew by 16%, with an increase of over 5.5 million transactions over the previous year.

The Bank is committed to improving the quality of its customer experience and to enhance the menu of its ADC products; 35 new ATMs were added during the year, taking the total number of the Bank's ATMs to 281. Value added services like Inter-Bank Funds Transfer and Third-Party Funds Transfer features are now available at all ATMs of Meezan Bank along with Utility Bill payments and Mobile top-ups, offering round-the-clock convenience to a growing customer base.

Meezan Bank's 24/7 Call Centre handled more than 760,000 calls during the year and allowed customers to access their account information and to conduct banking transactions such as requisition of pay orders and cheque books as well as product-related inquiries.

The Platinum Visa Debit Card, launched in 2012, now has over 5,900 Cards. The Card carries several value-added features such as increased withdrawal limits, CIP lounge access

at major local airports and discounts at a wide array of restaurants, retailers, healthcare providers as well as various attractive international offers. In addition, the Bank's Gold and Silver Visa Debit Cards continued to gain popularity among customers with the number of cards growing to over 400,000 with a 35% increase in POS transactions over last year.

The Bank's internet banking facility offers reliable and convenient ways of banking from one's home or office. This is a very secure platform and customers using this facility can avail a number of value-added services including Third-Party Funds Transfer, Utility Bill payments, Mobile Top-ups as well as service their Al-Meezan Mutual Fund account.

The Bank also launched its SMS Banking Service during 2013. This service offers customers the additional convenience of accessing their Account Summary and Mini Statements through (pull) SMS service. Meezan Bank's customers also have the ability to activate and/or deactivate their Visa Debit Card(s) on-the-go from their mobile phones using SMS, which is the first of its kind service in the banking industry of Pakistan.

## SMS Banking Anytime, Anywhere

Check your account balance  
View last 3 transactions  
Activate & Deactivate your Visa Debit Card\*



The Bank's SMS Alerts Service, with over 235,000 registered users, keeps customers instantly updated on any activity in their account, which also serves as a useful security tool by alerting customers to any possible fraudulent activity in their accounts.

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

Internet Banking  
No. of Logins in Thousand



2011	2012	2013
839	1,334	1,537

SMS Alerts  
No. of Alerts Sent in Thousand



2011	2012	2013
14,385	19,059	22,657

ATM  
No. of Cash Withdrawals in Thousand



2011	2012	2013
6,000	6,605	8,440

Call Center  
No. of Calls Landed in Thousand



2011	2012	2013
950	971	762

## Human Resource

The Bank has made significant efforts during the year to improve the overall quality of the organization's 'Human Capital'. The three functional sub-units of the Human Resource department of the Bank - Talent Management, Operations, and Systems - worked very closely on different projects to achieve the Bank's objective of being 'Employer of First Choice'.

Over 1,200 new employees were selected, inducted and on-boarded. The Bank's Talent Management team participated in several job fairs at major universities and also partnered with the Learning & Development team for hiring of Trainee Officer Batches.

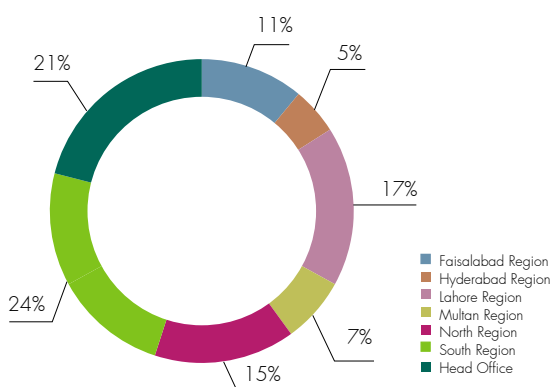


An Employee Satisfaction Survey was conducted again this year, and the result of the same was included in our publications.

The Bank has a 'zero tolerance policy' on integrity and Shariah-compliance issues which is reiterated and communicated to staff repeatedly through various media and the punitive actions taken on disciplinary cases related to such matters were also clearly communicated throughout the year to give a clear message about the Bank's seriousness and commitment in this matter.

The Bank took steps to empower its employees and their managers for Human Resource Management and giving them access to the Human Resource Management System (HRMS). The HR team conducted training of HRMS for all the regions and departments over the year to enable the staff to use this system effectively. These sessions were taken very positively by the staff population and substantial improvement was seen in HRMS usage and utility.

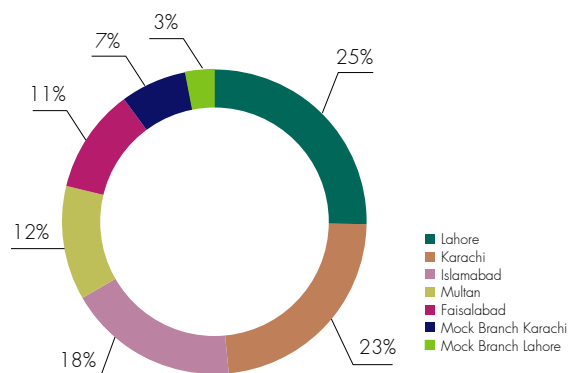
### Region-wise Staff Strength



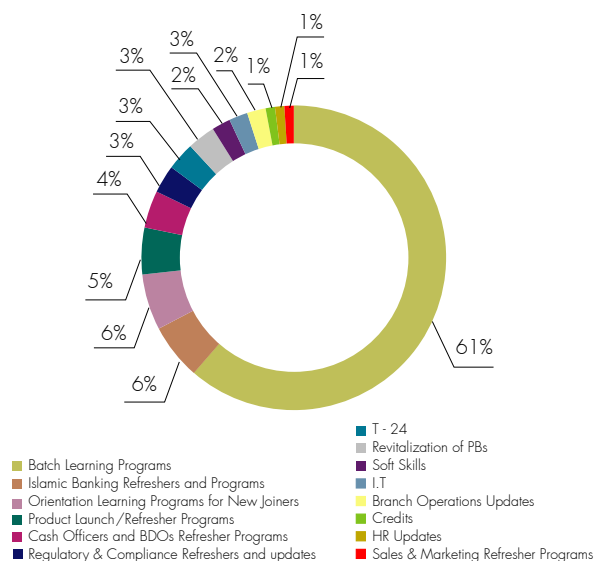
## Learning & Development

The Bank plans and conducts in-house and external trainings to improve the knowledge and skill level of its staff at all levels. The Bank has three dedicated learning centers located at Karachi, Lahore and Islamabad where learning sessions are conducted around the year under an organised learning calendar developed to address the learning needs of the staff at each Region. The Bank's library at Meezan House is now fully functional and many employees benefit from it.

### Learning Volume - Location wise



### Learning Volume - Subject wise



During the year a total of 385 in-house learning programs were offered, benefiting 8,950 participants encompassing 978 active learning days. Similarly, 112 external local and international learning opportunities were provided to the Bank's staff, benefiting 295 participants encompassing over 280 learning days.

Both the internal and external learning programs were organized in a wide range of areas including Orientation



Learning Programs, Branch Banking Operations, Shariah and Islamic banking, regulatory compliance including SBP Prudential Regulations, AML and KYC and soft skills. The learning interventions are aimed at developing the Bank's staff into true Islamic banking professionals.

In order to keep pace with Bank's exponential growth rate, the need to hire and train fresh graduates in line with the best global and local practices became a high priority project for the Bank. Three major categories of Batch hiring and Training initiatives - Trainee Banking Officers, Trainee Cash Officers, and Business Development Officers were launched through which a total of 499 trainees were hired, trained through rigorous classroom and on-the-job learning programs and placed at branches across the country, providing the much needed HR pipeline required to support the geographic expansion of the Bank. One new element of this initiative this year was that several Trainees were also placed at certain Head Office departments on specific request of the departments. This change has enabled expansion of the Trainees program beyond the branch network.

After renovation of the Learning Center at Lahore, the Learning Center at Islamabad has also been renovated into a state of the art learning facility.

Continuing its initiative of developing strategic and knowledge based partnerships with leading business schools of Pakistan, the Bank signed a Memorandum of Understanding (MoU) with University of Central Punjab (UCP). Under this MoU, the Bank will support UCP in developing specialized programs in Islamic banking and finance for their BBA/MBA degree programs. The Bank will also provide support in designing and developing the teaching methodology, course curriculum and resources as well as aid UCP in faculty development and research initiatives in Islamic banking & finance. Leveraging on technology, the Bank also launched the initiative of conducting online tests of AML/CFT of more than 700 employees. Under its planned initiatives, the Bank is working on implementing a robust e-Learning module which will be accessible through the Bank's intranet in the entire country. The content of each learning module will be gradually transformed on the new system which will help the Bank in upgrading the knowledge and skills of a large number of employees with less cost, effort and time.

These initiatives being taken by the Bank are expected to contribute significantly towards improving business development, Shariah-compliance and quality of customer-service across the Bank's network.

## Service Quality

The Bank has a dedicated Service Quality department (SQ) in place, which is a centralized unit comprising of a dedicated team of individuals who ensure that quality in service is delivered and maintained uniformly at all levels throughout the country. A comprehensive set of service benchmarks are in place against which actual performance is measured. Continuous improvement in service delivery is an on-going process and is an integral part of the culture of the Bank. The Bank has robust Internal Service Measures (ISMs) in place to ensure uniformity in delivery and evaluation of services across the organization. ISMs help evaluate the performance of Branches and Head Office departments on a common and clearly defined scale. The Bank also uses evaluation techniques such as Mystery Shopping and Customer Satisfaction Surveys. This activity is carried out to obtain an unbiased picture of the Bank's overall performance and provides feedback for improving the Bank's service culture to ensure that the standards of service that have been defined internally are being met.

The Bank also has a Centralized Complaint Investigation and Management Unit that handles customer queries and problems and ensures that complaints are addressed within strictly monitored timelines. The Dispute Resolution Unit, an addition to CCU, has been established to treat customers' financial issues with special attention.

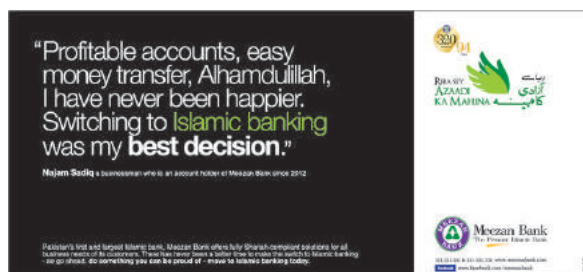
## Our Service Mission

*To develop a committed service culture which ensures the consistent delivery of our products and services within the highest quality service parameters, promoting Islamic values and ensuring recognition and a quality banking experience to our customers.*

# Marketing & Corporate Communication

Meezan Bank launched several initiatives focused on highlighting the milestones that it had achieved during the year and on communicating the unique selling points of its products to the general public. The marketing campaigns listed below utilized various media including print, radio and social media.

- Campaign highlighting the performance of 2012
- Co-branding campaign with Pak Suzuki Motor Company Limited
- Co-branding campaign for Fortuner with Indus Motor Company
- Campaign highlighting the features of Meezan Bank's Current Account
- Riba Se Azadi campaign
- Campaign on achieving the milestone network size of 100 Cities



The Bank regularly informs its customers and general public about its achievements as well as business and operational milestones through dedicated PR activities including official Press Releases in print, electronic and social media channels as well as covering them for internal and external audience through its newsletter - PAGES.

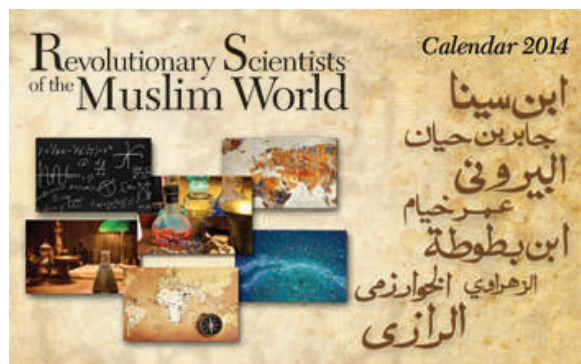
The Bank has significant presence on Social and Digital Media through:

- Its official Facebook page which has more than 130,000 fans and is one of the topmost banking sector pages in Pakistan.
- A user-friendly corporate website which is among the top 3 most visited banking websites of Pakistan and the most visited Islamic banking website of Pakistan.
- LinkedIn page which has over 9,000 followers.
- Its Twitter following being the largest number of Twitter followers of any Bank in Pakistan.
- Its YouTube channel which is the largest and only dedicated Islamic banking channel.



To help enhance its brand image and promote its products and services, Meezan Bank conducted the following Marketing and Public Relation activities during 2013:

- 39 Islamic banking Seminars and 208 Customer Appreciation Days were organized nationwide to promote awareness about Islamic banking and the products and services of Meezan Bank.
- Sponsored and participated in over 60 public events nationwide such as:
  - South Asia Strategic Leadership Summit
  - MAP Convention
  - Kidz Xpo
  - Dawn All About Lifestyle, and many others
 This resulted in giving the Bank high visibility in the general public and excellent marketing mileage.
- Keeping in view the appreciation and excellent feedback by its clients, the Bank continued its initiative of designing and producing informative wall and table calendars. The calendar is also made available in digital form on the Bank's website.



- Interviews of the Bank's management team were arranged in print, radio and television to promote understanding about Islamic banking among the general public.
- In order to highlight the importance of the holy month of Ramadan, the Bank has adopted the practice of distribution of Ramadan cards instead of the conventional Eid cards. These cards are designed with a special religious message and have been appreciated by both customers and non-customers.



# Corporate Social Responsibility

During 2013, Meezan Bank made contributions in the form of financial assistance, providing logistical support and availability of human resources for numerous charitable causes in various sectors as elaborated below.

## Initiatives in the Health Sector

### Shaukat Khanum Memorial Cancer Hospital



Shaukat Khanum Memorial Cancer Hospital and Research Centre is recognized as amongst the most credible and resilient charities and cancer hospitals in Pakistan. The hospital provides comprehensive treatment, free of cost, to thousands of indigent cancer patients across the country. As in the previous years, Meezan Bank continued to provide support to Shaukat Khanum Cancer Hospital on numerous projects which include:

#### Support in collection of funds through placement of Donation Collection Boxes in branches

Under the MoU with Shaukat Khanum Hospital, the Bank continued to place coin/collection boxes at all branches. Currently, the Bank places these boxes in all its branches of Sindh and Baluchistan.

The amount collected from these collection boxes is directly deposited into the hospital's main collection account through Meezan Bank's free online banking service. This initiative which commenced in 2010, has provided 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.

#### Anti-Tobacco Campaign 2013

Meezan Bank participated in Shaukat Khanum Memorial Cancer Hospital's nationwide Anti-Tobacco campaign 2013. The Bank arranged for a seminar for its employees to spread awareness of tobacco-related diseases on Anti-Tobacco Day. This seminar was conducted by a special team of doctors and representatives of the hospital.

#### Assistance towards donation collection

Meezan Bank supports fund raising efforts of the hospital by making its branches available for placement of information leaflets, banners and deposit slips to promote the organization's efforts and assist in collection of donations.

### Friends of Adam



Meezan Bank supported 'Friends of Adam', a welfare association for disabled and epileptic children, through a unique initiative of providing these disabled children a real-life work experience, to develop a sense of accomplishment in them. Under this initiative, a group of disabled young people provided car tyre air pressure checking service for cars at Meezan Bank's Head office - Meezan House, Karachi. Meezan Bank paid these children for their services to help build their morale as productive members of the society.

### Umair Sana Foundation



Meezan Bank joined hands with Omair Sana Foundation, a not-for-profit organization that works for cure and prevention of Thalassemia in Pakistan without taking any charges. In order to facilitate their efforts, Meezan Bank set up a blood donation camp at the premises of Meezan House. Staff at the Head Office as well as of Karachi branches visited the camp and donated blood for Thalassemic children. Donors received blood screening reports for the following diseases - Hepatitis B, Hepatitis C, Malaria, AIDS, Syphilis etc.



### Children Cancer Hospital & Afzaal Memorial Thalassemia Foundation



Similar to the support it extended last year, Meezan Bank supported the efforts of Children Cancer Hospital, a reputed hospital for cancer treatment at Karachi and Afzaal Memorial Thalassemia foundation, a foundation which provides free health care to Thalassemia-affected children, in promoting awareness about cancer and Thalassemia and their prevention. Branches of Meezan Bank displayed banners and distributed flyers carrying information about the diseases as well as details for charity contribution to these organizations.



## Sindh Institute of Urology and Transplantation (SIUT)



The SIUT provides free medical treatment for kidney and liver diseases and cancer and is a renowned centre for ethical kidney transplantation. Meezan Bank supported fund raising efforts of SIUT by making its branches available for placement of information leaflets and banners to promote the organization's efforts and assist in collection of donations.

## The Kidney Centre Post Graduate Training Institute



The Kidney Centre is a non-profit institution that provides prompt medical treatment for all nephrological ailments. The center provides free-of-cost treatment to needy individuals. As part of Meezan Bank's efforts to provide for the medical needs of the underprivileged, the Bank supported a fund-raiser for the Kidney Center, which was attended by prominent citizens of the city, through placing an advertisement in the event's souvenir.

## Association of the Physically Handicapped Adults

Association of the Physically Handicapped Adults (APHA) is an association formed and run by the physically handicapped and is engaged in rehabilitation and empowerment of disabled individuals. Meezan Bank supported the efforts of APHA, which in collaboration with the Asghar Ali Shah Foundation, organized a T-10 Wheelchair Cricket Tournament on the occasion of International Day of Disabled.

## Initiatives in the Education Sector

### Institute of Business Administration IBA Karachi



The partnership with IBA for its National Talent Hunt Program to select needy but meritorious students of the various Intermediate Boards of the country, entered into its fifth successive year. This year in particular, Meezan Bank facilitated IBA in the selection process by providing its branch network and talent management resources (HR) for interviews at provincial and federal capital of the country. 20 students were selected and given admission in IBA out of the 45 students who were shortlisted following the orientation program and admission test.

### The Citizens Foundation (TCF)



TCF is a professionally managed, non-profit organization set up in 1995 by a group of citizens concerned with the dismal state of education in Pakistan for the underprivileged segment of the society. As of 2013, TCF has established 910 purpose-built school units nationwide with an enrolment of 1,26,000 students. Meezan Bank showed its continuous support towards the cause of educating the less privileged children through continuing its initiative of co-sponsoring TCF's Golf Tournament.

## COMSATS Institute of Information Technology (CIIT)



The COMSATS Institute of Information Technology (CIIT), a public research university with multiple campuses throughout the country, is Pakistan's first exclusive institute of Information Technology. Meezan Bank supported the efforts of the institute for the cause Islamic finance by sponsoring Global Forum in Islamic Finance (GFIF) organized by the Lahore campus of CIIT.

## Youth Entrepreneurial Summit

Meezan Bank sponsored the "YES' 13 Youth Entrepreneurial Summit" as part of its efforts to promote education and develop an entrepreneurial mindset in the youth of Pakistan.



## Initiatives for Creating Awareness and Understanding about Zakat

### Special Orientation to Patient Welfare Association (PWA) and Nigahbaan - Surgical Unit, Civil Hospital Karachi



Special orientation and presentation sessions were conducted at Patient Welfare Association (PWA) and Nigahbaan - Surgical Unit IV - Civil Hospital Karachi. The basic purpose of the orientation was to educate the doctors and medical students about Islamic banking and its applicability in economic and financial sectors. A major portion of the session was dedicated to educate the participants about the Islamic Shariah perspective of collection, investment and utilization criteria of Zakat - one of the pillars of Islam.

## Zakat Awareness and Education Session for NGOs

Meezan Bank recently conducted a detailed session focused on educating welfare organizations about the proper collection and utilization of funds collected through Zakat contributions. The session was conducted by a team of Shariah research scholars working at Meezan Bank in its Product Development and Shariah Compliance (PDSC) department.

Representatives from numerous prominent not-for-profit organizations including, SIUT, LRBT, HAWA Trust, HOPE, Green Crescent Trust, Rashid Memorial Welfare Organization, Child Life Foundation, Muslim Aid, Marie Adelaide Leprosy Centre, Omair Sana Foundation, Memon Medical Institute, Burns Centre, Afzaal Memorial Thalassemia Foundation and The Medical Aid Foundation attended the session.

During the session, the participants benefitted greatly from the informative discussions with the Shariah research scholars about matters pertaining to the proper collection and management of Zakat funds. The session was followed by a detailed question and answer session to clarify the numerous case-specific questions of the participants.

# Sustainability Report



Meezan Bank is cognizant of its responsibility for developing and implementing sustainable business practices that address the expectations that the society has from a responsible corporate citizen. The Bank's consciousness of its responsibility towards society and stakeholders is also expressed in its Vision and Mission statements.

## Stakeholders

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

- Shareholders, represented by the Board of Directors
- Customers: Retail, Corporate, Consumer and Commercial Banking customers
- Employees
- Regulators (Government)
- Business partners: suppliers & service providers
- Trade associations
- Peers: other financial institutions (Islamic as well as conventional)
- Opinion-formers: Journalists, special interest groups, public via multiple communication channels

## 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'.

### Employees

Human Capital is the Bank's most valuable equity. Meezan Bank uses various means to ensure that its people stay motivated and committed to the cause of Islamic banking and are groomed to develop into better professionals as well as productive members of the society. Some of the initiatives undertaken by the Bank for its staff are:

- **Employee Satisfaction Survey:** This survey is an on-going practice and is conducted on a nationwide basis every year to gauge employees' level of job satisfaction.
- **Appreciation of Achievements:** Academic and professional achievements are milestones in an individual's career and therefore need to be recognized in the most effective manner. Meezan Bank promotes its staff's achievements via internal email circulation and publication in its Newsletter. The Bank also makes the published researched work of its employees available to all staff in electronic form through the Corporate Communication department. The Bank also distributes service awards on yearly basis to staff members who complete 5 and 10 years of service.
- **Staff get-togethers:** The Bank makes efforts to ensure that the quality of working relationships among its staff is

improved through regular interactions in the form of staff gatherings at both local and regional level. During 2013, the Bank held its strategy meeting abroad for the Senior Management team which, in addition to providing a venue for exchange of creative ideas, also proved to be an effective team-building exercise.



To celebrate 10 years of operations, the Consumer Business units of Easy Home and Car Ijarah organized the first consumer conference. It helped the team to celebrate its achievements and gear up for the next year with more passion.

### 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 in 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 with the Bank 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, customer appreciation days and local gettogethers on new branch openings.

- **Islamic Banking Seminars & workshops** are conducted across the country on a regular basis in order to enhance awareness and dispel common confusions about Islamic



banking. These 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. In 2013, the Bank conducted a special workshop for journalists at Meezan House and addressed their numerous queries about Islamic banking. These workshops and seminars, in addition to spreading knowledge about Islamic banking, also give the staff of Meezan Bank the opportunity to interact with existing and potential customers to understand their needs and get feedback from them for further improvement of Meezan Bank's products and services.

- **Customer Appreciation Days** are branch-specific events where customers are invited with their friends and families to visit their branch and interact with branch staff over light snacks. These events give Meezan Bank's staff the opportunity to have one-on-one discussions with customers and their families that strengthen the Bank's relationship with its customers.
- **Branch Opening Events** offer another opportunity where all staff of a new branch meets the residents and businessmen of the locality of the branch. This event adds value both by giving a jump-start to the business activities as well as giving the potential customers an opportunity to meet the new team and start developing a better understanding of the concepts and products of Islamic banking.

**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 including the public, through the Annual Report, regular Press Releases, publication of the quarterly newsletter PAGES, periodic direct customer communications and social media channels including Facebook, Twitter and LinkedIn. The Bank also engages customers by arranging its visibility and accessibility on public discussion forums, seminars and electronic & print media.



## Recruitment & Succession Planning

Sustainable growth cannot be achieved without a sustainable and resilient organizational hierarchy. Meezan Bank's Human Resource department is a key player in developing policies for retaining human capital at the Bank. The department also ensures implementation of the Bank's succession planning. The policy and procedure for design and implementation of succession planning is anchored by the Bank's top management and facilitated by the HR department. Successors are identified on the basis of their potential as well as their performance and experience.

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. Towards this end, the Human Resource Department conducts internal searches as well.

In 2013, the Bank recruited staff across the country through batch hiring for Branch Operations Officers, Personal Bankers, Business Development Officers and Cash Officers. All the batches were hired under a transparent and merit-driven process.

## Learning & Development

### Staff Training

Meezan Bank offers an extensive range of training opportunities to its employees to promote their professional development and enable best output from the staff. 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 for providing training on the new T24 Core Banking system. The Mock Branch at Karachi also contains an ATM for hands-on ATM-related trainings. The Mock Branches enable the staff to get trained in a simulated branch environment to equip them with the practical elements of their day-to-day core banking system-related work.

## Health and Recreation

Meezan Bank believes that providing a pleasant working environment to its staff is a part of its core responsibilities as an employer and has taken various steps to ensure that its employees are provided with a safe working environment and opportunities to develop a healthy lifestyle.



## Medical Benefits & Health Facilities

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

The Bank encourages a healthy lifestyle for both male and female employees by providing them access to independent fitness gyms, a 1,200 sqft swimming pool and separate recreational areas at Meezan House. The facilities are



supported by specialized swimming and fitness trainers to assist the staff in their exercise and diet routine. The Bank also provides professionally and hygienically cooked meals at a subsidized cost to its staff at the Head Office cafeteria which is prepared in an on-location kitchen. Along with these subsidized meals, the staff is also provided with multiple coffee areas for free refreshments throughout the day. Meezan House is also equipped with an imported Reverse Osmosis Plant for water purification which is used to discourage procurement of bottled water and to provide a cost-effective solution for pure drinking water for staff.

## 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.

Meezan Bank also shows its support towards sports through sponsorship of numerous tournaments for different age groups which include both CSR and marketing opportunities. In 2013, the Bank sponsored competitions for Cricket and Golf.

## 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. The Bank also conducts fire drills to help the employees become aware of the steps in case of an emergency and 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 before the customer undertakes a transaction
- The Meezan Internet Banking website is encrypted with 256 bit encryption
- Two-factor authentication for funds-transfer transactions on Internet Banking
- Recording of all customer calls to the Call Centre
- IVR Transactions are secured via a separate Telephone Banking PIN (T-PIN)
- Meezan Bank's SMS alerts service keeps the customers constantly updated of any activity (Debit or Credit) in their account

## Selection of Business Partners

Meezan Bank ensures that its business partners are selected and approved through a detailed review and selection process. The Bank's procurement team is empowered to finalize the best supplier and service provider based on quality, costing, historic relations 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

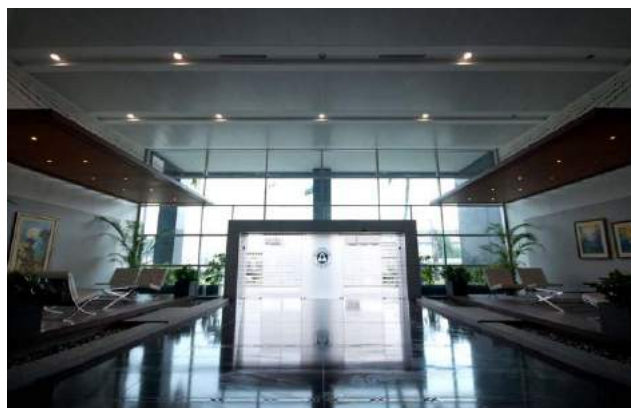
Meezan Bank has Pakistan's largest Islamic banking branch network of 351 branches in 103 cities. The branches work as per defined operational procedures which are constantly reviewed and monitored through the Service Quality Department and Shariah Audits conducted by the PDSC department. Service Quality Controllers are posted in branches 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 Branch Service Quality Awards, Alternate Distribution Channel Awards and Shariah Audit Rating Awards. These are mentioned and highlighted via MIS, internal announcements and published in the Bank's quarterly Newsletter.


## Conservation of Energy and Resources

### Energy

An integral part of Meezan Bank's branding is its branch signage which is the most commonly visible image of the Bank. The Bank has designed an elegant and energy-efficient signage in which only a small portion of the signage is lit at night, thereby using less electricity, yet enhancing its aesthetic appeal. After the redesigning, the overall energy consumption has decreased by approximately 35%. Keeping in mind that Meezan Bank has over 350 branches across Pakistan; this contributes significantly in reducing the overall energy consumption by the Bank.



Meezan Bank has also taken 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 chiller also contributes to reduced electricity consumption in the office building.

The Bank is also planning to install  Touchpoint energy-efficient ATMs in collaboration with TouchPoint, distributor of Diebold energy-efficient ATMs. This initiative is part of the Bank's focus on providing technologically advanced facilities to its customers along with decreasing the consumption of energy by reducing the usage of diesel and electricity.

### Natural Resources and Process Efficiency

Meezan Bank has taken initiatives to promote a paperless environment to improve its working efficiency and control the

operating expenses resulting from photocopy and printed papers. To this end, the following steps have been taken:

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

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

## Consumer Protection Measures

Meezan Bank has taken the following measures to provide financial risk coverage to its Consumer Banking customers:

- 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 the 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 of laptop are covered by the Bank's approved Takaful company for which the Bank pays the premium.
- The Bank's Auto finance operates under the Ijarah model under which the Bank takes responsibility for comprehensive Takaful coverage of the vehicle over the complete financing period while it also provides the additional facilities of Tracker with free monitoring and accidental death coverage to the customers.

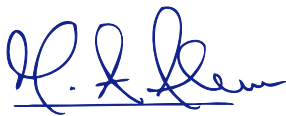
## Business Ethics & Anti-Corruption Measures

Meezan Bank has a comprehensive Code of Conduct and Standard of Ethics as part of its Human Resource Policy & Procedure Manual which is available to all staff members over the Intranet. The Bank's Disciplinary Action Committee takes action on any violation of policies & procedures, act of fraud & forgery, breach of discipline and code of conduct, ethics & business practices, law of the land and statutory regulations by an employee. Appeals of the staff against whom DAC takes disciplinary action are further 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.

# Report of the Board Audit Committee

During the period under review, Board Audit Committee (BAC) held five meetings. A summary of various activities carried out by BAC is as follows:

- The Committee reviewed quarterly, half yearly and annual financial statements of the Bank before submitting the same for approval of the Board. The review was carried out to ensure that financial statements are understandable, transparent and reliable and in compliance with all applicable accounting standards, statutory and regulatory requirements. The Audit Committee findings and recommendations on the financial statements were advised to the Board.
- The Committee reviewed covering and management letters issued by the external auditors and management's response thereto, and held discussions with external auditors on major observations. The Committee also recommended the reappointment of the external auditors to the Board as per the requirements of the Code of Corporate Governance.
- As part of its oversight responsibility, the Audit Committee reviewed and evaluated the Bank's internal control environment to assess its effectiveness. On the basis of the review, the Committee made various recommendations to the management including determination of appropriate measures to safeguard the Bank's assets. The Committee ensured Internal Auditor's access to the Audit Committee, encouraging communication beyond scheduled Committee meetings. The Committee ensured implementation of audit recommendations through regular reviews and follow ups. The Committee reviewed/approved the scope and extent of internal audit, including consideration of major findings of internal investigations of activities characterized by fraud and abuse of power, and ensured that management's response was appropriate to the situation.
- The Committee also reviewed and had an oversight of implementation of Internal Controls over Financial Reporting (ICFR) program across the Bank.
- The Committee also reviewed Compliance Activity Report, Institutional Risk Assessment Framework (IRAF) - Self Assessment Questionnaire and SBP Inspection Report alongwith monitoring of its compliance status.
- The Committee reviewed related party transactions as per the regulatory guidelines.
- The Committee also reviewed the plans for developing a comprehensive Business Continuity Plan (BCP) and that necessary disaster recovery testing were done during the period under review.
- The Committee also reviewed Shariah Audit Reports and Compliance Status of the same.
- The Committee regularly communicated with the management regarding the status and progress of Audit Committee decisions/Internal Audit recommendations, and new developments, as well as problematic areas. The Audit Committee is working towards strengthening the internal controls and governance. Significant matters requiring Board attention and Audit Committee recommendations are regularly reported to the Board for consideration and necessary corrective actions.



**Mohammad Abdul Aleem**  
Board Audit Committee

# Shariah Advisor's Report - 2013

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

By the Grace of Allah, the year under review was the twelfth year of Islamic commercial banking for Meezan Bank Limited. During this year, the Bank developed and executed a variety of new as well as established Islamic banking products and transactions after due approval from the Shariah Supervisory Board and/or Shariah Advisor. During the year, the Shariah Supervisory Board (SSB) of Meezan Bank held one meeting to review various products, concepts, transactions, processes and their Shariah-compliance, referred to them by the Shariah Advisor.

As part of the Shariah-compliance framework a full fledged Product Development & Shariah Compliance (PDSC) department is working under my supervision. The role of this function is facilitating new research & product development activities, refining existing products & procedures, providing Islamic banking training, conducting Shariah audit & compliance reviews of branches and departments, coordinating with the Bank's Shariah Supervisory Board and providing Islamic Financial Advisory services to both local and foreign institutions.

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

## Research & New Product Development

Alhamdulillah, during the year, the Bank was able to develop and successfully launch various innovative products and structures, adding value to the Islamic financial products palette of the Bank.

An innovative Shariah compliant product, based on Wakalah for handling Foreign Currency Close out cases was developed. The product enables to provide Shariah compliant solution to a global problem being faced by Islamic financial industry.

As an alternate to the conventional 'repo' transactions, the Bank has developed and executed secured interbank placement transactions as a solution for managing liquidity.

Keeping in view the Bank's increasing focus on 'Shirkatul Aqd' based financing an exclusive short term Musharakah based product was developed for Al Meezan Investment Management Ltd (AMIM). Furthermore, 'Running Musharakah' product saw a continuous rise with several blue chip companies opting for financing through this mode.

In addition to the above, short term Musharakah Sukuk were developed by the Bank for the power producer LALPIR Power in addition to the previously developed Sukuk for the power generation sector for KAPCO and HUBCO.

A unique Wakalah pool based solution for Mudarabah

companies having Shariah-compliant investment was also developed. Apart from this, structured solutions were developed for different blue chip corporate clients.

It is pertinent to mention here that the Bank has also suggested several Shariah-compliant mechanisms for providing funding to deserving candidates under Prime Minister's Youth Financing Scheme. Alongside this, as members of the Steering committee for the promotion of Islamic banking and finance created by the Finance Minister, we are actively contributing the committee with our Vision of establishing Islamic banking as banking of first choice.

Meezan Kafalah is another addition to the innovative deposit products menu of Meezan Bank. The product is an alternative to conventional 'Banca assurance' and has initially been offered to internal customers and the roll out is expected in the first quarter of 2014, Insha'Allah.

## Training & Development

During the year 114 Islamic banking training sessions were held in which 4,207 employees participated throughout Pakistan, as compared to 3,314 employees who participated in 109 Islamic banking trainings last year.

Meezan Bank conducted 39 seminars and workshops in 12 cities of the country and also in 3 different countries of the world which were attended by more than 2,500 participants representing customers, general public and professionals.

The Bank also launched the 7th batch of Islamic Banking Certification Course Level 1 and has also completed 2nd batch of Islamic Banking Certification Course Level 2; an advanced-level certification program designed to enhance the Islamic banking expertise of the Bank's employees. Besides this, the Bank also conducted comprehensive advanced-level 6-day Islamic banking courses for Branch Managers, Operation Managers and senior front-end employees at Islamabad, Karachi and Lahore Regions. Deposit Refreshers and new deposit product-specific training sessions were also held on regular basis throughout the year. In addition, 'Kafalah' trainings were also conducted during the year, at pan Pakistan level.

## Shariah Advisory

Alhamdulillah, on the Islamic financial advisory side the Bank continued its expansion both locally and internationally by sharing its expertise, knowledge, experience and the success story of Meezan Bank Limited with its clientele.

In the international arena, the Bank inked an agreement with Ethical Finance Ltd. (EFL) for establishing first retail Islamic bank in the Republic of Mauritius by providing Shariah Technical Services & Support in the areas of Islamic banking product development, Shariah controls, training and other related services. The Bank signed another milestone agreement with Temenos Headquarters SA, Switzerland, for providing Shariah Technical Services & Support including certification of banking software in compliance with recognized Shariah standards like AAOIFI etc.



In the area of Islamic capital markets, the Bank continued to advise all major Islamic mutual funds mainly comprising of those offered by Al-Meezan Investment Management Limited (AMIM) and NBP Fullerton Asset Management Limited (NAFA), regarding establishment & launch of various types of Shariah-compliant Mutual Funds. During the year, the Bank facilitated AMIM and NAFA for the launch of different funds under the category of Capital Preservation & Pension funds. Furthermore, the Bank facilitated AMIM in successful conversion of its Balanced Fund from closed-end to open-end.

During the year, the advisory team conducted a customized workshop on Islamic banking concepts for technical and business consultants of National Data Consultants (Pvt) Ltd., a local partner of Temenos headquarters. The Bank also continued to provide advisory services for Islamic consumer sales product to United Sales (Pvt.) Ltd. (USL), a subsidiary of Dawlance group under the umbrella of Diyanat financing.

As a learning, development and capacity building initiative, the Bank introduced an Islamic banking certification course from the platform of International Institute of Islamic Bankers.

Meezan Bank, being the major player in the establishment of KMI-30 Index (KSE Meezan Islamic Index) which is Pakistan's first ever Shariah-compliant Islamic Index, continued to advise Karachi Stock Exchange (KSE) regarding matters related to re-composition of the KMI-30 Index.

## Review of Assets

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

It is encouraging 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. In this context the share of Istisna increased to 20%, share of Musharakah & Running Musharakah has increased significantly to 8%, while the share of Diminishing Musharakah, Murabaha & Ijarah remained at 29%, 28% & 7% of the total financing portfolio. The Bank's total financing portfolio reached Rs. 133.5 billion (gross) as of December 31, 2013. All these transactions were executed using Shariah-compliant financing agreements.

Financing Modes	2012	2013	Growth/(Decline)
Diminishing Musharakah	33%	29%	(4%)
<b>Murabaha</b>	31%	28%	(3%)
Istisna	18%	20%	2%
<b>Musharakah &amp; Running Musharakah</b>	1%	8%	7%
Ijarah	8%	7%	(1%)
<b>Salam</b>	1%	4%	3%
Tijarah	4%	2%	(2%)

## Review of Liabilities

On the liability side, the Bank offered different Shariah-compliant deposit products based on the mode of 'Mudarabah' & 'Qard'. Total deposits of the Bank increased by 26% and reached a sum of Rs.289.8 billion as at December 31, 2013. During the year, the Bank accepted deposits on the mode of Musharakah for short-term liquidity management from inter-bank market and corporate clients.

Throughout the year, the process of allocation of assets and funds to various deposit pools; announcement of overall profit sharing ratios for Mudarabah-based deposits; monthly allocation of weightages and distribution of income to deposit accounts was monitored and reviewed in accordance with Shariah rules and principles.

## Shariah Audit & Compliance Reviews

The Shariah Audit function plays a vital role in achieving the objective of ensuring Shariah compliance by evaluating the adherence to Shariah guidelines in each and every activity undertaken by the Bank. The Shariah Audit function keeps a continuous check on all activities starting right from the time of opening of a branch and goes hand in hand at each step of product offering till the stage of final profit distribution to the customers.

Shariah Audit of 287 branches and departments was conducted as a part of the Bank's efforts to strengthen the internal Shariah controls mechanism. These audits not only cover the transactions that the branches/departments undertake but also include an evaluation of the Shariah knowledge of staff.

On the financing side, the Bank's PDSC team makes extra efforts to understand the customer's business model before approving or renewing any facility. Frequent customer meetings, factory visits and reviews of business processes and transactions are undertaken to ensure that the facility being offered to the customer is delivered through a process that ensures compliance with Islamic Shariah. Shariah Audit of the process of profit distribution to depositors is also conducted periodically to ensure adherence to Shariah guidelines.

During the year, credit approvals, restructuring of financing facilities, customer-specific transaction process flows, text of LGs and security documents were reviewed to ensure Shariah compliance while offering financing products to the customers.

As a part of its ongoing activities, the PDSC department approved more than 1000 product structures and process flows for its clients. Moreover, random physical inspections and concrete measures were taken to verify the purchase evidences and invoices of financing transactions, thus further improving the quality of internal controls. In Istisna and Tijarah transactions, existence of goods was ensured by conducting 100% physical inspections at the time of taking delivery of the goods.

It is a matter of concern that during the year 2013, direct payments for Murabaha financing to Corporate and

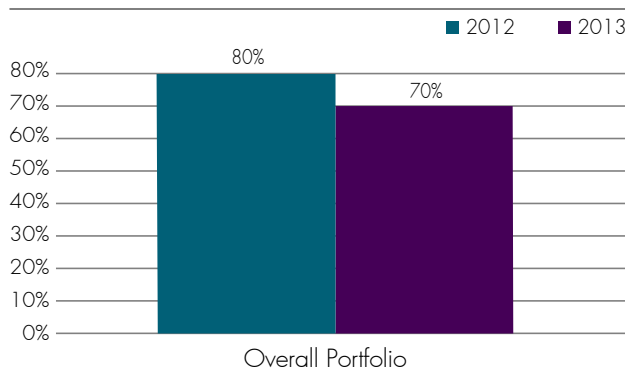
SME/commercial customers dropped from 80% to 70%, a decrease of 10%. It is highly recommended that concrete efforts should be made in order to increase the percentage of direct payment in Murabaha transactions. However, in terms of cases disbursed under Murabaha, the overall number of direct payment Murabaha transactions has increased.

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

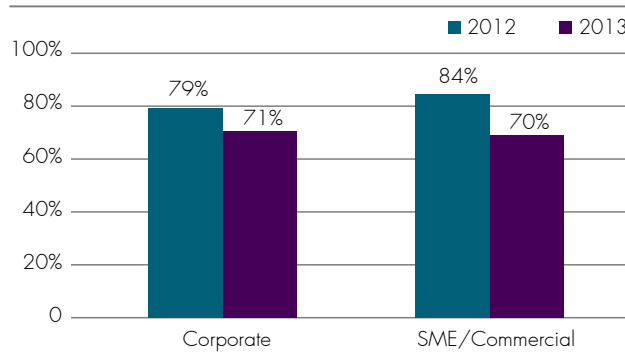
Murabaha Financing Direct Payment	2012	2013	Growth/Decline
Overall Portfolio	80%	70%	(10%)
Customer Wise Segregation			
Corporate	79%	71%	(8%)
SME/Commercial	84%	70%	(14%)

(The percentages above are rounded off)

#### Overall Direct Murabahah Financing Year-wise Trends in %



#### Customer-wise Segregation Year-wise Trends in %



In addition to the above-mentioned compliance measures, Shariah audit & compliance review of 287 branches and departments was conducted during the year to gain firsthand understanding of the activities being carried out at the branches and departments.

An exercise of gauging the basic understanding of the staff about the structures and concepts of Islamic banking & finance was also conducted by way of interviews and on the spot training sessions were conducted to address any shortcomings identified during the course of such reviews.

The audit covered overall Shariah-compliance of the Bank's operations and their alignment with the guidelines given by Shariah Advisor and the SSB. In the process, following areas were looked into:

- Suppliers' existence was confirmed by visiting the suppliers' premises on sample basis
- Cross verification of Murabaha transactions with customers' record was done to ensure that the transactional documents represented actual occurrence of events on ground
- Genuine purchase evidences were obtained to execute Murabaha transactions to ensure that Murabaha disbursements are not availed to set off previous balances with the supplier
- Agreements for Murabaha, Ijarah, Diminishing Musharakah, Istisna, Tijarah and Bai Salam were reviewed
- Declarations, description of assets, relevant purchase invoices, sequence and order of the documents and time difference between purchases and declaration in Murabaha were reviewed to obviate the possibility of fictitious transactions
- Murabaha Monitoring Sheets (MMS) and Delayed Declaration Reports (DDR)
- Purchase deeds, treatment of ownership related cost & recovery of rentals in Ijarah transactions
- Ownership ratio in Diminishing Musharakah for housing and issuance of timely unit sale receipts
- Investment made in stock with reference to the stock screening criteria
- Import finance transactions and related documentation
- Extensive reviews of client payment, purchase cycle and periodic assessment of client's processes
- Other related documents and procedures followed by different functional areas
- Profit-sharing ratio, profit weightages, pool working, asset & deposit allocation for deposit products

#### Murabaha Monitoring System

A system for continuous monitoring of Murabaha transactions is in place whereby the branches extending Murabaha financing are required to submit a monthly reporting sheet, after thorough review by the branch/departmental management, to PDSC for review and continuous monitoring of Murabaha transactions to avoid any mistakes/errors.

#### Charity

During the year, an amount of Rs. 57.4 million was transferred to the Charity Payable Account, this includes Rs. 30.08 million to eliminate the non-compliant income portion identified during Shariah audit, Rs 3.38 million to purify the dividend income earned from the investment made in the Shariah-compliant stocks by the Bank and Rs. 23.91 million transferred to charity payable account, in the normal course of business, on account of non-timely payments by customers in various financial transactions. Moreover, an amount of Rs. 98.3 million was disbursed from the Charity Account after approval of the Shariah Advisor. Details of Charity are available in note # 18.4.

#### Recommendation

Based on the review of various transactions and operations of the Bank, I recommend that:



- The Bank should evaluate the possibility of offering its products, services and network in the international market so as to make other people benefit from Islamic banking.
- The Bank's IT system must be strengthened to facilitate internal as well as external customers. In this regard, asset side product modules should be given immediate priority.
- With the expansion in size and reach, the Bank should explore the possibility of offering unconventional Islamic banking services which may include the development of warehouses and showrooms for trading purpose.
- The Bank should focus on new innovations and explore the possibility of entering into more specialized Shariah-compliant financing modes such as Microfinance, Shariah-compliant private equity and venture capital.
- Due care regarding the mindset and commitment towards the cause of Islamic banking should be taken during the process of hiring of new staff. Moreover, it is recommended to increase the scope of Islamic banking knowledge assessment process already implemented for new Branch and Operations Managers to Area Managers, department heads and new joiners at senior level.
- The Bank should continue its policy of expansion to spread Islamic banking and in this regard continue its focus on employees' training related to Islamic banking products and services offered by the Bank with specific focus on front line staff.

## 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 Shariah Advisor and to ensure Shariah-compliance in all activities of the Bank. The prime responsibility for ensuring Shariah-compliance of the Bank's operations thus lies with the management.

Based on the extensive reviews of sample cases for each class of transaction, related documentation, processes, profit distribution mechanism for the depositors and management's representation made in this regard, in our opinion, the affairs, activities and transactions, performed by the Bank during the year comply with the rules & principles of Islamic Shariah in light of the guidelines and directives given by the Shariah Supervisory Board, Shariah Advisor of Meezan Bank and SBP guidelines related to Shariah-compliance. The non-compliant income identified during the review is being transferred to the Charity Account.

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

Wassalam Alaikum Wa Rahmat Allah Wa Barakatuh.



**Dr. Muhammad Imran Usmani**

Member Shariah Supervisory Board & Shariah Advisor

Dated: 26th Rabi ul Awal 1435 H/January 28, 2014

## تجایز

متحدہ عقود کا جائزہ لینے کی بنیاد پر میں درج ذیل امور تجویز کرتا ہوں:

- بینک کو اب اپنی سروسز اور پروڈکٹس بین الاقوامی سطح پر کسٹمرز کی ترجیحات کو ملحوظ رکھتے ہوئے آفر کرنے کے لیے تجویز کرنا چاہیے۔
- بینک کے IT سسٹم میں مزید تقویت آجانی چاہئے، اس سلسلے میں اندرونی اور بیرونی کسٹمرز کی ضروریات کی تکمیل اور Assetside پر ہونے والی سرمایہ کاری کے طریقہ کار کی طرف خصوصی توجہ کی جائے۔
- بینک کی ترقی اور نیٹ ورک کے پھیلاؤ کو دیکھتے ہوئے اب اس بات پر غور کرنا چاہیے کہ جو معاملات مرویہ سودی بینکاری میں رائج ہیں اور اب تک ان کا شرعی متبادل تیار نہیں کیا گیا ہے ان کا متبادل تیار کیا جائے اور تجارتی مقاصد کیلئے شوروم یا گودام وغیرہ قائم کئے جائیں تاکہ تجارتی سرگرمیاں بڑھ سکیں۔
- بینک کو یہ چاہیے کہ نئی سہولیات پر مستقل غور کرتا رہے اور دیگر شرعی جائزہ دہلی طریقوں کو متعارف کرائے مثال کے طور پر ہائپر فنانس، شریعہ کمپلائنس پرائیویٹ کیو بی او اور وی ٹیچر کمپنیل۔
- 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۔ نیز میزبان بینک میں فقہاء کی اسلامی بینکاری سے متعلق معلومات کو جانچنے کے لئے جو نظام رائج ہے اس کے دائرہ کار میں مزید وسعت پیدا کی جائے اور رائج منیجر سے لے کر ایریا منیجر اور شعبوں کے سربراہوں تک کی اسلامی بینکاری سے متعلق معلومات کو جانچنے کا ایک نظام ترتیب دیا جائے۔
- بینک کو چاہئے کہ اسلامی بینکاری کی توسیع کے مقصد سے اپنے آپ کو مسلسل وسعت دینے کی پالیسی جاری رکھے اور اس سلسلے میں وہ اپنے ملازمین کی تربیت کی طرف اپنی توجہ مبذول رکھے۔ اسلامی بینکاری کی پروڈکٹس اور بینک کی طرف سے پیش کردہ خدمات کے بارے میں ملازمین (اور خصوصاً فرنٹ آفس کے ملازمین) کا معیار معلومات مزید بڑھانا اور ان کی مزید تربیت کا انتظام کرنا نہایت اہم ہے، بینک کو چاہئے کہ اس جانب اپنی توجہ برقرار رکھے۔

## خلاصہ کلام

بینک کے چارٹر کے تحت تمام انتظامیہ اور ملازمین کے لیے ضروری ہے کہ وہ شریعہ سپروائزرز، بورڈ اور شریعہ ایڈوائزر 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 بینک کی انتظامیہ پر عائد ہوتی ہے۔

بینک کی طرف سے انجام کردہ مختلف عقود، ان کے متعلقہ دستاویزات، اس کے طریقہ کار، ڈیپازٹرز کو تقسیم ہونے والے لفع کا طریقہ کار، اور ان کے متعلق انتظامیہ کی دی گئی رائے کے جائزہ کی بنیاد پر ہماری رائے میں رواں سال میں بینک کی طرف سے کیے گئے عقود اسلامی شریعہ کے ان اصولوں اور ہدایات کے مطابق ہیں جو میزبان بینک کے شریعہ سپروائزرز، بورڈ، شریعہ ایڈوائزر اور اسٹیٹ بینک آف پاکستان کی طرف سے جاری کی گئی ہیں۔ اس جائزہ کے دوران جو غیر شرعی آمدنی پائی گئی وہ جبری میں منتقل کی جا رہی 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 عثمانی**

ممبر شریعہ سپروائزرز بورڈ، شریعہ ایڈوائزر

موریہ ۲۶، رجب الاول ۱۴۳۵ھ / ۲۸ جنوری ۲۰۱۴ء

گئی ہدایات پر عمل کو جانچنے کے لئے آڈٹ کیا گیا۔ جس کے دوران درج ذیل امور کو بطور خاص پرکھا گیا:

- منتخب سپلائرز کے مقام کا معائنہ کر کے فروخت کی جانے والی اشیاء کا معائنہ اور ان کے موجود ہونے کی تصدیق۔

- مراہجہ کے عقود کی جانچ پڑتال کرنے میں گاہکوں کے اپنے ریکارڈز کی جانچ پڑتال کی گئی تاکہ اس بات کی یقین دہانی کی جاسکے کہ دستاویزات عقود دھائق کی درست نمائندگی کرتے ہیں۔

- عقد مراہجہ کی انجام دہی کے وقت اصلی ثبوت خریداری کی یقین دہانی، تاکہ سپلائر کی سابقہ واجب الاداء رقم کی ادائیگی مراہجہ کی تمویل سے نہ کی جائے۔

- مراہجہ، اجارہ، مشارکہ متناقصہ، استصناع، تجارتہ اور بیع سلم کے معاہدات کا جائزہ۔
- ڈیکلریشن، اثاثوں کی تفصیلات، متعلقہ خریداری کی رسیدیں، دستاویزات کے نفاذ کی ترتیب، مراہجہ میں بینک کی طرف سے کی جانے والی خریداری اور گاہک کی طرف سے کی جانے والی خریداری میں مدت کے فرق کو جانچ پڑتال کی گئی تاکہ جعلی معاملات سے بچا جاسکے۔

- مراہجہ مونیٹرنگ شیٹس اور تاخیر سے موصول ہونے والی مراہجہ ٹرانزیکشن کیلئے (Report Delayed Declaration) کا طریقہ کار۔

- پریچر ڈیڈ (رسید خریداری)، ملکیت سے متعلق اخراجات کی تفصیلات، عقود اجارہ میں اجرتیں وصول کرنے کا طریقہ کار کا مشاہدہ۔

- مشارکہ متناقصہ کی بنیاد پر کی گئیں تمویل عقاری (House Financing) میں ملکیت کا تناسب اور وقت پر خریداری کی رسیدوں کا اجراء کا مشاہدہ۔

- اسٹاک ایکسچینج میں اسکریننگ سے متعلق ہدایات کی تعمید کی گمراہی۔

- امپورٹ فائننس ٹرانزیکشنز اور متعلقہ دستاویزات۔

- گاہکوں کی ادائیگیوں، پریچر سائلز، اور گاہک کے طرق تمویل کا وقتاً فوقتاً جائزہ

- دیگر متعلقہ دستاویزات اور ان کی تعمید کا طریقہ کار۔

- نفع کی شرح کا تناسب، نفع کے اوزان، پولز کا طریقہ کار، ڈیپازٹ پروڈکٹس کیلئے اثاثوں اور ڈیپازٹس کی تعیین۔

### مراہجہ مونیٹرنگ سسٹم

عقود مراہجہ کی مسلسل گمراہی کیلئے ایک کمپیوٹرائزڈ نظام قائم کیا گیا ہے جسکے مطابق وہ تمام براہچر جو مراہجہ کی بنیاد پر تمویل فراہم کرتی ہیں، انکے لئے یہ ضروری ہے کہ ہر ماہ تمام مراہجہ سے متعلق بنیادی معلومات پر مشتمل شیٹ برانچ/ڈپارٹمنٹل مینیجمنٹ کے جائزے کے شرعیہ ڈیپارٹمنٹ (PDSC) کو ارسال کی جائے تاکہ تمام عقود مراہجہ کی تعمید میں غلطی سے محفوظ رہا جاسکے۔

### چیریٹی/صدقات و خیرات

رواں سال میں کل 57.4 ملین روپے چیریٹی واجب الاداء اکاؤنٹ میں منتقل کئے گئے۔ اس میں 30.08 ملین روپے کی مشتبہ آمدنی کی شناخت شرعیہ آڈٹ کے دوران ہوئی، اور 3.38 ملین روپے کی چیریٹی اسٹاک ایکسچینج میں کی گئی انویسٹمنٹ سے حاصل شدہ آمدنی کو Purify کرنے کیلئے لگائی گئی اور 23.91 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 کیے گئے تھے۔ کل 98.3 ملین روپے شرعیہ ایڈوائزر سے منظوری کے بعد چیریٹی سیونگز اکاؤنٹ سے ادا کئے گئے۔ چیریٹی سے متعلق تفصیلات نوٹ نمبر 18.4 میں مذکور ہیں۔

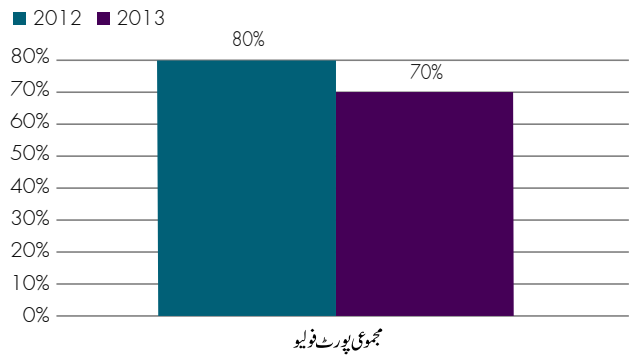
کل 10% کمی ہوئی۔ اس بات کو ملحوظ رکھنا نہایت ضروری ہے کہ مراہجہ کے عقود میں براہ راست ادائیگیوں کے تناسب کو بڑھانے کا نہایت اہتمام کیا جائے۔ البتہ کسری کے تعداد کے اعتبار سے براہ راست ادائیگیوں میں اضافہ ہوا ہے۔

### عقد مراہجہ میں براہ راست ادائیگیوں کا خلاصہ

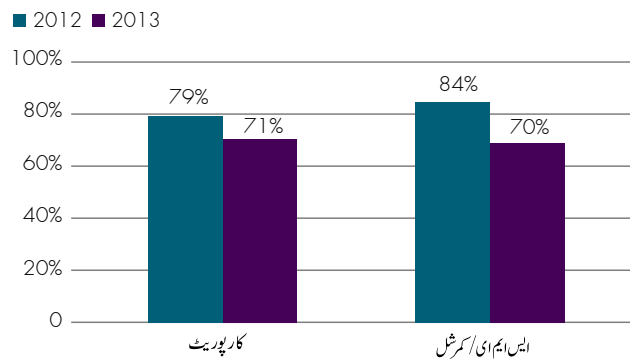
عقد مراہجہ میں کی جانے والی براہ راست ادائیگیاں	2012	2013	شرح حرق
مجموعی پورٹ فولیو	80%	70%	(10%)
باعتبار گاہک			
کارپوریٹ	79%	71%	(8%)
ایس ایم ای / کمرشل	84%	70%	(14%)

مندرجہ بالا فی صد شرحیں نزدیکی مکمل عدد میں تبدیل کردی گئی ہیں۔

عقد مراہجہ میں کی جانے والی براہ راست ادائیگیاں رواں سال اور سابقہ سال کا تقابل



براہ راست ادائیگیوں کی تفصیل باعتبار گاہک رواں سال اور سابقہ سال کا تقابل



مذکورہ بالا اقدامات کے ساتھ ساتھ اس سال بینک کی 287 برانچوں اور میزبان بینک شعبوں کا شرعیہ آڈٹ کیا گیا تاکہ ان برانچز/شعبوں میں ہونے والے عقود کی براہ راست جانچ پڑتال کی جاسکے۔

نیز بینک کے متعلقہ اہلکاروں کی اسلامی بینکاری کے بنیادی ڈھانچوں اور تصورات کے بارے میں معلومات کو بھی ترقیاتی مجالس اور انٹرویوز کے ذریعے جانچا گیا۔ اور مختلف مواقع پر ضرورت محسوس ہونے پر فوری ترقیاتی مجالس منعقد کی گئیں تاکہ ان کمزوریوں دور کیا جاسکے۔

بینک کی مجموعی طور پر شرعی قوانین کی مطابقت اور شرعی ایڈوائزر اور شرعیہ سپروائزرز کی بورڈ کی طرف سے دی



### ڈیپازٹس کا جائزہ

بینک نے اپنی ڈیپازٹ سائیز پر کئی ایسی شرعاً جائز ڈیپازٹ پروڈکٹس وضع کی ہیں جو مضاربہ اور قرض پر مبنی ہیں۔ بمطابق 31 دسمبر 2013ء بینک کے ڈیپازٹس میں 26% فیصد اضافہ ہوا ہے اور بینک کا مجموعی ڈیپازٹ 289.8 ارب روپے تک پہنچ چکا ہے۔ اس سال بینک نے دیگر بینکوں اور کارپوریٹ گاہکوں سے مشارکت کی بنیاد پر قلیل المیعاد مدت کیلئے رقوم وصول کی ہیں۔

رواں سال میں بینک کی ڈیپازٹ سائیز سے متعلق مختلف امور انجام دیئے گئے، یعنی مختلف اثاثوں اور فنڈز کو مختلف پوز کی طرف منسوب کرنا، مضاربہ کی بنیاد پر جمع شدہ رقوم کے مجموعی نفع کے تناسب کا اعلان کرنا، مابانہ Weightages متعین کرنا، سرمایہ داروں اور ڈیپازٹرز کے درمیان منافع کی تقسیم کرنا، منافع کی صحیح تقسیم کی نگرانی اور اس کا تجزیہ کرنا وغیرہ۔

### شرعیہ آڈٹ اور کمپلائنس

بینک کا شرعیہ آڈٹ ڈیپارٹمنٹ اس معاملے میں ایک اہم کردار ادا کرتا ہے، اور بینک کے ہر عمل کی شریعت سے مطابقت کی طرف توجہ مرکوز رکھتا ہے۔ کسی نئی برانچ کھلنے سے لے کر، پروڈکٹس اور متعلقہ تمام سہولیات اور اثاثہ ڈیپازٹرز کے نفع کی تقسیم تک کے تمام معاملات کی شرعی حیثیت پر شرعیہ آڈٹ فنکشن بدستور نظر رکھتا ہے۔

بینک کے عتقد مالیہ اس سال میزان بینک کی کل 287 برانچوں کا آڈٹ کیا گیا۔ اس آڈٹ میں نہ صرف عتقد مالیہ کی شرعی حیثیت کو زیر غور لایا جاتا ہے بلکہ برانچ کے ملازمین کی معلومات شرعیہ کو بھی جانچا جاتا ہے۔

اثاثہ جاتی حصے میں بینک کے ڈیپارٹمنٹ PDSC کی ٹیم کسٹمرز کے تجارتی ماڈل پر دقت نظر کے ساتھ غور کرنے کے بعد ان کی تمویلی ضروریات پر اکر کرنے کے لئے طریقہ کار وضع کرتی ہے۔ کسٹمرز کے ساتھ وقتاً فوقتاً ملاقاتیں کی جاتی ہیں، فیکٹر یوں کے دورے، اور تجارتی طریقہ کار اور عتقد کے جائزے کئے جاتے ہیں تاکہ اس بات کی یقین دہانی کی جاتی رہے کہ جو سہولت کسٹمر کو دی جارہی ہے وہ شریعت کے مطابق ہے۔ مزید برآں ڈیپازٹ ہولڈرز کے نفع کی تقسیم کے طریقہ کار کا بھی جائزہ لیا جاتا ہے تاکہ اصولی شریعت کی خلاف ورزی نہ ہونے کی یقین دہانی ہو۔

رواں سال میں تمویل کی منظوریوں، تمویلی سہولیات کی از سر توجہ دید، ہر گاہ کیلئے عتقد کی تصدیق کا الگ طریقہ کار، اور ضمانتی دستاویزات کا شرعی اعتبار سے جائزہ لیا گیا تاکہ گاہکوں کو دی جانے والی تمویلی سہولیات شرعی اعتبار سے درست ہوں۔

بینک کے پروڈکٹ ڈیپارٹمنٹ اور شرعیہ کمپلائنس ڈیپارٹمنٹ نے 1000 سے زائد عتقد کے پروسفلوز (مالی معاملات کی انجام دہی کا تفصیلی طریقہ کار) منظور کیے۔ بینک کی طرف سے دی جانے والی ہر تمویل کا طریقہ کار یہی شعبہ بنانا اور منظور کرتا ہے۔ نیز مختلف صارفین بینک کے وکیل کے طور پر جو اشیاء خریدتے ہیں ان کی تحقیق کے لئے کئی مقامات پر بینک کی طرف سے باقاعدہ نمائندے نے جا کر معائنہ کیا تاکہ یہ معلوم ہو کہ واقعی اشیاء خریدی گئیں ہیں۔ استحصان اور تجارت میں جب تیار شدہ اشیاء کا بینک نے قبضہ کیا تو 100% معاملات میں دورہ کر کے یہ معائنہ کیا گیا۔

یہ ایک لمحہ فکرمگ ہے کہ رواں سال 2013 کے دوران عتقد و مراہجہ میں براہ راست ادائیگیوں کے مجموعی تناسب میں سابقہ برس کے مقابلے میں 10 فیصد کمی ہوئی ہے۔ 2012 میں براہ راست ادائیگیوں کا تناسب 80 فیصد رہا تھا، جبکہ یہ تناسب 2013 میں کم ہو کر 70% ہو گیا۔ اس طرح

(AMIM) کے تمام اسلامی میوچل فنڈز، NBP نیشنل فلٹریشن ایسیٹ مینجمنٹ کمپنی لمیٹڈ (NAFA)، کو مختلف انواع کے شرعیہ کمپلائنس میوچل فنڈز کو چلانے کے لئے مشاورت فراہم کرتا رہا۔ مزید برآں میزان بینک نے اس سال AMIM اور NAFA کو کمپیوٹل پریزیرویشن اور پشٹن فنڈ کے لیے نئی پراڈکٹ کی تیاری میں بھی شرعی معاونت فراہم کی۔ ساتھ ساتھ AMIM کو بینکس فنڈ کی شرعی طور پر کامیابی کے ساتھ کلوز اینڈ اور اوپن اینڈ میں معاونت فراہم کی۔

میزان بینک کی اسلامک فائنانشل ایڈوائزری ٹیم نے نیشنل ڈائنامکس جوٹیموز کے لوکل پارٹنر ہیں، کے لیے خصوصی تربیتی نشست بھی منعقد کی۔ جس میں اسلامی بینکنگ کے بنیادی تصورات اور عملی تجربات سے ان کو روشناس کرایا گیا۔ نیز بینک نے یونائیٹڈ سیلز لمیٹڈ (USL)، جو کہ ڈاؤ لینس گروپ کی ذیلی کمپنی ہے، کو دیانت فائنانسنگ کے تحت اس کی پروڈکٹس کے سلسلے میں شرعی اعتبار سے مشاورت کو جاری رکھا۔

اسلامک فائنانشل ایڈوائزری سروسز کا تعلیمی اور تربیتی سطح پر ایک نیا اہم اقدام یہ ہے کہ اسلامی بینکنگ کی تعلیم اور تربیت کے خواہشمند حضرات کیلئے IIIB یعنی انٹرنیشنل انسٹیٹیوٹ آف اسلامک بینکرز کے عنوان سے سرٹیفکیٹ کورس کا آغاز کیا ہے۔

میزان بینک نے KMI-30 انڈیکس (KSE Meezan Islamic Index) جو کہ پاکستان کا پہلا شرعیہ کمپلائنس اسلامی انڈیکس ہے، کو متعارف کرانے میں ایک اہم کردار ادا کیا ہے۔ رواں سال بھی میزان بینک بدستور کراچی اسٹاک ایکسچینج کو اس انڈیکس سے متعلق مختلف امور یعنی نئی کمپنیوں کی شمولیت اور شرعیہ اسکریننگ وغیرہ میں شرعی رہنمائی فراہم کرتا رہا ہے۔

### اثاثوں کا جائزہ

موجودہ سال میں میزان بینک نے ابتدائی طور پر مراہجہ، اجارہ، مشارکت متناقصہ، مساومہ، استحصان، تجارتہ، رنگ مشارکہ اور سلم کی بنیاد پر تمویلی سہولیات فراہم کیں۔

یہ بات حوصلہ افزا ہے کہ بینک نے کسی ایک طریقہ تمویل پر انحصار کرنے کی بجائے کئی طرق تمویل کو اختیار کیا ہے۔ جیسا کہ تمویلی تناسب سے بھی واضح ہے کیونکہ عقد استحصان کے تناسب میں 20 فیصد کا اضافہ اور مشارکہ اور رنگ مشارکہ 8% کا اضافہ ہوا۔ جبکہ مشارکت متناقصہ، مراہجہ اور اجارہ کا تناسب کل تمویلی سرگرمیوں کا بالترتیب 29 فیصد، 28 فیصد اور 7 فیصد رہا۔ بینک کا مجموعی تمویلی پورٹ فولیو (بمطابق 31 دسمبر، 2013ء) 133.5 ارب تک پہنچ چکا ہے۔ بینک کے یہ تمام تمویلی عتقد و ان معاہدات کو استعمال کرتے ہوئے کئے گئے جو شرعی اعتبار سے درست ہیں۔

شرعی طریقہ تمویل	2012	2013	شرح ترقی
مشارکہ متناقصہ	33%	29%	(4%)
مراہجہ	31%	28%	(3%)
استحصان	18%	20%	2%
مشارکہ اور رنگ مشارکہ	1%	8%	7%
اجارہ	8%	7%	(1%)
سلم	1%	4%	3%
تجارہ	4%	2%	(2%)

انوسٹمنٹ کا ایک اچھا متبادل ہے۔

یہاں یہ ذکر کرنا بھی بہت مناسب ہے کہ میزان بینک پرائم منسٹر یوتھ لون اسکیم کے شرعی اصولوں کے مطابق اجراء کے لیے مختلف شرعی متبادل کی مشاورت اور تجویز میں پیش پیش رہا ہے۔ اسی طرح Steering Committee کے ممبر ہونے کی حیثیت سے جو زیر خزانہ صاحب کی ہدایت پر اسلامک بینکنگ اور فنانس کی ترقی اور ترویج کے لیے قائم کی گئی ہے، ہمارا مکمل تعاون شامل رہا ہے۔ یہی ہمارا vision ہے کہ اسلامی بینکاری کو بینکنگ کے پہلے انتخاب کے طور پر قائم کیا جائے۔

میزان کفالت، بینک کی لائسنس کی پروڈکٹ میں ایک جدید اور انوکھا اضافہ ہے۔ میزان کفالت مروجہ بینکوں کے "بینک اشورنس" کا شرعی متبادل ہے جو اس وقت پورے پاکستان میں میزان بینک کے ملازمین کے لیے آفر کر دیا گیا ہے۔ اور 2014 کے فرسٹ Quarter میں تمام کسٹمرز کے لیے آفر کر دیا جائے گا۔ انشاء اللہ

ٹریڈنگ اور ڈیولپمنٹ

اس سال 114 سے زائد اسلامی بینکاری کی تربیتی مجالس منعقد کی گئیں جن میں پورے پاکستان سے کل 4207 ملازمین نے شرکت کی۔ جبکہ گذشتہ برس کل 910 مجالس منعقد ہوئی تھیں جن میں کل 3314 ملازمین نے شرکت کی تھی۔

دوران سال پاکستان کے 12 شہروں میں اور تین مختلف ممالک میں 39 سیمینار اور ورک شاپس کا انعقاد کیا گیا جس میں لگ بھگ 2500 سامعین شریک ہوئے۔ ان حاضرین میں صارفین، عوام اور پرفیشنلز شامل تھے۔

اس سال بینک میں اسلامی بینکنگ لیول 1 کا ساواواں اور اسلامی بینکنگ لیول 2 کا دوسرا رچ مکمل ہوا۔ یہ میزان بینک کے ملازمین کے لیے تیار کردہ ایک ایسا تفصیلی کورس ہے جس میں انہیں اسلامی بینکاری کی عملی تفصیلات کی تربیت دی جاتی ہے، اس کے علاوہ بینک نے براؤنچ نیچرز، آپریشنز نیچرز، اور سینئر فرنٹ اینڈ ملازمین کے لئے کراچی لاہور اور اسلام آباد میں چھ روزہ کورسز منعقد کرائے۔ ڈپازٹ ریفریشرز اور ڈپازٹ کی نئی پروڈکٹ بشمول میزان کفالت کے تربیتی کورسز بھی پورے سال پابندی کے ساتھ ہوتے رہے۔

شرعی ایڈوائزر

الحمد للہ میزان بینک کے اسلامک فنانشل ایڈوائزر سروسز کے شعبہ نے میزان بینک کے کلائنٹس کے ساتھ قومی اور بین الاقوامی سطح پر اپنے تجربات، معلومات اور تربیت کی فراہمی کو کامیابی کے ساتھ جاری رکھا۔

بین الاقوامی سطح پر میزان بینک نے EFL Ethical Finance Ltd. کے ساتھ ایک معاہدہ کیا ہے جو اسلامی بینکاری کی ترقی کے لیے ایک اہم سنگ میل ہے۔ اس معاہدہ کی رو سے EFL کو موریشس میں پہلا اسلامی بینک قائم کرنے کے لیے شرعی اور پروڈکٹ ڈیولپمنٹ میں رہنمائی فراہم کی جائے گی۔ اسی طرح Temenos کے ساتھ ایک معاہدہ کیا گیا جس میں Temenos کو AAOIFI کے اکاؤنٹنگ اسٹینڈرڈ کے مطابق اسلامی مالیاتی اداروں کے لیے سافٹ ویئر کی تیاری میں میزان بینک اپنی پیشہ ورانہ خدمات فراہم کرے گا۔

اسلامی کمیونٹی مارکیٹ کے میدان میں میزان بینک بدستور المیزان انوسٹمنٹ مینجمنٹ لمیٹڈ

الحمد لله رب العالمين، و الصلاة و السلام  
على خاتم الانبياء والمرسلين، محمد المصطفى  
الأمين، وعلى آله واصحابه اجمعين، وبعد:

الحمد لله، زیر مطالعہ سال میزان بینک لمیٹڈ کا اسلامی تجارتی بینکاری کا بارہواں سال ہے۔ اس سال بینک نے شریعی ایڈوائزر بورڈ / شریعی ایڈوائزر کی منظوری کے بعد کئی نئی اور متنوع الاقسام پروڈکٹس متعارف کرائیں۔ رواں سال شریعی ایڈوائزر کی طرف سے میزان بینک کی مختلف جدید پروڈکٹس، حقوق، طریقہ عمل اور ان کے عملی انعقاد کو چیک کرنے کا طریقہ کار، شریعی سپروائزر بورڈ اور اس کی ایگزیکٹو کمیٹی کے غور اور جائزے کے لیے پیش کیا گیا، چنانچہ اس سلسلے میں میزان بینک کے شریعی سپروائزر بورڈ اور ایگزیکٹو کمیٹی کا ایک اجلاس بھی ہوا ہے۔

عقود کی جانچ پڑتال کے طریقہ کار کو مزید موثر بنانے کے لیے ایک مستقل شعبہ "پروڈکٹ ڈیولپمنٹ اینڈ شریعی کمپلائنس (PDSC)" میری زیر نگرانی کام کر رہا ہے۔ اس شعبے کی ذمہ داریوں میں نئی پروڈکٹس کے لئے تحقیق و تدقیق، موجودہ پروڈکٹس اور طریقہ کار میں مزید بہتری، اسلامی بینکاری کی تربیت اور شریعی آڈٹ اور کمپلائنس، بینک کی شاخوں اور شعبوں کا جائزہ، بینک کے شریعی سپروائزر بورڈ کے ساتھ رابطہ، اور مقامی اور بین الاقوامی اداروں کو اسلامی تمولیلی سہولیات کی مشاورت کی خدمات شامل ہیں۔

رواں سال میں بینک میں درج ذیل اہم امور انجام پائے۔

نئی پروڈکٹس کی تیاری اور تحقیق

الحمد للہ، اس سال بینک نے کامیابی کے ساتھ متعدد نئی پروڈکٹس وضع کیں، جس کے نتیجے میں اسلامی بینکاری کی مجموعی پروڈکٹس میں خاطر خواہ اضافہ ہوا۔

فارن کرنسی کی ٹرانزیکشن کے لیے Close Out پالیسی کا شرعی متبادل وکالہ کی بنیادوں پر وضع کیا گیا۔ یہ پروڈکٹ بین الاقوامی سطح کے کرنسی کے لین دین کے بہت سے معاملات میں متبادل کے طور پر استعمال کی جاسکتی ہے۔

اسی طرح بینک نے ادارۃ السیولہ (liquidity management) کی ضرورت کو پورا کرنے کے لیے اور Interbank Placement کے متبادل کیلئے شرعی اصولوں کے مطابق اس کی متبادل پروڈکٹ وضع کر لی ہے۔

بینک کی توجہ چونکہ اس وقت مشارکہ کی بنیاد پر کی جانے والی تمولیات کی طرف زیادہ ہے، اس لئے شرکت العقد کی بنیاد پر المیزان انوسٹمنٹ مینجمنٹ کے لیے قصیر المیعاد سرمایہ کاری کی پروڈکٹ وضع کی گئی۔ گذشتہ سال کی طرح اس سال بھی بلوچپ کمپنیز نے رنگ مشارکہ کی بنیاد پہلے سے زیادہ فنانسنگ حاصل کی اور اس طرح مشارکہ کی بنیاد پر تمولیلی سرگرمیوں میں خاطر خواہ اضافہ ہوا۔

ماقبل میں ذکر کردہ امور کے علاوہ قصیر المیعاد وکلوک، جو شرکت العقد پر مبنی ہے، لال پیر پاور پڈیوسر کے لیے وضع کیا گیا جیسا کہ گزشتہ سالوں میں اسی انرجی سیکٹر میں سے KAPCO اور HUBCO کے لئے ایسے ہی وکلوک تیار کیے گئے تھے۔

وکالہ کی بنیاد پر انوسٹمنٹ پول وضع کیا گیا جو مضار کمپنیز اور بلوچپ کمپنیز کیلئے شرعی اصولوں کے مطابق



# Statement of Sources and Uses of Charity Fund

For the year ended December 31, 2013



	2013	2012
	Rupees in '000	
Opening Balance as of January 01	89,561	17,707
Additions during the year		
- Received from customers on delayed payment	23,905	32,230
- Dividend purification amount	3,387	2,203
- Non-shariah compliant income	30,084	47,192
- Profit on charity saving account	3,215	1,079
	60,591	82,704
	150,152	100,411
Less: Distribution of Charity		
Education	(66,732)	(5,675)
Health	(28,962)	(5,175)
Islamic Microfinance	(500)	-
Environmental	(100)	-
Relief & Disaster Recovery	(2,000)	-
	(98,294)	(10,850)
Closing Balance as at December 31	51,858	89,561

## Note:

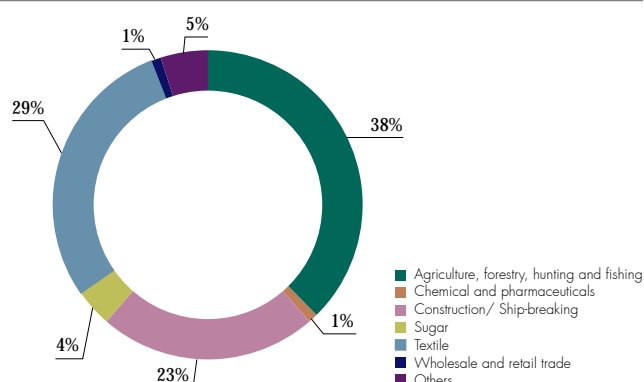
Details of charity payments in excess of Rs. 100,000 are disclosed in note 18.4.1 to the financial statements of the Bank.

## Statement of Inventory

Meezan Bank provides financing facilities through various modes including Murabaha, Istisna, Tijarah, Bai Muajjal and Musawamah. Under these modes, the Bank either purchases the goods to be financed or gets them manufactured. It then sells these goods to the customer on either spot or deferred payment basis. The goods lying unsold are carried as inventory in the financial statements of the Bank. Sector-wise details of inventory as at December 31, 2013 are as follows:

Sector	Nature of Inventory	Amount in Rs '000'
Agriculture, forestry, hunting and fishing	Maize, Rice, Paddy, Wheat, Threshers	3,201,967
Chemical and pharmaceuticals	Chemicals	95,694
Construction/Ship-breaking	Ship scrap, Iron & Steel products, AC Units	1,956,516
Sugar	Sugar	300,000
Textile	Cotton (Bales, Fabric, Yarn) Polyester	2,472,119
Wholesale and retail trade	Confectionery items	57,706
Others	Polypropylene bags, Car Alarms, Sacks, Miscellaneous	441,730
Total		8,525,732

## Sector-wise Breakup







**A. F. FERGUSON & CO.**

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


We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors ('Board') of **Meezan Bank Limited** ('the Bank') for the year ended December 31, 2013 to comply with the requirements of Regulation No. 35 of Chapter XI contained in the Listing Regulations issued by the Karachi 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 of Compliance reflects the status of the Bank's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Bank's personnel and review of various documents prepared by the Bank to comply with the Code.

As part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board'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 alternative pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2013.

  
Chartered Accountants  
Karachi

Dated: March 4, 2014

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# Statement of Compliance with the Code of Corporate Governance

for the year ended December 31, 2013



This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation No. 35 of Listing Regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby, a listed company is managed in compliance with the best practices of corporate governance.


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

1. The Bank encourages representation of independent, non-executive directors and directors representing minority interests on the Board of Directors. As at December 31, 2013 the Board included:

Category	Names
Independent Directors	H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa Mr. Alaa A. Al-Sarawi Mr. Mohammad Abdul Aleem
Executive Directors	Mr. Irfan Siddiqui Mr. Ariful Islam
Non- Executive Directors	Mr. Abdullateef A. Al-Asfour Mr. Shaharyar Ahmad Mr. Rana Ahmed Humayun Mr. Mohammed Azzaroog Rajab Mr. Riyadh S. A. A. Edrees

As noted in 4 below, a casual vacancy arose in the Board on October 31, 2013 and Mr. Noorur Rehman Abid was appointed as Director by the Board on this date subject to approval of the State Bank of Pakistan. This in principle approval was obtained on January 21, 2014.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies including the Bank.
3. All the resident Directors of the Bank are registered as taxpayers and, for the best of our knowledge, none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. First casual vacancy on the Board occurred on March 29, 2013 which was filled up by the Directors on the same day. In principle clearance from the State Bank of Pakistan (SBP) for the incoming director was already available. Second causal vacancy occurred on October 31, 2013 which was also filled by the Board on the same day and an appointment was made subject to the approval of SBP. This approval was received on January 21, 2014, and accordingly the position was duly filled up within 90 days.
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 Vision and Mission statements, 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 also compliant in respect of certification of at least one director during the year 2013. The Director Mr. Mohammad Abdul Aleem is deemed to be certified as he has more than 14 years of education and being director in listed companies for more than 15 years is exempt from the certification.
  10. There has been no new appointment of CFO, Company Secretary and Head of Internal Audit during the year.
  11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
  12. The financial statements of the Bank were duly endorsed by CEO and CFO before approval of the Board.
  13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
  14. The Bank has complied with all the corporate and financial reporting requirements of the Code.
  15. The Board has formed an Audit Committee. It comprises of three members, of whom all three are Non-Executive Directors and the Chairman of the Committee is an Independent Non-Executive Director.
  16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Bank and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
  17. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are Non-Executive Directors and the Chairman of the committee is Non-Executive Director.
  18. The Board has set up an effective internal audit function comprising of professionals, who are experienced for the purpose and are conversant with the policies and procedures of the Bank.
  19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program at the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
  20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
  21. The 'closed period', prior to the announcement of Interim/Final Results and business decisions, which may materially affect the market price of Bank's securities, was determined and intimated to directors, employees and the stock exchange.
  22. Material/price sensitive information has been disseminated among all market participants at once through Karachi Stock Exchange.
  23. We confirm that all other material principles included in the Code have been complied with.



Irfan Siddiqui  
President & CEO

March 02, 2014

# Statement of Internal Controls

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

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

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

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

While the Internal Controls System is effectively implemented and monitored, there are inherent limitations in the effectiveness of any system, including the possibility of human error or system failure and 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.

The Bank has successfully completed the stages of its ICFR program and submitted the Long Form Report to SBP on January 31, 2013. During the year 2013, the Bank also worked on the findings and recommendations of the Long Form Report and implemented them. Post December 31, 2013, SBP has issued OSED Circular No.1 of 2014 dated February 7, 2014. Accordingly the Bank shall also comply with the requirements of the said circular.

Besides this, the Bank is continuing its comprehensive Internal Control Program and shall endeavor to keep updating and improving its system of Internal Controls.

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

On behalf of the Board.



**Ariful Islam**  
Deputy CEO



**Irfan Siddiqui**  
President & CEO

March 02, 2014

# Notice of 18<sup>th</sup> Annual General Meeting

Notice is hereby given that the 18<sup>th</sup> Annual General Meeting of the Members of Meezan Bank Limited will be held Insha-Allah on Thursday, March 27, 2014 at 9:00 a.m. at Meezan House C-25, Estate Avenue, SITE, Karachi to transact the following business:

## ORDINARY BUSINESS

1. To confirm the minutes of the 17<sup>th</sup> Annual General Meeting held on March 28, 2013.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank for the year ended December 31, 2013 together with the Auditors' and Directors' Reports thereon.
3. To appoint auditors of the Bank for the year ending December 31, 2014 and to fix their remuneration. The present auditors, A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash Dividend at the rate of Re. 0.5 per share 5%, in addition to 15% (i.e. Rs. 1.50 per share) interim cash Dividend already declared/paid for the year December 31, 2013.

## SPECIAL BUSINESS

5. To consider and, if thought fit, to increase the authorized capital of the Bank to Rs. 15,000,000,000 by creation of 400,000,000 new ordinary shares of Rs. 10/- each and in that connection to pass the following resolution as special resolution:
  - a. Resolved that the authorized share capital of the Bank be and is hereby increased to Rs. 15,000,000,000 by creation of 400,000,000 new ordinary shares of Rs. 10/- each, such new shares to rank parri passu in all respects with the existing ordinary shares in the capital of the Bank, and that accordingly clause V of the Memorandum of Association of the Bank be and is hereby substituted by the following new clause V:
  - b. The share capital of the Company is Rs. 15,000,000,000 (Rupees fifteen billion only) divided into 1,500,000,000 (One billion five hundred million) ordinary shares of Rs. 10/- each (Rupees ten each) with power to increase or reduce the capital and to divide the shares in the capital for the time being into several classes."
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, 2013 for attending Board Meetings and Meetings of the Committees formed by the Board, for the year ended December 31, 2013 and to pass the following resolution as an 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, 2013 for attending Board Meetings and Meetings of the Committees formed by the Board, as disclosed in note 35 of the Audited Financial Statements of the Bank for the year ended December 31, 2013, be and is hereby approved."
7. To transact any other business with the permission of the chair.

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

By Order of the Board



Tasnimul Haq Farooqui  
Company Secretary

Karachi  
March 04, 2014



#### Notes:

- i) The Members' Register will remain closed from March 17, 2014 to March 27, 2014 (both days inclusive) to determine the names of members entitled to receive the 5% cash dividend and attend and vote in the meeting.
- ii) A member eligible to attend and vote at this meeting may appoint any person as proxy to attend and vote in the meeting. Proxies in order to be effective must be received at the Registered Office not less than forty eight (48) hours before the holding of the meeting.
- iii) An individual beneficial owner of the Central Depository Company, entitled to vote at this meeting must bring his/her Computerized National Identity Card along with the participant ID numbers and sub account numbers with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her Computerized National Identity Card. Representatives of corporate members should bring the usual documents required for such purpose.

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

This statement sets out the material facts concerning the resolutions contained in item (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 27, 2014.

##### I) Increase in Authorised Capital

As required by law, the paid up capital of the company cannot exceed its authorized capital, in view of the expected growth and performance of the Bank and to cater the future needs to increase the paid up capital of the Bank, its authorized capital needs to be enhanced to enable the Bank to issue further shares. To meet the afore-said conditions of the Memorandum of Association of the Bank is required to alter, so as to increase the authorized capital of the Bank from Rs. 11 billion divided in 1.1 billion ordinary shares of Rs. 10/- each to Rs. 15 billion divided into 1.5 billion ordinary shares of Rs. 10/- each. Under section 92 (1) of the Companies Ordinance, 1984, the Bank may alter the condition of the memorandum so as to interalia increase its share capital by such amount as it thinks expedient. Under section 92 (3) of the Companies Ordinance, 1984, the powers conferred by sub-section (1) are exercisable by the Bank in a General Meeting.

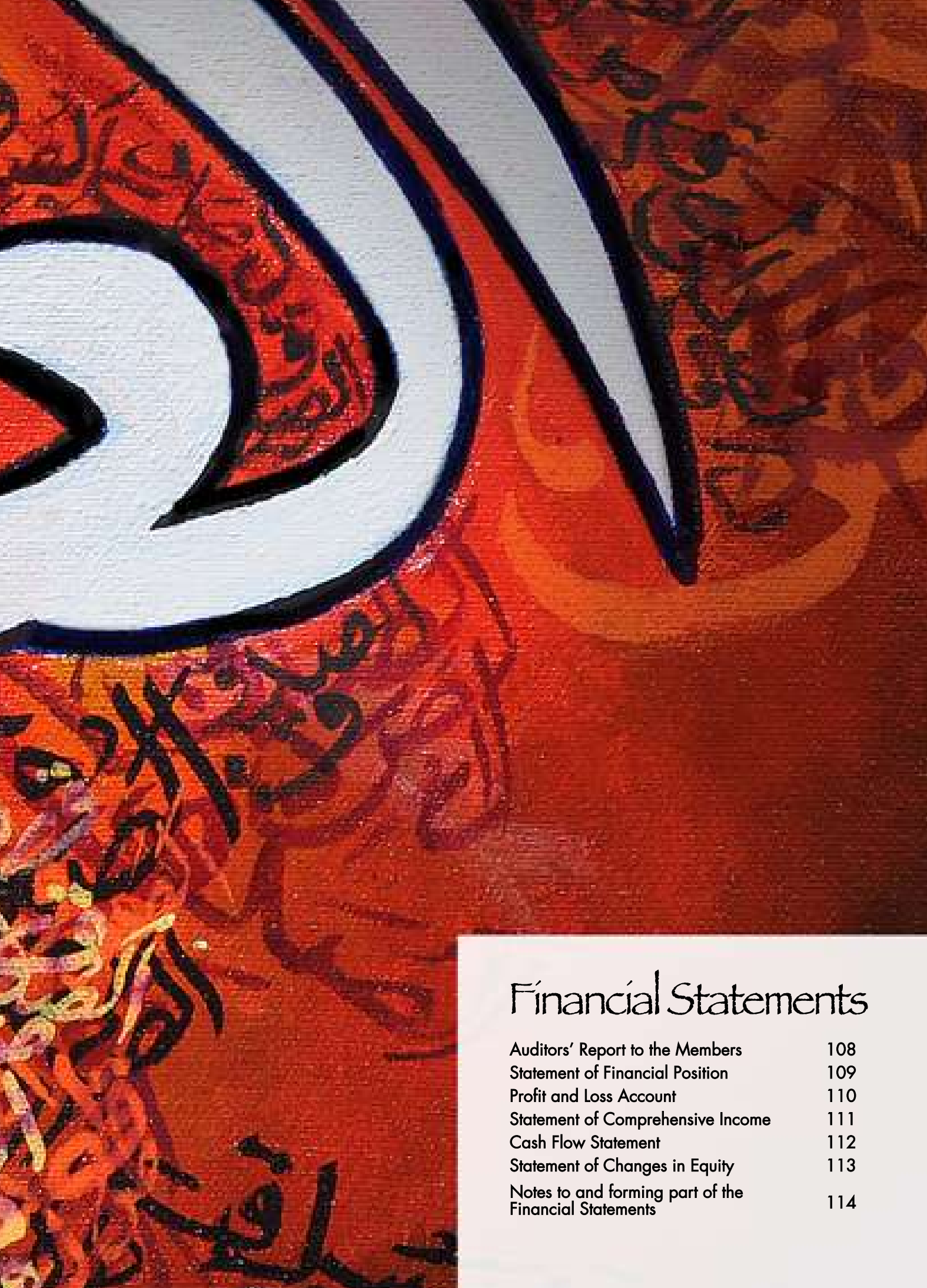
The Directors of the Bank have no interest in special business and/or special resolution, save to the extent of their shareholding of the Bank.

##### II) 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.





## Financial Statements

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**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed statement of financial position of **Meezan Bank Limited** (the bank) as at December 31, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the un-audited certified returns from the branches except for twenty three branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;
- (b) in our opinion:
  - (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for the changes as stated in note 3.5 with which we concur;
  - (ii) the expenditure incurred during the year was for the purpose of the bank's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the bank and the transactions of the bank which have come to our notice have been within the powers of the bank;
- (c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 2013, and its true balance of profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

  
Chartered Accountants

Engagement Partner: **Salman Hussain**

Dated: March 4, 2014

Karachi

**A. F. FERGUSON & CO.**, Chartered Accountants, a member firm of the PwC network  
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Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924  
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

# Statement of Financial Position

As at December 31, 2013



	Note	2013	2012 Restated	2011 Restated
			Rupees in '000	
ASSETS				
Cash and balances with treasury banks	7	28,582,626	19,125,401	16,641,160
Balances with other banks	8	3,554,234	3,851,150	2,348,076
Due from financial institutions	9	7,442,732	500,000	4,065,406
Investments	10	151,613,933	152,459,855	98,488,574
Islamic financing and related assets	11	127,622,868	88,678,076	70,377,481
Operating fixed assets	12	5,594,914	4,898,240	3,985,248
Deferred tax assets	13	130,939	545,961	801,391
Other assets	14	5,182,385	4,377,827	3,843,058
		329,724,631	274,436,510	200,550,394
LIABILITIES				
Bills payable	15	3,614,718	3,058,503	2,282,045
Due to financial institutions	16	11,375,498	18,461,347	9,235,960
Deposits and other accounts	17	289,810,519	230,425,986	170,030,431
Sub-ordinated loans		-	-	-
Liabilities against assets subject to finance leases		-	-	-
Deferred tax liabilities		-	-	-
Other liabilities	18	6,010,653	5,928,016	5,220,392
		310,811,388	257,873,852	186,768,828
NET ASSETS		18,913,243	16,562,658	13,781,566
REPRESENTED BY				
Share capital	19	10,027,379	9,033,675	8,029,933
Reserves	20	3,551,297	2,759,942	2,058,319
Unappropriated profit		4,329,474	3,700,021	3,235,636
		17,908,150	15,493,638	13,323,888
Surplus on revaluation of investments - net of tax	21	1,005,093	1,069,020	457,678
		18,913,243	16,562,658	13,781,566
CONTINGENCIES AND COMMITMENTS				
	22			

The annexed notes 1 to 45 and Annexure 1 form an integral part of these financial statements.

H.E. Sheikh Ebrahim  
Bin Khalifa Al-Khalifa  
Chairman

Irfan Siddiqui  
President and  
Chief Executive

Abdullateef  
A. Al-Asfour  
Director

Mohammad  
Abdul Aleem  
Director



# Profit and Loss Account

For the year ended December 31, 2013

	Note	2013 Rupees in '000	2012
Profit / return earned on financings, investments and placements	23	23,171,018	21,836,972
Return on deposits and other dues expensed	24	12,526,169	11,384,534
Net spread earned		10,644,849	10,452,438
Provision against non-performing Islamic financing and related assets (net)	11.9	127,650	404,146
(Reversal) / provision for diminution in the value of investments	10.8	(33,070)	56,186
Provision against off balance sheet obligations	18.3	-	930
Reversal of provision against amounts due from financial institutions	9.4	(1,198)	(10,071)
Bad debts written off directly		-	-
		93,382	451,191
Net spread after provisions		10,551,467	10,001,247
<b>OTHER INCOME</b>			
Fee, commission and brokerage income		1,258,234	969,517
Dividend income		309,285	481,026
Income from dealing in foreign currencies		603,352	346,830
Capital gain on sale of investments (net)	25	1,230,159	505,100
Other income	26	100,420	96,117
Total other income		3,501,450	2,398,590
		14,052,917	12,399,837
<b>OTHER EXPENSES</b>			
Administrative expenses	27	8,403,862	7,192,527
Other reversals (net)		(2,495)	(23,105)
Other charges	28	4,886	189
Total other expenses		8,406,253	7,169,611
		5,646,664	5,230,226
Extraordinary / unusual items		-	-
<b>PROFIT BEFORE TAXATION</b>		5,646,664	5,230,226
Taxation - Current	29	1,573,730	1,715,141
- Prior years		(268,836)	-
- Deferred		384,994	6,969
		1,689,888	1,722,110
<b>PROFIT AFTER TAXATION</b>		3,956,776	3,508,116
			<b>Rupees</b>
Basic and diluted earnings per share	30	3.95	3.50

The annexed notes 1 to 45 and Annexure 1 form an integral part of these financial statements.

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Abdul Aleem  
Director



# Statement of Comprehensive Income

For the year ended December 31, 2013

	2013	2012 Restated
	Rupees in '000	
Profit for the year	3,956,776	3,508,116
Other comprehensive income		
Item that may not be reclassified to profit and loss account		
Remeasurements of defined benefit plan	(58,704)	25,669
Tax on remeasurements of defined benefit plan	20,547	(8,984)
Comprehensive income transferred to statement of changes in equity	3,918,619	3,524,801
Components of comprehensive income not reflected in equity		
(Deficit) / surplus on revaluation of investments	(33,899)	859,803
Deferred tax on revaluation of investments	(30,028)	(248,461)
<b>Total comprehensive income</b>	<b>3,854,692</b>	<b>4,136,143</b>

The annexed notes 1 to 45 and Annexure 1 form an integral part of these financial statements.

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Director

# Cash Flow Statement

For the year ended December 31, 2013

	Note	2013	2012
Rupees in '000			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		5,646,664	5,230,226
Less: Dividend income		(309,285)	(481,026)
		5,337,379	4,749,200
<b>Adjustments for non-cash charges and other items:</b>			
Depreciation		685,729	568,280
Amortisation		66,687	49,043
Provision against non-performing Islamic financing and related assets		127,650	404,146
(Reversal) / provision for diminution in the value of investments		(33,070)	56,186
Charge for defined benefit plan		88,128	72,022
Reversal of provision against due from financial institutions		(1,198)	(10,071)
Gain on sale of operating fixed assets		(33,803)	(24,953)
		900,123	1,114,653
		6,237,502	5,863,853
<b>(Increase) / decrease in operating assets</b>			
Due from financial institutions		(6,941,534)	3,575,477
Islamic financing and related assets		(39,072,442)	(18,704,741)
Other assets		(803,421)	(662,472)
		(46,817,397)	(15,791,736)
<b>Increase / (decrease) in operating liabilities</b>			
Bills payable		556,215	776,458
Due to financial institutions		(7,085,849)	9,225,387
Deposits and other accounts		59,384,533	60,395,555
Other liabilities		565,819	840,189
		53,420,718	71,237,589
		12,840,823	61,309,706
Contribution to defined benefit plan		(122,022)	(72,022)
Income tax paid		(1,790,486)	(1,835,490)
<b>Net cash generated from operating activities</b>		10,928,315	59,402,194
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net investments in			
- held to maturity securities		-	1,150,000
- available for sale securities		(6,106)	(54,628,566)
- listed associated undertakings		763,199	310,902
- unlisted associated undertakings		88,000	-
Dividends received		308,148	608,729
Investments in operating fixed assets		(1,513,930)	(1,544,678)
Proceeds from sale of fixed assets		98,643	39,316
<b>Net cash used in investing activities</b>		(262,046)	(54,064,297)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividend paid		(1,505,960)	(1,350,582)
<b>Net cash used in financing activities</b>		(1,505,960)	(1,350,582)
<b>Increase in cash and cash equivalents</b>		9,160,309	3,987,315
Cash and cash equivalents at the beginning of the year	31	22,976,551	18,989,236
<b>Cash and cash equivalents at the end of the year</b>	31	32,136,860	22,976,551

The annexed notes 1 to 45 and Annexure 1 form an integral part of these financial statements.

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Mohammad  
Abdul Aleem  
Director



# Statement of Changes in Equity

For the year ended December 31, 2013

	Capital reserves			Revenue reserves	Unappropriated profit	Total
	Share capital	Statutory reserve*	Reserve for issue of bonus shares	General reserve		
Rupees in '000						
Balance as at January 1, 2012	8,029,933	1,991,553	-	66,766	3,240,421	13,328,673
Effect of change in accounting policy with respect to accounting for remeasurement losses on defined benefit plan - net of tax (note 3.5)	-	-	-	-	(4,785)	(4,785)
<b>Balance as at January 1, 2012 - restated</b>	<b>8,029,933</b>	<b>1,991,553</b>	<b>-</b>	<b>66,766</b>	<b>3,235,636</b>	<b>13,323,888</b>
Profit for the year	-	-	-	-	3,508,116	3,508,116
<b>Other comprehensive income for the year</b>						
Remeasurements of defined benefit plan	-	-	-	-	25,669	25,669
Tax on remeasurements of defined benefit plan	-	-	-	-	(8,984)	(8,984)
	-	-	-	-	16,685	16,685
<b>Transactions with owners recognised directly in equity</b>						
Transfer to reserve for issue of bonus shares	-	-	1,003,742	-	(1,003,742)	-
Issue of bonus shares	1,003,742	-	(1,003,742)	-	-	-
Cash dividend for the year 2012	-	-	-	-	(1,355,051)	(1,355,051)
	1,003,742	-	-	-	(2,358,793)	(1,355,051)
Transfer to statutory reserve	-	701,623	-	-	(701,623)	-
<b>Balance as at December 31, 2012 - restated</b>	<b>9,033,675</b>	<b>2,693,176</b>	<b>-</b>	<b>66,766</b>	<b>3,700,021</b>	<b>15,493,638</b>
Profit after taxation for the year	-	-	-	-	3,956,776	3,956,776
<b>Other comprehensive income for the year</b>						
Remeasurements of defined benefit plan	-	-	-	-	(58,704)	(58,704)
Tax on remeasurements of defined benefit plan	-	-	-	-	20,547	20,547
	-	-	-	-	(38,157)	(38,157)
<b>Transactions with owners recognised directly in equity</b>						
Transfer to reserve for issue of bonus shares	-	-	993,704	-	(993,704)	-
Issue of bonus shares	993,704	-	(993,704)	-	-	-
Cash dividend for the year 2013	-	-	-	-	(1,504,107)	(1,504,107)
	993,704	-	-	-	(2,497,811)	(1,504,107)
Transfer to statutory reserve	-	791,355	-	-	(791,355)	-
<b>Balance as at December 31, 2013</b>	<b>10,027,379</b>	<b>3,484,531</b>	<b>-</b>	<b>66,766</b>	<b>4,329,474</b>	<b>17,908,150</b>

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

The annexed notes 1 to 45 and Annexure 1 form an integral part of these financial statements.

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Mohammad  
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Director

# Notes to and forming part of the Financial Statements

## For the year ended December 31, 2013

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Meezan Bank Limited (the Bank) was incorporated in Pakistan on January 27, 1997, as a public limited company under the Companies Ordinance, 1984, and its shares are quoted on the Karachi Stock Exchange. 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 three hundred and fifty one branches as at December 31, 2013 (2012: three hundred and ten branches). Its registered office is at Meezan House, C - 25, Estate Avenue, SITE, Karachi, Pakistan.
- 1.4 The Securities and Exchange Commission of Pakistan (SECP) vide letter EMD/233/001/2002-1339 dated March 25, 2013 has granted exemption to the Bank from the preparation of consolidated financial statements of the Bank and its subsidiary company namely Al-Meezan Investment Management Limited for the year ended December 31, 2013, subject to disclosure of certain information in the financial statements of the Bank. The disclosures required by the SECP are given in note 10.9 to these financial statements.

### 2. BASIS OF PRESENTATION

The Bank provides Islamic financing and related assets mainly through Murabaha, Istisna, Tijarah, Ijarah, Diminishing Musharakah, Running Musharakah, Bai Muajjal, Musawammah and Export Refinance under Islamic Export Refinance Scheme and Service Ijarah 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 financings is recognised in accordance with the principles of Islamic Shariah. However, income, if any, received which does not comply with the principles of Islamic Shariah is recognised as charity payable if so directed by the Shariah Advisor of the Bank.

### 3. STATEMENT OF COMPLIANCE

- 3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.
- 3.2 The SBP through its BSD Circular No. 10 dated August 26, 2002, has deferred the implementation of International Accounting Standard (IAS) 39 - "Financial Instruments: Recognition and Measurement" and IAS 40 - "Investment Property" for Banking Companies in Pakistan, till further instructions. Accordingly, the requirements of these Standards have not been considered in the preparation of these financial statements. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 "Financial Instruments: Disclosures" through its S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of this standard have also not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 IFRS 8 "Operating Segments" is effective for the Bank's accounting period beginning on or after January 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'. Furthermore, only the surplus / (deficit) on revaluation of available for sale (AFS) securities, may 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.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 3.5 Changes in accounting policies

- 3.5.1 IAS 1, 'Financial statement presentation' has been amended effective January 1, 2013. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other Comprehensive Income' (OCI) on the basis of whether they are potentially reclassifiable to the profit or loss subsequently (reclassification adjustments). The specified change has been made in the statement of comprehensive income for the year.
- 3.5.2 IAS 19 (revised) 'Employee benefits' which became effective for annual periods beginning on or after January 1, 2013 amends accounting for employee benefits. The standard requires immediate recognition of past service cost and also replaces the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost based on the net defined benefit asset or liability and the discount rate, measured at the beginning of the year.

Further, a new term "remeasurements" has been introduced. This is made up of actuarial gains and losses and the difference between actual investment returns and the return implied by the net interest cost. The standard requires "remeasurements" to be recognised in the Statement of Financial Position immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

During the year the Bank has changed its accounting policy to comply with the changes made in IAS 19. As per the previous policy actuarial gains and losses were recognised in the profit and loss account over the future expected average remaining working lives of the employees to the extent of the greater of 10% of the present value of defined benefit obligation at that date and 10% of the fair value of plan assets at that date.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

The Bank's financial statements are affected only by the 'remeasurements' relating to prior years. The effects for the current and prior year have been summarised below:

	December 31, 2013	December 31, 2012	December 31, 2011
	Rupees in '000		
<b>Impact on statement of financial position</b>			
Increase / (decrease) in other liabilities	26,257	(11,900)	4,785
Decrease / (Increase) in unappropriated profit	26,257	(11,900)	4,785
<b>Impact on Statement of Comprehensive Income</b>			
(Decrease) / increase in other comprehensive income	(38,157)	16,685	-
<b>Impact on Statement of Changes in Equity</b>			
Increase / (decrease) in unappropriated profit			
- Impact on reported retained earnings for 2011	-	-	(4,785)
- Impact for the year	(38,157)	16,685	-

The Bank had not recognised any amounts in respect of remeasurements in the profit and loss accounts for the years ended December 31, 2011 and 2012. Therefore, there is no impact of this change on the profit after taxation and earnings per share for those years. The change in policy also did not have any impact on the profit after taxation and earnings per share for the current year. There is no impact of this change on the cash flow statement for the current or prior year.

The Bank's policy for Staff Retirement Benefits (note 6.11) and disclosure relating to Defined Benefit Plan (note 33) have been amended to comply with the requirement of IAS 19 (revised).

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

There are certain other new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2013 but are considered not to be relevant or to have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

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

- 3.7.1 The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning after January 1, 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard would result in certain new disclosures in the financial statements of the Bank.
- 3.7.2 IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist where the determination of control is difficult to assess. The amendments may impact the financial statements of the Bank which has not yet been quantified.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

- 3.7.3 IFRS12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The amendments may impact the financial statements of the Bank which has not yet been quantified.

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

- (a) Classification of investments in accordance with the Bank's policy (notes 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 6.4.4, 6.4.5 and 10).
- (d) Accounting for defined benefit plan (notes 6.11 and 33).
- (e) Depreciation / amortisation of operating fixed assets (notes 6.5 and 12).
- (f) Assumption and estimation in recognition of provision for taxation (current and prior years) and deferred taxation (notes 6.7, 13 and 29).

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 accordance with the requirements of the SBP. In addition, obligation in respect of staff retirement benefit is carried at present value.

### 5.2 Functional and Presentation Currency

These financial statements have been presented in Pakistani Rupee, 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

### 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 Shirkatul-Aqd to constitute a pool for investment in export refinance portfolio of the Bank under the guidelines issued by the SBP. The profit of the pool is shared as per the agreed weightages between the partners.

### 6.3 Islamic financing and related assets

#### Murabaha

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

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 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 and the amount hence financed 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 and on subsequent sale, the financed amount is paid back by the customer.

## 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 and enters into period profit payment agreement for the utilisation of the Bank's Musharakah share by the customer.

## Running Musharakah

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

## Bai Muajjal

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

## Service Ijarah

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

## Musawwamah

In Musawwamah financings, 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.

## 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 the Prudential Regulations issued by the SBP, the Bank maintains general provisions as follows:

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

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

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

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 6.3.3 Inventories

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

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

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

## 6.4 Investments

### 6.4.1 Classification

The Bank classifies its investments as follows:

#### - Held for trading

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

#### - Held to maturity

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

#### - Available for sale

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

#### - Associates

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

#### - Subsidiary

Subsidiary is an entity over which the Bank has control.

### 6.4.2 Regular way contracts

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

### 6.4.3 Initial recognition and measurement

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

### 6.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

#### - Held for trading

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

#### - Held to maturity

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

#### - 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 therefrom and 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 upto 40% in value (applying significant decline criteria) and upto 12 months (for applying prolonged criteria) for the purposes of assessing significant and prolonged decline for listed investments. However, any threshold should be justifiable in view of other factors present for the entity. The amount of impairment loss would be determined based on the higher of value in use and fair value less cost to sell. Impairment loss is recognised in the profit and loss account.

## 6.4.6 Cost of investment is determined on moving average basis.

## 6.5 Operating fixed assets

### 6.5.1 Tangible assets

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

### 6.5.2 Intangible assets

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

### 6.5.3 Subsequent costs

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

### 6.5.4 Depreciation / amortisation

Depreciation / amortisation is charged to the profit and loss account by applying the straight line method with the rates specified in notes 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 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 Financial Statements

For the year ended December 31, 2013

- **Depreciation**

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

- **Ijarah Rentals**

Ijarah rentals outstanding are disclosed in 'other assets' on the Statement of Financial Position at amortized cost.

- **Impairment**

Impairment of Ijarah assets is determined in accordance with the Prudential Regulations issued by the SBP. The provision for impairment of Ijarah assets is shown as part of 'Islamic financing and related assets'.

## 6.7 **Taxation**

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or below equity, in which case it is recognised in equity or below equity.

### **Current**

The charge for current taxation is based on expected taxable income for the year at the current rates of taxation, after taking into consideration available tax credits, rebates, tax losses, etc. The charge for current tax also includes adjustments to tax payable in respect of previous years including those arising from assessments finalised during the year and are separately disclosed.

### **Deferred**

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences; 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**

Non-banking assets acquired in satisfaction of claims are stated at the lower of the financing amount and their market value at the time of acquisition. The Bank carries out periodic valuation of these assets and any decline in their value below the recognised amount is charged to the profit and loss account. These assets are disclosed in other assets as specified by the SBP.

## 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.

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.

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 **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 financings, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources.

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

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



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, if any. The directly related costs comprise of depreciation on ijarah assets, takaful premium, documentation charges etc. No general or administrative nature of expense is charged to 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.

The deposits and funds accepted under the above mentioned pools are provided to diversified sectors and avenues of the economy / business as mentioned in the note 40.1.1.1 and are also invested in Government of Pakistan backed Ijarah Sukuks. Labbaik financing, Staff loans, Bai-salam financing are exclusively financed from the equity pool. Musharakah investments from the State Bank of Pakistan under Islamic Export Refinance are channelled towards the export sector of the economy.

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool.

## 6.11 Staff retirement benefits

### Defined benefit plan

The Bank operates a funded gratuity scheme for all permanent employees who have completed the minimum qualifying eligible service of three years. The benefits under the gratuity scheme are payable on death, resignation or at retirement.

The scheme was approved by the tax authorities in April 2000 and the latest actuarial valuation was conducted as at December 31, 2013. Contributions to the fund are made on the basis of actuarial recommendation. Liability in respect of this benefit is recognised based on actuarial valuation carried out using Projected Unit Cost method.

As noted in note 3.5.2 the amounts arising as a result of remeasurements are recognised in the Statement of Financial Position immediately, with a charge or credit to Other Comprehensive Income in the periods in which they occur.

### Defined contribution plan

The Bank also operates a recognised contributory provident fund for all permanent employees. Equal monthly contributions are made, both by the Bank and the employees, to the fund at a rate of 10% of basic salary.

## 6.12 Compensated absences

The Bank recognises liability in respect of employees compensated absences in the period in which these are earned upto the date of Statement of Financial Position. The provision has been recognised on the basis of actuarial valuation conducted as at December 31, 2013, on the basis of projected unit credit method.

## 6.13 Dividend and reserves

Dividend declared and appropriations, except for transfer to statutory reserve, made subsequent to the date of Statement of Financial Position are considered as non adjusting event and are recorded in the financial statements in the year in which these are approved by the directors / shareholders as appropriate.

## 6.14 Foreign currency transactions

### Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward contracts other than contracts with the SBP at the year end are reported in Rupees at exchange rates prevalent on the Statement of Financial Position date.

Forward contracts other than contracts with the SBP relating to the foreign currency deposits are valued at forward rates applicable to the respective maturities of the relevant foreign exchange contracts. Forward contracts with the SBP relating to foreign currency deposit are valued at spot rate prevailing at the Statement of Financial Position date. Exchange gains and losses are included in profit and loss account currently.

### Commitments

Commitments for outstanding forward foreign exchange contracts are disclosed at the rates applicable at the reporting date. Contingent liabilities / commitments for letters of credit, acceptances and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

Translation gains and losses are included in the profit and loss account.

## 6.15 Provisions and contingent assets and liabilities

Provisions are recognised when the Bank has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each date of Statement of Financial Position and are adjusted to reflect the current best estimate.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits are remote.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 6.16 Acceptances

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-balance sheet transactions and are disclosed as contingent liabilities and commitments.

## 6.17 Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the approved accounting standards as applicable in Pakistan.

## 6.18 Revenue recognition

- i) Profit on Murabaha and Commodity Murabaha is recognised on an accrual basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediately upon the later date.
- ii) The Bank follows the finance method in recognising income on Ijarah contracts written upto December 31, 2008. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the mustajir.
- iii) Rental on Ijarah contracts written subsequent to December 31, 2008 under Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) are recognised as income on accrual basis.
- iv) Profit on Bai Muqajjal is recognised on accrual basis.
- v) Profit on Diminishing Musharakah financings is recognised on accrual basis.
- vi) Profit on Running Musharakah financings is booked on accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vii) Profit on Tijarah and Istisna financings is recognised on accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- viii) Profit on Service Ijarah is recognised on accrual basis.
- ix) Profit on Sukuks is recognised on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield method.
- x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs. 200,000 which is recognised over the period of the guarantee. Fee and brokerage income are recognised when earned.
- xi) Dividend income is recognised when the Bank's right to receive dividend is established.
- xii) Gain or loss on sale of investments is included in the profit and loss account.
- xiii) Gain or loss on disposal of operating fixed assets, Ijarah assets and Musharaka assets, if any, is taken to the profit and loss account in the period in which they arise.
- xiv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financings and investments are recognised as permitted by the SBP, except where, in the opinion of the management, it would not be prudent to do so.

## 6.19 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in providing products or services (business segment) or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

### 6.19.1 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.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## Retail Banking

It includes retail financings, deposits and banking services offered to its retail customers and small and medium enterprises.

## Corporate and Commercial Banking

It includes project finance, export finance, trade finance, ijarah, guarantees and bills of exchange relating to its Corporate and Commercial customers.

## Agency Services

It includes depository receipts, custody, issuer and paying agents.

## Payment and settlement

It includes payments and collections, funds transfer, clearing and settlement.

## 6.19.2 Geographical segments

The Bank operates only in Pakistan.

## 6.20 Impairment

The carrying amount of the assets are reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the relevant asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account. An impairment loss is reversed if the reversal can be objectively related to an event occurring after the impairment loss was recognised.

7.	CASH AND BALANCES WITH TREASURY BANKS	Note	2013	2012
			Rupees in '000	
	In hand			
	- local currency		5,991,110	4,396,828
	- foreign currencies		1,164,306	973,180
	With the State Bank of Pakistan in			
	- local currency current accounts	7.1	13,250,945	7,776,554
	- foreign currency current accounts	7.1	1,932,619	1,535,781
	With the National Bank of Pakistan in			
	- local currency current accounts		6,243,646	4,443,058
			<u>28,582,626</u>	<u>19,125,401</u>

7.1 These include local and foreign currency amount required to be maintained by the Bank with the SBP as stipulated by the SBP. These accounts are non-remunerative in nature.

8.	BALANCES WITH OTHER BANKS	Note	2013	2012
			Rupees in '000	
	In Pakistan			
	- in current accounts		1,355,695	982,654
	Outside Pakistan			
	- in current accounts		1,205,536	714,727
	- in deposit accounts	8.1	993,003	2,153,769
			<u>3,554,234</u>	<u>3,851,150</u>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

8.1 The return on these balances is around 0.12% (2012: 0.03%) per annum

9. DUE FROM FINANCIAL INSTITUTIONS	Note	2013 Rupees in '000	2012
Bai Muajjal	9.1	6,958,232	15,500
Musharakah	9.2	500,000	500,000
Commodity Murabaha		26,366	27,564
		<u>7,484,598</u>	<u>543,064</u>
Provision against non-performing amounts due from financial institutions	9.4	(41,866)	(43,064)
		<u>7,442,732</u>	<u>500,000</u>

9.1 The average return on this product is 9.00% per annum (2012: Nil). The balances have maturities ranging between January 2014 to March 2014.

9.2 The average return on this product is 9.00% (2012: 9.50%) per annum and will mature on January 2, 2014.

9.3 Particulars of due from financial institutions	2013 Rupees in '000	2012
In local currency	7,442,732	500,000
In foreign currency	-	-
	<u>7,442,732</u>	<u>500,000</u>

9.4 Provision against amounts due from financial institutions	2013	2012
Opening balance	43,064	53,135
Less: Reversals	(1,198)	(10,071)
Closing balance	<u>41,866</u>	<u>43,064</u>



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 10. INVESTMENTS

### 10.1 Investments by types

Investments by types		2013			2012		
	Note	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
Rupees in '000							
Available for sale securities							
- Sukuks		141,366,342	-	141,366,342	142,021,644	-	142,021,644
- Shares / Units		2,188,245	-	2,188,245	1,526,837	-	1,526,837
In related parties	10.4	143,554,587	-	143,554,587	143,548,481	-	143,548,481
Subsidiary (unlisted)							
- Shares	10.5	63,050	-	63,050	63,050	-	63,050
Associates (listed)							
- Units of funds	10.6	6,925,644	-	6,925,644	7,688,843	-	7,688,843
Associates (unlisted)							
- Shares	10.7	40,000	-	40,000	128,000	-	128,000
Investments at cost / carrying value		150,583,281	-	150,583,281	151,428,374	-	151,428,374
Less: Provision for diminution in value of investments and impairment	10.8	(422,149)	-	(422,149)	(455,219)	-	(455,219)
Investments net of provision		150,161,132	-	150,161,132	150,973,155	-	150,973,155
Surplus on revaluation of investments classified as available for sale	21	1,452,801	-	1,452,801	1,486,700	-	1,486,700
Total investments at market value		151,613,933	-	151,613,933	152,459,855	-	152,459,855

Note	2013		2012	
	Rupees in '000		Rupees in '000	
10.2 Investments by segments				
Federal Government Securities				
GOP Ijarah Sukuk	10.4	123,220,712	125,149,486	
Sukuk certificates / bonds				
Sukuk Certificates	10.4 & 10.2.1	8,981,613	10,320,391	
Global Sukuk Bonds	10.4	9,164,017	6,551,768	
Fully paid up ordinary shares				
Listed companies	10.4	1,816,039	1,473,494	
Unlisted companies				
- subsidiary	10.5	63,050	63,050	
- associates	10.7	40,000	128,000	
- others	10.4	322,206	3,342	
Units of open end funds				
- associates	10.6	6,925,644	7,527,498	
- others	10.4	50,000	50,000	
Certificates of a closed-end fund	10.6	-	161,345	
Total investments at cost / carrying value		150,583,281	151,428,374	
Less: Provision for diminution in value of investments and impairment	10.8	(422,149)	(455,219)	
Investments net of provision		150,161,132	150,973,155	
Surplus on revaluation of investment classified as available for sale	21	1,452,801	1,486,700	
Total investments at market value		151,613,933	152,459,855	

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

10.2.1 These include 22,000 certificates of WAPDA I Sukuk (having a face value of Rs. 110 million) purchased by the Bank through a market based transaction for a cash consideration of Rs. 110.346 million. These certificates were available in the seller's CDC account and on completion of the transaction were transferred to the Bank's CDC account. The periodic Ijarah rentals due since October 22, 2009 were not paid to the Bank as there were certain discrepancies in the Central Depository Register. The Bank, through a legal notice, has clarified its position that the Bank had purchased the aforesaid Sukuk Certificates from the market at a consideration when these Sukuks were already entered in the Central Depository Register of the seller's account.

The suit is currently pending in the Sindh High Court. However, the Bank, on a prudent basis, has recognised full provision against these Sukuks.

10.3 Investments in subsidiary and associates, except for Meezan Sovereign Fund, Meezan Capital Protected Fund - II and KSE Meezan Index Fund, form part of strategic investment of the Bank and cannot be sold for five years from the last date of purchase of such securities.

## 10.4 Quality of available for sale securities

The Bank holds investments in ordinary shares (nominal value of Rs. 10 each, unless stated otherwise), sukuk certificates and other securities in the following investees:

Name of the investee	Note	2013 Number of shares / units / certificates	2012 Cost	2013 Market value	2012 Entity rating long term / short term	2013 Market value	2012 Entity rating long term / short term
			Rupees in '000	Rupees in '000		Rupees in '000	
<b>Ordinary shares</b>							
<b>Automobile and parts</b>							
Agriauto Industries Limited	10.4.1	117,542	7,384	9,265	Unrated	9,421	Unrated
Pak Suzuki Motor Company Limited		44,860	3,896	6,904	Unrated	1,171	Unrated
<b>Construction and materials (cement)</b>							
Attock Cement Pakistan Limited		4,538	151	647	Unrated	17,761	Unrated
D.G. Khan Cement Company Limited		1,289,546	81,626	110,553	Unrated	100,812	Unrated
Fauji Cement Company Limited		1,500,000	21,383	23,925	Unrated	-	Unrated
Lucky Cement Company Limited		373,015	47,527	111,856	Unrated	150,481	Unrated
<b>Electricity</b>							
The Hub Power Company Limited		2,919,890	116,483	177,296	AA+/A1+	140,149	AA+/A1+
Pakgen Power Limited		800,000	16,837	17,368	AA/A1+	-	-
<b>Oil and gas</b>							
Pakistan State Oil Company Limited		603,446	148,873	200,477	AA+/A1+	76,193	AA+/A1+
Pakistan Oilfields Limited		485,676	185,514	241,726	Unrated	215,894	Unrated
Oil and Gas Development Company Limited		1,390,865	269,072	384,379	AAA/A1+	181,085	AAA/A1+
Pakistan Petroleum Limited		1,186,548	181,858	253,874	Unrated	266,250	Unrated
Attock Petroleum Limited		-	-	-	-	7,680	Unrated
Attock Refinery Limited		140,900	31,175	29,261	AA/A1+	5,027	AA/A1+
<b>Chemicals</b>							
Fauji Fertilizer Bin Qasim Limited		648,000	25,095	28,389	Unrated	9,570	Unrated
Fauji Fertilizer Company Limited		1,808,950	185,521	202,530	Unrated	269,885	Unrated
ICI Pakistan Limited		16,266	2,298	4,115	Unrated	2,828	Unrated
<b>General industries</b>							
Packages Limited		517,329	95,182	141,039	AA/A1+	62,675	AA/A1+
Tri-Pack Films		260,704	32,759	51,518	A+/A1	50,055	A+/A1
<b>Personal goods (textile)</b>							
Nishat Mills Limited		1,618,000	148,175	205,874	AA/A1+	-	AA/A1+
<b>Fixed line telecommunication</b>							
Pakistan Telecommunication Company Limited (A)		2,533,399	60,200	72,050	Unrated	64,280	Unrated
<b>Food producers</b>							
Unilever Pakistan Limited		-	-	-	Unrated	19,614	Unrated
Engro Foods Limited		1,334,350	155,030	139,360	Unrated	217,513	Unrated
<b>Industrial engineering</b>							
Millat Tractors Limited		-	-	-	Unrated	14,114	Unrated
		19,593,824	1,816,039	2,412,406		1,882,458	

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



Name of the investee		2013	2012	2013	2012	2013	2012
Note		Number of shares / units / certificates		Cost		Market value	Entity rating long term / short term
							Market value
							Entity rating long term / short term
Rupees in '000							
<b>Ordinary shares - unlisted (others)</b>							
Sapphire Electric Company Limited - at cost *		21,201,068	-	318,864	-	318,864	Unrated
S.W.I.F.T. SCRL - at cost		5	5	3,342	3,342	3,342	Unrated
		21,201,073	5	322,206	3,342	322,206	3,342
<b>Units of open end fund</b>							
Atlas Islamic Income Fund		98,894	98,894	50,000	50,000	50,767	AA-(f)
<b>GOP Sukuk</b>							
Ijarah Sukuk Fifth		-	161,300	-	16,134,163	-	Govt. Guaranteed
Ijarah Sukuk Sixth		-	83,000	-	8,305,901	-	Govt. Guaranteed
Ijarah Sukuk Seventh	10.4.17	135,873	130,793	13,588,313	13,083,755	13,607,681	Govt. Guaranteed
Ijarah Sukuk Eighth	10.4.18	152,620	152,620	15,263,366	15,266,956	15,344,415	Govt. Guaranteed
Ijarah Sukuk Ninth	10.4.19	225,717	220,892	22,579,627	22,096,124	22,786,131	Govt. Guaranteed
Ijarah Sukuk Tenth	10.4.20	133,245	132,745	13,325,895	13,274,500	13,472,402	Govt. Guaranteed
Ijarah Sukuk Eleventh	10.4.21	101,850	64,850	10,189,430	6,488,524	10,296,017	Govt. Guaranteed
Ijarah Sukuk Twelfth	10.4.22	169,802	155,422	17,028,590	15,615,773	17,172,076	Govt. Guaranteed
Ijarah Sukuk Thirteenth	10.4.23	163,433	148,825	16,345,291	14,883,790	16,544,323	Govt. Guaranteed
Ijarah Sukuk Fourteenth	10.4.24	149,002	-	14,900,200	-	15,056,652	Govt. Guaranteed
		1,231,542	1,250,447	123,220,712	125,149,486	124,279,697	126,135,537
<b>Sukuk Certificates</b>							
WAPDA First Sukuk Certificates	10.2.1	22,000	22,000	110,000	110,000	110,000	Govt. Guaranteed
WAPDA Second Sukuk Certificates	10.4.2	346,000	346,000	1,153,333	1,441,667	1,154,025	Govt. Guaranteed
Pakistan International Airlines	10.4.3	300,000	300,000	1,500,000	1,500,000	1,509,000	Govt. Guaranteed
Century Paper and Board Mills Limited - at cost		-	125,000	-	250,000	-	A+
Sui Southern Gas Company Limited II - at cost **	10.4.4	180,000	180,000	900,000	900,000	900,000	AA-
Sui Southern Gas Company Limited III - at cost **	10.4.5	100,000	-	500,000	-	500,000	AA-
Engro Fertilizers Limited - at cost	10.4.6	150,000	150,000	750,000	750,000	750,000	A-
Quetta Textile Mills Limited - at cost	10.4.7	30,000	30,000	107,586	120,000	107,586	Unrated
Arzoo Textile Mills Limited - at cost	10.4.8	10,000	10,000	50,000	50,000	50,000	Unrated
Staro Peroxide Limited - at cost	10.4.9	30,000	30,000	117,393	132,367	117,393	Unrated
Liberty Power Tech Limited - at cost	10.4.10	18,140,480	18,140,480	1,533,533	1,666,782	1,533,533	A+
Eden Builders Limited - at cost	10.4.11	14,400	14,400	4,500	22,500	22,500	A
Maple Leaf Cement Factory Limited - at cost	10.4.12	40,000	40,000	174,575	194,575	174,575	BB
Maple Leaf Cement Factory Limited - at cost		-	1,500	-	2,500	-	-
Amreli Steel Limited - at cost	10.4.13	50,000	50,000	210,000	230,000	210,000	A-
Kot Addu Power Company II - at cost		-	100,000	-	500,000	-	-
Kot Addu Power Company III - at cost		-	160,000	-	800,000	-	-
Kot Addu Power Company IV - at cost	10.4.14	190,000	-	950,000	-	950,000	AA+
Hub Power Company II - at cost		-	214,800	-	1,074,000	-	-
Hub Power Company III - at cost		-	15,200	-	76,000	-	-
Ghani Glass Limited - at cost	10.4.15	100,000	100,000	420,693	500,000	420,693	Unrated
Lalpur Power Limited - at cost	10.4.16	100,000	-	500,000	-	500,000	AA
		19,802,880	20,029,380	8,981,613	10,320,391	8,991,305	10,334,292
<b>Global Sukuk Bonds</b>							
Central Bank of Bahrain International Sukuk	10.4.25	10,000	10,000	1,063,617	1,001,826	1,080,345	BBB
Wakala Global Sukuk	10.4.26	725	725	76,355	70,427	79,422	A3
Abu Dhabi Sukuk Bonds	10.4.27	5,000	5,000	541,030	506,257	548,685	A2
First Gulf Bank Sukuk	10.4.28	5,000	5,000	551,848	516,655	555,163	A2
Saudi Electric Company Sukuk - 5 years	10.4.29	5,000	5,000	540,936	503,010	541,292	A1
Saudi Electric Company Sukuk - 10 years	10.4.30	5,000	5,000	565,173	525,617	532,020	A1
Emirates Islamic Bank Sukuk	10.4.31	5,000	5,000	536,286	496,878	543,840	BAA1
State of Qatar Sukuk - 5 years	10.4.32	5,000	5,000	526,620	485,748	528,503	AA2
State of Qatar Sukuk - 10 years	10.4.33	5,000	5,000	539,318	498,756	511,332	AA2
Qatar Islamic Bank	10.4.34	10,000	10,000	1,055,367	973,979	1,049,243	A
Qatar International Islamic Bank	10.4.35	5,000	5,000	527,580	486,867	525,619	A3
Republic of Indonesia Sukuk	10.4.36	5,000	5,000	526,620	485,748	435,610	BAA3
Sime Darby Berhad Global Sukuk - 5 years	10.4.37	5,000	-	527,007	-	516,051	A
Sime Darby Berhad Global Sukuk - 10 years	10.4.38	5,000	-	531,998	-	488,108	A
Hazine MV Sukuk I	10.4.39	5,000	-	531,010	-	523,205	BBB-
Hazine MV Sukuk II	10.4.40	5,000	-	523,252	-	492,569	BBB-
		85,725	65,725	9,164,017	6,551,768	8,951,007	6,628,544
				143,554,587	143,548,481	145,007,388	145,035,181

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

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

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

10.4.1 The nominal value of these shares is Rs. 5 each.

	Name of the investee	Profit rate	Profit payment	Face value per certificate	Maturity date
10.4.2	WAPDA Second Sukuk	6 months KIBOR minus 0.25%	Semi-annually	Rs. 5,000	July 13, 2017
10.4.3	Pakistan International Airlines	6 months KIBOR plus 1.75%	Semi-annually	Rs. 5,000	October 20, 2014
10.4.4	Sui Southern Gas Company Limited II	3 months KIBOR plus 0.75%	Quarterly	Rs. 5,000	May 17, 2017
10.4.5	Sui Southern Gas Company Limited III	3 months KIBOR plus 0.70%	Quarterly	Rs. 5,000	May 28, 2018
10.4.6	Engro Fertilizers Limited	6 months KIBOR plus 1.50%	Semi-annually	Rs. 5,000	September 6, 2015
10.4.7	Quetta Textile Mills Limited	6 months KIBOR plus 1.75%	Quarterly	Rs. 3,586	March 26, 2020
10.4.8	Arzoo Textile Mills Limited	6 months KIBOR plus 1.75%	Semi-annually	Rs. 5,000	April 14, 2015
10.4.9	Sitara Peroxide Limited	1 month KIBOR plus 1%	Monthly	Rs. 3,913	February 19, 2020
10.4.10	Liberty Power Tech Limited	3 months KIBOR plus 3%	Quarterly	Rs. 85	January 1, 2020
10.4.11	Eden Builders Limited	3 months KIBOR plus 2.3%	Quarterly	Rs. 313	March 8, 2014
10.4.12	Maple Leaf Cement Factory Limited	3 months KIBOR plus 1%	Quarterly	Rs. 4,364	March 31, 2018
10.4.13	Amreli Steel Limited	3 months KIBOR plus 2.5%	Quarterly	Rs. 4,200	December 9, 2016
10.4.14	Kot Addu Power Company IV	6 months KIBOR plus 1.1%	Semi-annually	Rs. 5,000	June 30, 2015
10.4.15	Ghani Glass Limited	3 months KIBOR plus 1.75%	Quarterly	Rs. 4,207	December 29, 2017
10.4.16	Ialpir Power Limited	6 months KIBOR plus 1.15%	Semi-annually	Rs. 5,000	April 22, 2014
10.4.17	GOP Ijarah Sukuk - VII	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	March 7, 2014
10.4.18	GOP Ijarah Sukuk - VIII	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	May 16, 2014
10.4.19	GOP Ijarah Sukuk - IX	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	December 26, 2014
10.4.20	GOP Ijarah Sukuk - X	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	March 2, 2015
10.4.21	GOP Ijarah Sukuk - XI	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	April 30, 2015
10.4.22	GOP Ijarah Sukuk - XII	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	June 28, 2015
10.4.23	GOP Ijarah Sukuk - XIII	Weighted average yield of 6 months treasury bills minus 25 basis points	Semi-annually	Rs. 100,000	September 18, 2015
10.4.24	GOP Ijarah Sukuk - XIV	Weighted average yield of 6 months treasury bills minus 30 basis points	Semi-annually	Rs. 100,000	March 28, 2016
10.4.25	Central Bank of Bahrain International Sukuk	6.247 % p.a.	Semi-annually	USD 1,000	June 17, 2014
10.4.26	Wakala Global Sukuk	2.991 % p.a.	Semi-annually	USD 1,000	July 6, 2016
10.4.27	Abu Dhabi Sukuk Bonds	3.745 % p.a.	Semi-annually	USD 1,000	November 4, 2015
10.4.28	First Gulf Bank Sukuk	4.046 % p.a.	Semi-annually	USD 1,000	January 18, 2017
10.4.29	Saudi Electric Company Sukuk - 5 years	2.665 % p.a.	Semi-annually	USD 1,000	April 3, 2017
10.4.30	Saudi Electric Company Sukuk - 10 years	4.211 % p.a.	Semi-annually	USD 1,000	April 3, 2022
10.4.31	Emirates Islamic Bank Sukuk	4.147 % p.a.	Semi-annually	USD 1,000	January 18, 2018
10.4.32	State Of Qatar Sukuk - 5 years	2.099 % p.a.	Semi-annually	USD 1,000	January 18, 2018
10.4.33	State Of Qatar Sukuk - 10 years	3.241 % p.a.	Semi-annually	USD 1,000	January 18, 2023
10.4.34	Qatar Islamic Bank	2.5 % p.a.	Semi-annually	USD 1,000	October 10, 2017
10.4.35	Qatar International Islamic Bank	2.688 % p.a.	Semi-annually	USD 1,000	October 18, 2017
10.4.36	Republic of Indonesia Sukuk	3.3 % p.a.	Semi-annually	USD 1,000	November 21, 2022
10.4.37	Sime Darby Berhad Global Sukuk - 5 years	2.053 % p.a.	Semi-annually	USD 1,000	January 29, 2018
10.4.38	Sime Darby Berhad Global Sukuk - 10 years	3.29 % p.a.	Semi-annually	USD 1,000	January 29, 2023
10.4.39	Hazine MV Sukuk I	2.803 % p.a.	Semi-annually	USD 1,000	March 26, 2018
10.4.40	Hazine MV Sukuk II	4.557 % p.a.	Semi-annually	USD 1,000	October 10, 2018

# Notes to and forming part of the Financial Statements

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## 10.5 Subsidiary (unlisted)

Particulars	Note	2013	2012	2013	2012	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	349.66	June 30, 2013	Mr. Muhammad Shoaib
				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 the SECP in accordance with the 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 entities:

Name of the investee entity	Note	2013	2012		2013	2012
		Number of units		Percentage of direct equity holding %	Cost Rupees in '000	
<b>Units of open end funds</b>						
Meezan Balanced Fund	10.6.1	16,134,468	-	Open end fund	161,345	-
Al-Meezan Mutual Fund	10.6.1	8,437,514	6,602,132	Open end fund	46,957	46,957
Meezan Islamic Fund		18,597,416	13,383,465	Open end fund	380,525	380,525
KSE Meezan Index Fund		1,823,579	-	Open end fund	100,000	-
Meezan Capital Protected Fund - II		2,501,064	2,247,476	Open end fund	100,000	100,000
Meezan Sovereign Fund		127,622,809	147,045,843	Open end fund	6,136,817	7,000,016
					6,925,644	7,527,498
<b>Certificate of closed end fund</b>						
Meezan Balanced Fund		-	16,134,468	13.44%	-	161,345
					6,925,644	7,688,843

10.6.1 The nominal value of these units is Rs. 10 each.

10.6.2 The above associates are incorporated in Pakistan.

10.6.3 Investments in listed associates have a market value of Rs. 7,991 million (2012: Rs. 8,428 million).



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 10.7 Associates (unlisted)

The Bank holds investments in ordinary shares of Rs. 10 each, unless stated otherwise, in the following unlisted investee companies:

Name of the investee	2013	2012	2013	2012	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		
Plexus (Private) Limited	1,499,980	1,499,980	15,000	15,000	50%	3.24	June 30, 2010	Mr. Ali Imran Khan
Pak Kuwait Takaful Company Limited	2,500,000	2,500,000	25,000	25,000	6.25%	5.38	December 31, 2012	Mr. Imtiaz Ahmed Bhatti
Faysal Management Services (Private) Limited	-	540,000	-	54,000	-	-		-
Blue Water (Private) Limited	-	90,000	-	9,000	-	-		-
Falcon Greenwood (Private) Limited	-	250,000	-	25,000	-	-		-
Total			40,000	128,000				

10.7.1 The above associates are incorporated in Pakistan.

## 10.8 Provision for diminution in value of investments

	2013			2012		
	Associates	Others	Total	Associates	Others	Total
	Rupees in '000					
Opening balance	29,649	425,570	455,219	29,649	369,384	399,033
(Reversal) / charge for the year						
- on associates (unlisted)	(1,463)	-	(1,463)	-	-	-
- on available for sale investments	-	(31,607)	(31,607)	-	56,186	56,186
	(1,463)	(31,607)	(33,070)	-	56,186	56,186
Closing balance	28,186	393,963	422,149	29,649	425,570	455,219

### 10.8.1 Particulars of provision in respect of type and segment

	2013	2012
	Rupees in '000	
<b>Associates - unlisted</b>		
Fully paid up ordinary shares	28,186	29,649
<b>Other - Available for sale securities</b>		
Fully paid up ordinary shares	693	1,883
Sukuks	393,270	423,687
	422,149	455,219

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



- 10.9 An extract of the reviewed statement of financial position of the Bank's subsidiary AI - Meezan Investment Management Limited as at December 31, 2013 and the profit and loss account for the twelve months period ended December 31, 2013 is as follows:

STATEMENT OF FINANCIAL POSITION	2013	2012
	Unaudited	Unaudited
	Rupees in '000	
<b>ASSETS</b>		
Investments - at fair value through profit or loss	2,056,822	1,990,998
Investments - available for sale	69,242	67,075
Receivable from related parties	74,631	62,117
Operating fixed assets	87,070	40,269
Prepayments, other receivables and long term deposits	81,674	18,836
Deferred taxation - net	60,822	23,699
Cash and bank balances	54,403	15,889
	<u>2,484,664</u>	<u>2,218,883</u>
<b>EQUITY</b>		
Share capital	500,000	500,000
Unappropriated profit	1,376,724	1,014,420
Surplus on revaluation of available for sale investments	19,174	11,075
	<u>1,895,898</u>	<u>1,525,495</u>
<b>LIABILITIES</b>		
Murabaha	200,000	400,258
Creditors, accrued expenses and other liabilities	386,190	278,746
Taxation	2,576	14,384
	<u>2,484,664</u>	<u>2,218,883</u>
PROFIT AND LOSS ACCOUNT	2013	2012
	For the twelve months period ended	
	Rupees in '000	
Operating income	601,871	527,573
Other operating income	513,122	379,409
Operating expenses	(458,491)	(393,862)
Financial charges and provision	(136,459)	(29,807)
<b>Profit before taxation</b>	<u>520,043</u>	<u>483,313</u>
Taxation	(30,074)	(39,050)
<b>Profit after taxation</b>	<u>489,969</u>	<u>444,263</u>

- 10.9.1 The financial statements of the subsidiary company as at December 31, 2013 were reviewed by its statutory auditors who have expressed an unqualified conclusion thereon.
- 10.9.2 The annual audited financial statements of the subsidiary are available for inspection at the registered office of the Bank and would be available to the members on request without any cost.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

11. ISLAMIC FINANCING AND RELATED ASSETS	Note	2013	2012
		Rupees in '000	
<b>In Pakistan</b>			
- Murabaha financings	11.1	23,294,082	20,172,024
- Advances against Murabaha		6,917,810	3,686,393
- Murabaha inventory		4,463,752	2,590,600
- Financing under Islamic Export Refinance - Murabaha	11.2	2,115,954	2,421,644
- Advances against future Islamic Export Refinance - Murabaha		414,700	134,022
- Net investment in Ijarah		862,524	1,467,618
- Net book value of assets / investment in Ijarah under IFAS-2		7,747,011	5,385,150
	11.3	8,609,535	6,852,768
- Advances against future Ijarah		553,089	780,853
- Istisna financings		305,334	345,202
- Istisna advance		20,676,282	11,116,753
- Istisna inventory		386,139	989,573
- Financing under Islamic Export Refinance - Istisna		461,857	338,428
- Financing under Islamic Export Refinance - Istisna - Inventory		227,957	-
- Advances against Islamic Export Refinance - Istisna		4,487,099	3,768,756
- Running Musharakah financings		8,129,474	1,314,000
- Financing under Islamic Export Refinance - Running Musharakah		2,230,000	-
- Diminishing Musharakah financings - Housing		3,501,081	2,726,975
- Diminishing Musharakah financings - others		29,856,764	24,870,574
- Advances against Diminishing Musharakah		4,808,366	3,569,400
- Musharakah financings		200,000	70,531
- Financing under Islamic Export Refinance - Tijarah		21,000	-
- Financing under Islamic Export Refinance - Tijarah - Inventory		90,000	-
- Tijarah financings		510,311	2,943,447
- Tijarah inventory		1,847,085	1,218,794
- Bai Muajjal financings	11.4	-	200,258
- Service Ijarah financings		26,293	66,809
- Advances against future Service Ijarah		566,324	1,202,515
- Musawammah financings	11.5	51,097	45,361
- Musawammah Inventory		1,510,799	135,937
- Labbaik (Qard for Hajj and Umrah)		2,861	5,894
- Financings against bills - Salam		5,088,444	864,587
- Financings against bills - Murabaha		11,391	6,331
- Financings against bills - Murabaha - advance		21,307	225,440
- Staff financings	11.6	1,226,212	880,579
- Other financings		862,310	857,819
Gross Islamic financing and related assets		133,474,709	94,402,267
Less: Provision against non-performing financings	11.9	(5,851,841)	(5,724,191)
<b>Islamic Financing and related assets (net of provision)</b>	11.7	127,622,868	88,678,076
11.1 Murabaha receivable - gross	11.1.1	24,539,916	21,264,093
Less: Deferred murabaha income		(445,439)	(411,850)
Profit receivable shown in other assets		(800,395)	(680,219)
Murabaha financings		23,294,082	20,172,024
11.1.1 Murabaha sale price		24,539,916	21,264,093
Murabaha purchase price		(23,294,082)	(20,172,024)
		1,245,834	1,092,069

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



	2013	2012
	Rupees in '000	
11.2 Financing under Islamic Export Refinance - Murabaha - gross	2,212,401	2,510,039
Less: Deferred income	(54,615)	(52,134)
Profit receivable shown in other assets	(41,832)	(36,261)
Financing under Islamic Export Refinance - Murabaha	2,115,954	2,421,644

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

	2013			Total
	Not later than one year	Later than one and less than five years	Over five years	
	Rupees in '000			
Ijarah rentals receivable	4,950,292	6,648,276	348,876	11,947,444
Residual value	646,926	2,392,774	13,298	3,052,998
Minimum Ijarah payments	5,597,218	9,041,050	362,174	15,000,442
Less: Profits for future periods	(2,222,688)	(3,944,960)	(223,259)	(6,390,907)
Present value of minimum Ijarah payments	3,374,530	5,096,090	138,915	8,609,535

	2012			Total
	Not later than one year	Later than one and less than five years	Over five years	
	Rupees in '000			
Ijarah rentals receivable	1,444,739	3,931,452	152,865	5,529,056
Residual value	460,597	1,332,794	25,507	1,818,898
Minimum Ijarah payments	1,905,336	5,264,246	178,372	7,347,954
Less: Profits for future periods	(292,096)	(189,918)	(13,172)	(495,186)
Present value of minimum Ijarah payments	1,613,240	5,074,328	165,200	6,852,768

11.3.1 Net book value of assets / investments in Ijarah under IFAS-2 is net of depreciation of Rs. 4,957 million (2012: Rs. 4,113 million).

	2013	2012
	Rupees in '000	
11.4 Bai Muajjal financings - gross	-	226,912
Less: Deferred income	-	(4,674)
Profit receivable shown in other assets	-	(21,980)
Bai Muajjal financings	-	200,258
11.5 Musawammah financings - gross	63,953	55,886
Less: Deferred income	(12,095)	(10,281)
Profit receivable shown in other assets	(761)	(244)
Musawammah financings	51,097	45,361

11.6 This includes Rs.190 million (2012: Rs.149 million) representing mark up free financings to staff advanced under the Bank's Human Resource Policies.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

	2013	2012
11.7 Particulars of islamic financings and related assets - net	Rupees in '000	
11.7.1 In		
- local currency	115,097,959	86,496,712
- foreign currencies	12,524,909	2,181,364
	<u>127,622,868</u>	<u>88,678,076</u>
11.7.2 Short - term (for upto one year)	74,831,494	47,828,665
Long - term (for over one year)	52,791,374	40,849,411
	<u>127,622,868</u>	<u>88,678,076</u>
11.8 Islamic financing and related assets include Rs. 4,841 million (2012: Rs. 5,000 million) which have been placed under non-performing status as detailed below:		

	2013				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	5,677	-	5,677	480	480
Substandard	24,163	-	24,163	2,062	2,062
Doubtful	207,938	-	207,938	101,127	101,127
Loss	4,602,978	-	4,602,978	4,505,249	4,505,249
	<u>4,840,756</u>	<u>-</u>	<u>4,840,756</u>	<u>4,608,918</u>	<u>4,608,918</u>
	2012				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	-	-	-	-	-
Substandard	246,662	-	246,662	56,790	56,790
Doubtful	401,092	-	401,092	194,949	194,949
Loss	4,352,274	-	4,352,274	4,253,833	4,253,833
	<u>5,000,028</u>	<u>-</u>	<u>5,000,028</u>	<u>4,505,572</u>	<u>4,505,572</u>

## 11.9 Particulars of provision against non-performing islamic financing and related assets:

		2013		
	Note	Specific	General	Total
		Rupees in '000		
Opening balance		4,505,572	1,218,619	5,724,191
Charge for the year		461,189	24,304	485,493
Less: Reversals		(357,843)	-	(357,843)
		103,346	24,304	127,650
Amount written off	11.1	-	-	-
Closing balance		<u>4,608,918</u>	<u>1,242,923</u>	<u>5,851,841</u>
		2012		
	Note	Specific	General	Total
		Rupees in '000		
Opening balance		4,059,820	1,261,315	5,321,135
Charge for the year		847,135	7,654	854,789
Less: Reversals		(400,293)	(50,350)	(450,643)
		446,842	(42,696)	404,146
Amount written off	11.1	(1,090)	-	(1,090)
Closing balance		<u>4,505,572</u>	<u>1,218,619</u>	<u>5,724,191</u>



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



- 11.9.1 The Bank maintains general reserve (provision) in accordance with the applicable requirements of the Prudential Regulations for Consumer Financing and Prudential Regulations for Small and Medium Enterprise Financing issued by the SBP.

During the year, SBP has issued Prudential Regulations (PRs) for Small and Medium Enterprises. The PRs require the Bank to maintain a general provision against financings to Small Enterprises. The revised guidelines have also changed the classification criteria whereby all Small Enterprise (SE) financings overdue by 90 days, 180 days, 365 days and 18 months are now required to be classified as Other Assets Especially Mentioned (OAEM), substandard, doubtful and loss respectively. Previously these loans were classified as substandard, doubtful and loss based on different prescribed ageing criteria. The revised guidelines specify that provision should be made in the financial statements equal to 10 percent, 25 percent, 50 percent and 100 percent, in respect of overdue SE financings classified as OAEM, substandard, doubtful and loss respectively.

Had the provision been determined in accordance with the previous guidelines of the SBP, the specific provision would have been higher by Rs. 0.72 million and general provision would have been lower by Rs. 4.34 million and consequently profit before taxation and financing would have been higher by Rs. 3.62 million.

In addition, the Bank has also maintained a general provision of Rs. 1,125 million (2012: Rs. 1,125 million) against financings made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

- 11.9.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financings. The accumulated benefit availed as at December 31, 2013 amounts to Rs. 49 million (2012: Rs. 79 million). The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2013 amounts to Rs. 31.85 million (2012: Rs. 51.35 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to share holders.

- 11.9.3 Particulars of provision against non-performing financings:

	2013		
	Specific	General	Total
	Rupees in '000		
In local currency	4,579,266	1,242,923	5,822,189
In foreign currencies	29,652	-	29,652
	4,608,918	1,242,923	5,851,841

	2012		
	Specific	General	Total
	Rupees in '000		
In local currency	4,478,221	1,218,619	5,696,840
In foreign currencies	27,351	-	27,351
	4,505,572	1,218,619	5,724,191

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 11.10 Particulars of write offs

	2013	2012
	Rupees in '000	
Against provisions	-	1,090
Directly charged to the profit and loss account	-	-
	-	1,090
Write offs Rs. 500,000 and above	-	900
Write offs below Rs. 500,000	-	190
	-	1,090

### 11.10.1 Details of financings written off of Rs. 500,000 and above

In term of sub-section(3) of section 33 A of the Banking Companies Ordinance, 1962, the statement in respect of written off financings or any other financial relief of five hundred thousand rupees or above allowed to any person is required to be disclosed. However, during the year no principal amount has been written off. The details of financial relief allowed during the year is given as Annexure - 1.

## 11.11 Particulars of financings to directors, associated companies etc.

Debts due by directors, executives or officers of the Bank or any of them either severally or jointly with any other persons

	Note	2013	2012
		Rupees in '000	
Balance at the beginning of the year		903,661	728,009
Disbursements during the year		570,483	336,004
Repayments during the year		(210,474)	(160,352)
Balance at the end of the year	11.11.1	1,263,670	903,661

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	2013	2012
		Rupees in '000	
Balance at the beginning of the year		70,531	70,531
Disbursements during the year		205,740	316,948
Repayments during the year		(119,851)	(316,948)
Balance at the end of the year	11.11.2	156,420	70,531

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

	Note	2013	2012
		Rupees in '000	
Balance at the beginning of the year		200,258	200,000
Disbursements during the year		300,000	200,258
Repayments during the year		(300,258)	(200,000)
Balance at the end of the year	11.11.3	200,000	200,258

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



- 11.11.1 These include loans given by the Bank to its employees as per the terms of their employment. The maximum total amount of financings including temporary financings granted during the year was Rs. 1,264 million (2012: Rs. 904 million). The maximum amount has been calculated by reference to the month end balance.
- 11.11.2 This represents a Murabaha facility outstanding at year end from The General Tyre and Rubber Company of Pakistan Limited (an associated company) (2012: Musharakah facility to Blue Water (Pvt) Limited - an associated company).
- 11.11.3 This represents a Musharaka facility outstanding at year end to Al - Meezan Investment Management Limited.
- 11.11.4 **Financings to Executives and a Director**

	Executives		Director	
	2013	2012	2013	2012
	Rupees in '000			
Opening balance	507,860	437,661	-	33
Disbursements during the year	316,060	146,905	-	-
Repayments during the year	(110,819)	(76,706)	-	(33)
Closing balance	713,101	507,860	-	-

## 12. OPERATING FIXED ASSETS

	Note	2013	2012
		Rupees in '000	
Capital work-in-progress	12.1	234,689	505,019
Property and equipment	12.2	5,116,603	4,236,729
		5,351,292	4,741,748
Intangible assets	12.4	243,622	156,492
		5,594,914	4,898,240

### 12.1 Capital work-in-progress

- Land and building (including advances to suppliers and contractors for building renovation)	49,732	429,420
- Advances for computer hardware	34,987	28,417
- Advances for purchase of vehicles	16,839	11,277
- Advances for computer software	24,210	12,150
- Advances for other office machines	83,080	22,520
- Advances for furniture and fixtures	25,841	1,235
	234,689	505,019

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 12.2 Property and equipment

	2013							
	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2013	Rate of depreciation %
	As at January 1, 2013	Additions / (deletions)	As at December 31, 2013	As at January 1, 2013	Charge / (on deletions)	As at December 31, 2013		
	Rupees in '000							
Leasehold land	615,989	300,855	916,844	-	-	-	916,844	
Buildings on lease hold land	1,166,768	128,634	1,295,402	121,337	58,915	180,252	1,115,150	5
Leasehold improvements	1,717,214	549,693 (34,458)	2,232,449	493,680	190,193 (16,453)	667,420	1,565,029	10
Furniture and fixtures	280,732	41,200 (9,393)	312,539	91,428	29,337 (6,442)	114,323	198,216	10
Electrical, office and computer equipment	1,856,293	406,267 (54,857)	2,207,703	1,024,635	290,513 (50,090)	1,265,058	942,645	10, 20 and 33
Vehicles	554,964	203,794 (145,909)	612,849	224,151	116,771 (106,792)	234,130	378,719	20
	6,191,960	1,630,443 (244,617)	7,577,786	1,955,231	685,729 (179,777)	2,461,183	5,116,603	

	2012							Rate of depreciation %
	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2012	
	As at January 1, 2012	Additions / (deletions)	As at December 31, 2012	As at January 1, 2012	Charge / (on deletions)	As at December 31, 2012		
	Rupees in '000							
Lease hold land	615,989	-	615,989	-	-	-	615,989	
Buildings on lease hold land	1,027,521	139,247	1,166,768	67,230	54,107	121,337	1,045,431	5
Lease hold improvements	1,362,712	354,521 (19)	1,717,214	341,999	151,687 (6)	493,680	1,223,534	10
Furniture and fixtures	225,117	59,715 (4,100)	280,732	69,085	25,350 (3,007)	91,428	189,304	10
Electrical, office and computer equipment	1,463,018	410,749 (17,474)	1,856,293	796,632	243,301 (15,298)	1,024,635	831,658	10, 20 and 33
Vehicles	432,370	186,159 (63,565)	554,964	182,800	93,835 (52,484)	224,151	330,813	20
	5,126,727	1,150,391 (85,158)	6,191,960	1,457,746	568,280 (70,795)	1,955,231	4,236,729	

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 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						
<b>At January 1, 2012</b>							
Cost	615,989	1,027,521	1,362,712	225,117	1,463,018	432,370	5,126,727
Accumulated depreciation	-	67,230	341,999	69,085	796,632	182,800	1,457,746
Net book value	615,989	960,291	1,020,713	156,032	666,386	249,570	3,668,981
<b>Year ended December 31, 2012</b>							
Additions	-	139,247	354,521	59,715	410,749	186,159	1,150,391
Net book value of disposals	-	-	(13)	(1,093)	(2,176)	(11,081)	(14,363)
Depreciation charge	-	(54,107)	(151,687)	(25,350)	(243,301)	(93,835)	(568,280)
<b>Net book value as at December 31, 2012</b>	615,989	1,045,431	1,223,534	189,304	831,658	330,813	4,236,729
<b>Year ended December 31, 2013</b>							
Additions	300,855	128,634	549,693	41,200	406,267	203,794	1,630,443
Net book value of disposals	-	-	(18,005)	(2,951)	(4,767)	(39,117)	(64,840)
Depreciation charge	-	(58,915)	(190,193)	(29,337)	(290,513)	(116,771)	(685,729)
<b>Net book value as at December 31, 2013</b>	916,844	1,115,150	1,565,029	198,216	942,645	378,719	5,116,603

12.3.1 Included in cost of property and equipment are fully depreciated items which are still in use aggregating to Rs. 948 million (2012: Rs. 726 million).



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

12.3.2 Details of disposal of fixed assets to executives or other persons having cost more than Rs 1 million or net book value of Rs 250,000 or above are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Items having book value in aggregate more than Rs. 250,000 or cost more than Rs. 1,000,000						
Vehicles						
Honda Civic	1,614	1,614	-	277	MBL Staff Policy	Dr. Muhammad Imran Usmani - Executive
Honda Civic	1,723	1,723	-	517	MBL Staff Policy	Mr. Aasim Salim - Executive
Suzuki Cultus	759	506	253	680	Negotiation	Mr. Abdul Saboor
Honda Civic	1,763	1,557	206	652	MBL Staff Policy	Mr. Abdullah Ahmed - Executive
Toyota Corolla	1,608	241	1,367	1,420	MBL Staff Policy	Mr. Abdullah Ahmed - Executive
Honda City	985	985	-	296	MBL Staff Policy	Mr. Adnan Gul Abbasi - Executive
Honda City	883	883	-	265	MBL Staff Policy	Mr. Aftab Ather - Executive
Honda Civic	1,713	1,713	-	514	MBL Staff Policy	Mr. Ahmed Ali Siddiqui - Executive
Toyota Daihatsu Terios	2,849	665	2,184	2,184	Negotiation	Mr. Akram Sultan
Suzuki Cultus	593	583	10	178	MBL Staff Policy	Mr. Amer Masood Khan - Executive
Hyundai Terracan	2,594	2,594	-	627	MBL Staff Policy	Mr. Arif ul Islam - Deputy Chief Executive Officer
Toyota Corolla	1,608	321	1,287	1,420	MBL Staff Policy	Mr. Arshad Majeed - Executive
Toyota Daihatsu Terios	2,849	855	1,994	2,284	MBL Staff Policy	Mr. Arshad Majeed - Executive
Suzuki Cultus	590	589	1	177	MBL Staff Policy	Mr. Asif Sami - Executive
Honda City	1,532	485	1,047	1,314	Negotiation	Mr. Babar Khalid
Honda Civic	1,713	1,713	-	514	MBL Staff Policy	Mr. Bashir Ahmed Baloch - Executive
Toyota Corolla	1,529	535	994	1,137	MBL Staff Policy	Mr. Faizur Rehman - Executive
Honda Civic	1,713	1,570	143	574	MBL Staff Policy	Mr. Faizur Rehmen - Executive
Suzuki Cultus	830	373	457	729	Negotiation	Mr. Faraz Ahmed Siddique
Toyota Corolla	1,004	987	17	301	MBL Staff Policy	Mr. Irfan Ahmed Arain - Executive
Honda Civic	1,763	1,763	-	529	MBL Staff Policy	Mr. Irfan Ali Hyder - Executive
Toyota Crown	1,988	1,988	-	-	MBL Staff Policy	Mr. Irfan Siddique - Chief Executive Officer
Toyota Estima	1,944	1,944	-	-	MBL Staff Policy	Mr. Irfan Siddique - Chief Executive Officer
Suzuki Cultus	748	586	162	352	MBL Staff Policy	Mr. Jamil Chaudhry - Employee
Toyota Corolla	910	895	15	273	MBL Staff Policy	Mr. Jan Alam Khan - Executive
Toyota Corolla	1,004	1,004	-	301	MBL Staff Policy	Mr. Javed Ahmed - Employee
Toyota Corolla	925	925	-	277	MBL Staff Policy	Mr. Javed Iqbal - Executive
Honda City	1,255	795	460	1,117	Negotiation	Mr. Juma
Honda City	985	985	-	296	MBL Staff Policy	Mr. Kasim Najibullah - Executive
Honda Civic	1,554	1,553	1	466	MBL Staff Policy	Mr. Kazi Muhammad Amir - Executive
Honda City	1,047	1,047	-	314	MBL Staff Policy	Mr. Khalid Ilyas - Executive
Toyota Corolla	1,691	338	1,353	1,355	Negotiation	Mr. Khuram Shahzad
Toyota Corolla	925	925	-	278	MBL Staff Policy	Mr. Madieh Khawar - Executive
Suzuki Cultus	590	590	-	177	MBL Staff Policy	Mr. Majid Mushtaq Qureshi - Executive
Suzuki Alto	590	590	-	177	MBL Staff Policy	Mr. Mirza Khan Afridi - Executive
Suzuki Cultus	586	586	-	176	MBL Staff Policy	Mr. Muhammad Ahsan - Executive
Suzuki Cultus	594	594	-	178	MBL Staff Policy	Mr. Muhammad Amjad Ch. - Executive
Toyota Corolla	1,004	1,004	-	301	MBL Staff Policy	Mr. Muhammad Khushal - Executive
Suzuki Cultus	798	426	372	730	Negotiation	Mr. Muhammad Muzzamil Mughal
Honda City	995	995	-	299	MBL Staff Policy	Mr. Muhammad Nadeem Ghani - Executive
Honda Civic	1,763	1,679	84	632	MBL Staff Policy	Mr. Muhammad Raza - Executive
Honda City	1,426	695	731	944	MBL Staff Policy	Mr. Muhammad Shoaib Qureshi - Executive
Toyota Camry	2,552	2,552	-	255	MBL Staff Policy	Mr. Muhammad Shoaib Qureshi - Executive
Suzuki Cultus	579	579	-	174	MBL Staff Policy	Mr. Muhammad Shoaib Malick - Executive
Honda Civic	1,713	1,713	-	514	MBL Staff Policy	Mr. Muhammad Sohail Khan - Executive
Toyota Corolla	925	925	-	278	MBL Staff Policy	Mr. Muhammad Tufail - Executive
Suzuki Cultus	858	315	543	801	Negotiation	Mr. Muhammad Yusuf
Honda City	1,429	1,286	143	502	MBL Staff Policy	Mr. Muhammad Fahim Siddiqui - Ex-employee
Honda City	1,495	299	1,196	1,250	Negotiation	Mr. Muhmmad Rashid
Honda City	1,304	1,174	130	968	Negotiation	Mr. Muhmmad Yamin
Suzuki Cultus	586	586	-	176	MBL Staff Policy	Mr. Mujeeb Qadir - Executive
Honda Civic	1,763	1,763	-	529	MBL Staff Policy	Mr. Munawar Rizvi - Executive
Honda Civic	1,800	1,410	390	822	MBL Staff Policy	Mr. Mustafa Rabbani - [Ex-employee] Executive
Toyota Corolla	968	968	-	290	MBL Staff Policy	Mr. Mustansar Ali - Executive
Suzuki Cultus	796	504	292	681	Negotiation	Mr. Nabi Bux Jamali
Suzuki Cultus	806	504	302	691	Negotiation	Mr. Nabi Bux Jamali
Suzuki Cultus	586	586	-	176	MBL Staff Policy	Mr. Nadeem Ali - Executive
Suzuki Alto	470	470	-	141	MBL Staff Policy	Mr. Naveed Bari - Executive

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
<b>Vehicles</b>						
Suzuki Cultus	783	522	261	681	Negotiation	Mr. Rashid Shakoor
Suzuki Cultus	870	435	435	781	Negotiation	Mr. Rashid Shakoor
Suzuki Cultus	873	393	480	821	Negotiation	Mr. Rashid Shakoor
Honda Civic	2,330	155	2,175	2,167	MBL Staff Policy	Mr. Saleem Khan - Executive
Honda City	1,388	786	602	837	MBL Staff Policy	Mr. Saleem Khan - Executive
Honda Civic	1,763	1,763	-	529	MBL Staff Policy	Mr. Saleem Wafai - Executive
Suzuki Cultus	809	540	269	645	Negotiation	Mr. Salman Ahmed
Suzuki Cultus	870	389	481	734	Negotiation	Mr. Salman Ahmed
Honda City	1,329	1,063	266	1,006	Negotiation	Mr. Salman Ahmed
Honda City	1,374	548	826	1,143	Negotiation	Mr. Salman Ahmed
Toyota Corolla	1,414	919	495	764	MBL Staff Policy	Mr. Shabbir Hamza Khandwala - Executive
Toyota Daihatsu Terios	2,949	688	2,261	2,423	MBL Staff Policy	Mr. Shabbir Hamza Khandwala - Executive
Suzuki Cultus	586	586	-	176	MBL Staff Policy	Mr. Shahzad Ahmed Memon
Toyota Corolla	925	925	-	278	MBL Staff Policy	Mr. Shoaib Rizwani - Executive
Honda Civic	1,763	1,675	88	640	MBL Staff Policy	Mr. Syed Amir Ali - Executive
Suzuki Cultus	607	607	-	182	MBL Staff Policy	Mr. Syed Fayyaz Ali Kazmi - Executive
Honda City	1,050	1,050	-	315	MBL Staff Policy	Mr. Syed Haider Ali Naqvi - Executive
Honda City	1,588	397	1,191	1,306	Negotiation	Mr. Syed Riaz Ahmed
Honda City	1,890	1,229	661	1,307	Negotiation	Mr. Syed Riaz Ahmed
Honda City	876	876	-	263	MBL Staff Policy	Mr. Tahir Hassan - Executive
Honda City	1,377	895	482	734	MBL Staff Policy	Mr. Tamim Shabbir - (Ex-employee) - Executive
Honda Civic	2,314	231	2,083	2,200	MBL Staff Policy	Mr. Tamim Shabbir - (Ex-employee) - Executive
Suzuki Cultus	815	530	285	470	Negotiation	Mr. Tanveer Ahmed Mumtaz
Toyota Corolla	915	915	-	275	MBL Staff Policy	Mr. Tariq Ali Khan - Executive
Suzuki Alto	485	485	-	145	MBL Staff Policy	Mr. Tariq Mahmood - Executive
Honda City	876	876	-	263	MBL Staff Policy	Mr. Waqas Ahmed Nizami - Executive
Honda City	913	913	-	274	MBL Staff Policy	Mr. Zafar Kaleem Malik - Executive
Honda Civic	1,713	1,542	171	594	MBL Staff Policy	Mr. Zia ul Hasan - Executive
Toyota Corolla	1,608	296	1,312	1,420	MBL Staff Policy	Mr. Zia ul Hasan - Executive
Honda Civic	1,763	1,557	206	693	MBL Staff Policy	Mr. Zubair Haider - (Ex-employee) - Executive
Toyota Corolla	1,529	535	994	1,172	MBL Staff Policy	Mr. Zubair Haider - (Ex-employee) - Executive
Suzuki Cultus	808	542	266	715	Negotiation	Ms. Bushra Nadeem
Toyota Corolla	925	925	-	282	MBL Staff Policy	Ms. Khatija Ilyas Konchwala - Executive
Honda City	1,254	648	606	545	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated company
Honda City	1,314	920	394	1,050	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated company
Toyota Corolla	1,524	457	1,067	1,525	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated company
Toyota Corolla	2,023	506	1,517	1,820	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated company
	122,360	86,352	36,008	64,655		

## Items having book value in aggregate less than Rs. 250,000 or cost less than Rs. 1,000,000

Furniture and Fixtures	9,393	6,442	2,951	201
Leasehold improvements	34,458	16,453	18,005	2,148
Electrical, office and computer equipment	54,857	50,090	4,767	11,948
Vehicles	23,549	20,440	3,109	19,691
	<u>244,617</u>	<u>179,777</u>	<u>64,840</u>	<u>98,643</u>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 12.4 Intangible assets

	COST			ACCUMULATED AMORTISATION			Net book value as at December 31, 2013	Rate of amortization
	As at January 1, 2013	Additions during the year	As at December 31, 2013	As at January 1, 2013	Amortisation charged for the year	As at December 31, 2013		
	Rupees in '000							%
Computer software	357,760	153,817	511,577	201,268	66,687	267,955	243,622	20
2012	293,292	64,468	357,760	152,225	49,043	201,268	156,492	20

## 12.5 Intangible assets - Movement of net book value

	Year ended December 31, 2012				Year ended December 31, 2013		
	Net book value as at January 1, 2012	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2012	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2013
	Rupees in '000						
Computer software	141,067	64,468	49,043	156,492	153,817	66,687	243,622

## 13. DEFERRED TAX ASSET

### Deferred credits arising due to:

Excess of accounting book values over tax written down values of owned assets

### Deferred debits arising due to:

Provision against non-performing Islamic financing and related assets  
Provision for diminution in value of investments  
Income not accrued due to non-culmination of Islamic financings  
Other provisions

### Equity

Surplus on revaluation of available for sale investments

	2013	2012
	Rupees in '000	
	(611,548)	(595,665)
	790,982	1,158,141
	28,617	138,392
	370,268	201,345
	328	61,428
	578,647	963,641
	(447,708)	(417,680)
	130,939	545,961

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 14. OTHER ASSETS

	Note	2013	2012
		Rupees in '000	
Profit / return accrued in local currency		3,779,150	3,308,292
Profit / return accrued in foreign currencies		85,246	59,511
Advances, deposits, advance rent and other prepayments	14.1	646,322	542,182
Dividends receivable		2,781	1,644
Stamps		8,657	7,042
Security deposits		67,219	61,655
Unrealised gain on forward foreign exchange contracts - net	14.2	294,729	126,512
Non-Banking assets acquired in satisfaction of claims	14.3	323,170	323,170
Prepaid exchange risk fee		-	67
Others		153,363	119,162
		<u>5,360,637</u>	<u>4,549,237</u>
Provision against other assets	14.4	<u>(178,252)</u>	<u>(171,410)</u>
		<u>5,182,385</u>	<u>4,377,827</u>

14.1 This includes prepaid rent and prepaid insurance aggregating Rs. 265 million (2012: Rs. 254 million) and Rs. 197 million (2012: Rs. 146 million) respectively which are being amortised over a period of one year.

14.2 This is net of loss of Rs. 372 million (2012: Rs. 110 million) on forward foreign exchange contracts.

14.3 The market value of the non-banking assets acquired in satisfaction of claims amount to Rs. 295 million (2012: Rs. 302 million).

### 14.4 Provision against other assets

	Note	2013	2012
		Rupees in '000	
Opening balance		171,410	205,274
Charge for the year		6,842	1,245
Reversals during the year		-	(35,109)
Closing balance		<u>178,252</u>	<u>171,410</u>

## 15. BILLS PAYABLE

In Pakistan	3,614,718	3,058,503
Outside Pakistan	-	-
	<u>3,614,718</u>	<u>3,058,503</u>

## 16. DUE TO FINANCIAL INSTITUTIONS

In Pakistan	11,365,963	18,454,998
Outside Pakistan	9,535	6,349
	<u>11,375,498</u>	<u>18,461,347</u>

### 16.1 Particulars of due to financial institutions with respect to currencies

In local currency	11,365,963	18,454,998
In foreign currencies	9,535	6,349
	<u>11,375,498</u>	<u>18,461,347</u>

### 16.2 Details of due to financial institutions secured / unsecured

#### Secured

Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	16.2.1	9,388,963	5,964,998
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#### Unsecured

Overdrawn nostro accounts	9,535	6,349
Other Musharakah / Modarabas	1,977,000	12,490,000
	<u>11,375,498</u>	<u>18,461,347</u>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

16.2.1 These Musharakah are on a profit and loss sharing basis maturing between January to June and are secured against demand promissory notes executed in favor of the SBP. A limit of Rs. 12,500 million (2012: Rs. 8,400 million) has been allocated to the Bank by the SBP under Islamic Export Refinance Scheme.

## 16.3 Particulars of due to financial institutions

2013 2012  
Rupees in '000

Short - term  
Long - term

11,375,498	18,461,347
-	-
11,375,498	18,461,347

## 17. DEPOSITS AND OTHER ACCOUNTS

### Customers

- Fixed deposits  
- Savings deposits  
- Current accounts - non-remunerative  
- Margin

89,052,436	78,485,382
108,398,043	91,561,144
82,314,327	59,437,683
608,562	682,462
280,373,368	230,166,671

### Financial institutions

- Remunerative deposits  
- Non - remunerative deposits

9,410,713	255,809
26,438	3,506
9,437,151	259,315
289,810,519	230,425,986

### 17.1 Particulars of deposits

In  
- local currency  
- foreign currencies

273,118,671	217,823,187
16,691,848	12,602,799
289,810,519	230,425,986

## 18. OTHER LIABILITIES

Note

2013

2012  
Restated

Rupees in '000

2011  
Restated

Return on deposits and other dues  
- payable in local currency  
- payable in foreign currencies  
Unearned commission  
Accrued expenses  
Current taxation (provision less payments)  
Unclaimed dividends  
Payable to defined benefit plan  
Provision against off-balance sheet obligations  
Security deposits against Ijarah  
Charity payable  
Payable on account of credit murabaha  
Advance against future diminishing musharaka  
Others

18.1	1,858,917	1,784,928	1,164,333
	33,254	15,606	15,431
	4,347	6,296	16,158
18.2	1,421,349	1,184,251	1,181,549
	315,379	772,822	699,199
	4,437	6,290	1,821
33.2	78,525	53,715	72,077
18.3	34,099	34,099	33,169
	1,889,311	1,784,284	1,955,609
18.4	36,140	54,305	5,604
	52,975	76,678	-
	31,798	-	-
	250,122	154,742	75,442
	6,010,653	5,928,016	5,220,392



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



18.1 This includes Rs. 136 million (2012: Rs. 87 million) in respect of return accrued on borrowings from the SBP under the Islamic Export Refinance Scheme.

18.2 This includes Rs. 5 million (2012: Rs. 2 million) in respect of amount payable to Al Meezan Investment Management Limited (subsidiary).

18.3 Provision against off-balance sheet obligations	Note	2013	2012
		Rupees in '000	
Opening balance		34,099	33,169
Charge for the year		-	930
Closing balance		34,099	34,099

#### 18.4 Reconciliation of charity payable

Opening balance		54,305	5,604
Additions during the year		57,376	81,625
Less: Transferred to charity savings account (included in deposits and other accounts)	18.4.1	(75,541)	(32,924)
Closing balance		36,140	54,305

18.4.1 Charity paid through savings account during the year was Rs. 98 million (2012: Rs. 11 million). Charity in excess of Rs. 100,000 was paid to the following individuals / organizations:

	2013	2012
	Rupees in '000	
Afzal Memorial Thalassemia Foundation	300	-
The Aga Khan University - Financial Assistance Program	8,000	-
Akhuwat Foundation	500	-
Alamgir Welfare Trust International	650	-
Baqai Institute of Diabetology and Endocrinology	400	-
Burhani Blood Bank and Thalassemia Centre	250	-
Care Foundation	200	-
Children Cancer Hospital	300	-
Dar-us Shifa Foundation	200	-
Friends of Burns Centre (Civil Hospital)	300	-
Health Oriented Preventive Education	200	200
Sindh Industrial and Trading Estate (S.I.T.E)	2,363	-
Institute of Business Administration - National Talent Hunt Program	4,188	4,375
Idara Al Khair	500	500
Ihsan Trust - other related party	65,000	-
Karachi School of Business and Leadership	4,793	-
Lahore Businessmen Association for Rehabilitation of the Disabled	-	500
Layton Rahmatulla Benevolent Trust	200	-
Medical Aid Foundation	100	200
Memon Health and Education Foundation	-	1,000
National Institute of Blood Diseases	300	-
Omar Sana Foundation	300	300
Pakistan Kidney Institute / Shifa Foundation	500	1,000
Patients Aid Foundation - Jinnah Hospital	250	200
Prime Minister Earthquake Relief Fund	2,000	-
PWA Civil Hospital	200	-
Rashid Memorial Welfare Organization	1,000	-
Shifa Foundation-Falahee Clinic Islamabad	1,000	-
Sindh Institute of Urology and Transplantation	500	500
Society For Heart Care	500	-
The Indus Hospital	2,000	875
The Kidney Center	500	900
Trust Jamiat Talim Ul Quran	200	-

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

18.4.2 The balance in charity savings account was Rs. 16 million at December 31, 2013 (2012: Rs. 35 million).

18.4.3 Charity was not paid to any individual / organization in which a director or his spouse had any interest at any time during the year.

## 19. SHARE CAPITAL

### 19.1 Authorized capital

2013 (Number of Shares)	2012		2013 Rupees in '000	2012
1,100,000,000	1,100,000,000	Ordinary shares of Rs. 10 each	11,000,000	11,000,000

### 19.2 Issued, subscribed and paid-up capital

2013 (Number of Shares)	2012		2013 Rupees in '000	2012
		Ordinary shares		
456,353,635	456,353,635	Fully paid in cash	4,563,536	4,563,536
546,384,260	447,013,838	Issued as bonus shares	5,463,843	4,470,139
1,002,737,895	903,367,473		10,027,379	9,033,675

### 19.3 Shareholders having more than 10% shareholding as at December 31, 2013 are as follows:

Name of shareholders	Number of shares held	Percentage of shareholding
Noor Financial Investment Company, Kuwait	492,484,377	49.11%
Pakistan Kuwait Investment Company (Private) Limited	300,821,365	30.00%

19.4 During the year the Bank has received a notice on behalf of Vision Financial Holdings conveying its intention for acquisition of 49.11% of ordinary shares of the Bank. The Bank has also received an announcement by Noor Financial Investment Company for its decision to sell its entire shareholding in the Bank. This is subject to completion of terms agreed between the parties and obtaining all the necessary approvals.

## 20. RESERVES

	Note	2013 Rupees in '000	2012
Statutory reserve	20.1	3,484,531	2,693,176
General reserve		66,766	66,766
		3,551,297	2,759,942

20.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount not less than 20% of the profit is to be transferred each year to a reserve fund till such time the reserve fund (together with the share premium account) is equal to the amount of the paid up capital.

## 21. SURPLUS ON REVALUATION OF INVESTMENTS

	2013 Rupees in '000	2012
Quoted shares / units of mutual fund	597,134	410,663
Other securities	855,667	1,076,037
	1,452,801	1,486,700
Less: Deferred tax liability	(447,708)	(417,680)
	1,005,093	1,069,020

## 22. CONTINGENCIES AND COMMITMENTS

### 22.1 Direct credit substitutes

Guarantees favouring - Banks	62,587	62,587
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# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



22.2	Transaction related contingent liabilities	Note	2013	2012
			Rupees in '000	
	Guarantees favoring			
	- Government		4,483,135	3,466,291
	- Banks		215,091	70,141
	- Others		1,216,041	1,052,087
			<u>5,914,267</u>	<u>4,588,519</u>
22.3	Trade related contingent liabilities			
	Import letters of credit		22,608,394	12,906,182
	Acceptances		2,393,126	3,647,454
			<u>25,001,520</u>	<u>16,553,636</u>
22.4	Commitments in respect of forward exchange contracts			
	Purchases		<u>28,669,934</u>	<u>34,882,828</u>
	Sales		<u>36,717,660</u>	<u>36,650,528</u>
22.5	Commitments for the acquisition of operating fixed assets		<u>-</u>	<u>50,892</u>
22.6	Commitments in respect of islamic financing and related assets	22.6.1	<u>49,376,604</u>	<u>39,180,955</u>

22.6.1 The Bank makes commitments to extend credit (including to related parties) in the normal course of business but these being revocable commitment do not attract any significant penalty or expense if the facility is unilaterally withdrawn.

22.7	Other commitments	Note	2013	2012
			Rupees in '000	
	Bills for collection (inland)		152,412	54,875
	Bills for collection (foreign)		15,041,508	8,147,159
			<u>15,193,920</u>	<u>8,202,034</u>

## 23. PROFIT / RETURN EARNED ON FINANCINGS, INVESTMENTS AND PLACEMENTS

On financings to				
- Customers			8,652,390	8,405,801
On investments in				
- Available for sale securities			14,163,485	12,840,267
- Held for trading securities			1,182	150,902
- Held to maturity securities			-	116,201
On deposits with financial institutions			353,961	323,801
			<u>23,171,018</u>	<u>21,836,972</u>

## 24. RETURN ON DEPOSITS AND OTHER DUES EXPENSED

Deposits and other accounts			11,398,250	10,804,835
Other short term Musharakahs / Modarabas	24.1		1,127,919	579,699
			<u>12,526,169</u>	<u>11,384,534</u>

24.1 This includes Rs. 495 million (2012: Rs. 447 million) paid / payable to the SBP under Islamic Export Refinance Scheme.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

25. CAPITAL GAIN ON SALE OF INVESTMENTS - NET	Note	2013	2012
		Rupees in '000	
Shares / units of mutual funds - listed		1,198,568	414,426
Sukuks		31,591	90,674
		<u>1,230,159</u>	<u>505,100</u>
26. OTHER INCOME			
Gain on termination of Ijarah financings		51,983	49,002
Gain on termination of diminishing musharakah financings		6,236	8,832
Gain on sale of operating fixed assets		33,803	24,953
Rental income from associate		-	6,137
Charges recovered		8,398	7,193
		<u>100,420</u>	<u>96,117</u>
27. ADMINISTRATIVE EXPENSES			
Salaries, allowances and other employee benefit	27.1, 27.4 & 35	3,878,100	3,223,685
Charge for defined benefit plan	33.5	88,128	72,022
Contribution to defined contribution plan	34	115,211	93,902
Non - executive directors' fees	35	29,895	24,315
Rent, electricity, taxes, insurance, etc.		1,261,234	1,143,202
Depreciation	12.2	685,729	568,280
Amortisation	12.4	66,687	49,043
Communication		267,976	239,203
Stationery and printing		167,383	188,886
Repairs and maintenance		267,678	241,760
Security charges including cash transportation charges		279,331	227,277
Local transportation and car running		217,435	171,136
Fees, subscription and clearing charges	27.2	170,596	148,156
Entertainment		26,693	22,024
Office supplies		86,670	75,539
Hardware and software maintenance		129,443	104,859
Advertisement and publicity		109,886	77,845
Travelling		51,796	51,727
Brokerage, commission and bank charges		69,727	72,945
Legal and professional charges	27.3	9,344	14,917
Auditors' remuneration	27.5	11,920	11,372
Workers Welfare Fund	27.6	117,748	104,358
Takaful and tracker expenses on Ijarah		278,156	245,200
Others		17,096	20,874
		<u>8,403,862</u>	<u>7,192,527</u>
27.1	This includes remuneration to Shariah Advisor amounting to Rs. 7.8 million (2012: Rs. 5.3 million).		
27.2	This includes portfolio management fee to Al-Meezan Investment Management Limited (related party) amounting to Rs. 12.4 million (2012: Rs. 6.2 million).		
27.3	This includes remuneration to Shariah Board amounting to Rs. 1 million (2012: Rs. 1 million).		
27.4	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. 275 million (2012: Rs. 215 million), Rs. 55.05 million (2012: Rs. 51.941 million) and Rs. 36.60 million (2012: Rs. 34.610 million).		

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 27.5 Auditors' remuneration

2013 2012  
Rupees in '000

Audit fee	2,700	2,400
Fee for interim review	775	700
Special certifications and sundry advisory services	3,037	5,094
Tax services	4,271	2,583
	10,783	10,777
Sindh sales tax on services	431	-
Out of pocket expenses	706	595
	11,920	11,372

27.6 This represents accrual for contribution to Workers Welfare Fund as per the amendments made vide Finance Act, 2008 in the Workers Welfare Fund Ordinance, 1971.

## 28. OTHER CHARGES

Note 2013 2012  
Rupees in '000

Penalties imposed by the State Bank of Pakistan

4,886 189

## 29. TAXATION

Current  
- for the year  
- for prior years

1,573,730 1,715,141  
(268,836) -  
1,304,894 1,715,141

Deferred  
- for the year  
- for prior years

138,714 6,969  
246,280 -  
384,994 6,969  
1,689,888 1,722,110

### 29.1 Relationship between tax expense and accounting profit

Profit before taxation

5,646,664 5,230,226

Effects of:

- Tax calculated at the applicable rate of 35%  
- Income chargeable to tax at reduced rate  
- Prior year reversals  
- Permanent differences  
- Others

1,976,332 1,830,579  
(280,045) (153,843)  
(22,556) -  
(21,561) 27,772  
37,718 17,602

Tax charge for the year

1,689,888 1,722,110

## 30. BASIC AND DILUTED EARNINGS PER SHARE

Profit for the year

3,956,776 3,508,116

Number

Weighted average number of ordinary shares

1,002,737,895 1,002,737,895

Rupees

Basic earnings per share

30.1 3.95 3.50

30.1 There were no convertible dilutive potential ordinary shares outstanding on December 31, 2013 and 2012.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 31. CASH AND CASH EQUIVALENTS

Note	2013	2012
	Rupees in '000	
Cash and balances with treasury banks	7	28,582,626
Balances with other banks	8	3,554,234
		<u>32,136,860</u>
		<u>19,125,401</u>
		<u>3,851,150</u>
		<u>22,976,551</u>

## 32. STAFF STRENGTH

	2013	2012
	Number of staff	
Permanent	4,137	3,677
Contractual basis	1,296	1,522
Bank's own staff strength at the end of the year	<u>5,433</u>	<u>5,199</u>
Outsourced	815	754
Total staff strength	<u>6,248</u>	<u>5,953</u>

## 33. DEFINED BENEFIT PLAN

### 33.1 General Description

The activities of the gratuity scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2002 under the provisions of a trust deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's trust deed.

### 33.2 The amount recognised in the Statement of financial position are determined as follows:

	2013	2012	2011
		Restated	Restated
	Rupees in '000		
Present value of defined benefit obligations	410,819	300,392	247,137
Fair value of plan assets	(332,294)	(246,677)	(175,060)
	<u>78,525</u>	<u>53,715</u>	<u>72,077</u>

### 33.3 Plan assets consist of the following:

	2013		2012		2011	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Meezan Aamdin Certificates	273,045	82	184,879	75	113,054	65
Meezan Islamic Income Fund	-	-	-	-	1,461	1
GOP Ijarah Sukuk	55,279	17	56,844	23	56,787	32
Savings account with Meezan Bank Limited	3,970	1	4,954	2	3,758	2
	<u>332,294</u>	<u>100</u>	<u>246,677</u>	<u>100</u>	<u>175,060</u>	<u>100</u>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



33.4 The movement in the defined benefit obligation over the year is as follows:

	2013		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1 (Restated)	300,392	(246,677)	53,715
Current service cost	84,194	-	84,194
Return expense / (income)	32,302	(28,368)	3,934
	416,888	(275,045)	141,843
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense / (income)	-	25,763	25,763
- (Gain) / loss from change in demographic assumptions	4,109	-	4,109
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience (gains) / losses	28,832	-	28,832
	32,941	25,763	58,704
	449,829	(249,282)	200,547
Contribution	-	(122,022)	(122,022)
Benefit payments	(39,010)	39,010	-
At December 31	410,819	(332,294)	78,525

	2012		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1 (Restated)	247,137	(175,060)	72,077
Current service cost	67,057	-	67,057
Return expense / (income)	29,351	(24,386)	4,965
	343,545	(199,446)	144,099
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense / (income)	-	(7,173)	(7,173)
- (Gain) / loss from change in demographic assumptions	-	-	-
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience (gains) / losses	(18,496)	-	(18,496)
	(18,496)	(7,173)	(25,669)
	325,049	(206,619)	118,430
Contribution	-	(64,715)	(64,715)
Benefit payments	(24,657)	24,657	-
At December 31 (Restated)	300,392	(246,677)	53,715

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 33.5 Charge for defined benefit plan

	2013	2012	2011
	Rupees in '000		
Current service cost	84,194	67,057	60,309
Net return cost	3,934	4,965	4,406
	<u>88,128</u>	<u>72,022</u>	<u>64,715</u>

33.6 The plan assets and defined benefit obligations are based in Pakistan.

## 33.7 Principal actuarial assumptions

	2013	2012	2011
Discount rate	13% p.a.	11.5% p.a.	12.5% p.a.
Expected rate of salary increase	13% p.a.	11.5% p.a.	12.5% p.a.
Normal retirement age	60 years	60 years	60 years

33.8 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.

33.9 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%	(40,687)	125,228
Salary growth rate	1.0%	133,381	(32,050)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy / Withdrawal rate		411,435	410,206

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.

33.10 The weighted average duration of the defined benefit obligation is 13.13 years.

33.11 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2013	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
Gratuity	<u>29,408</u>	<u>53,116</u>	<u>139,103</u>	<u>2,951,294</u>	<u>3,172,921</u>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



	2013	2012	2011	2010	2009
	Rupees in '000				
<b>33.12 Historical information</b>					
Defined benefit obligation	410,819	300,392	247,137	175,525	122,631
Fair value of plan assets	(332,294)	(246,677)	(175,060)	(115,564)	(69,791)
Deficit	78,525	53,715	72,077	59,961	52,840
Remeasurements of plan liabilities	(32,941)	18,496	(1,640)	(3,755)	(1,477)
Remeasurements of plan assets	(25,763)	7,173	2,101	882	5,709

**33.13** Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs. 110.422 million as per the actuarial valuation report of the Bank as of December 31, 2013.

**33.14** Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

<b>Asset volatility</b>	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will create a deficit. The Fund believes that due to long-term nature of the plan liabilities and the strength of the Bank's support, current investment strategy manages this risk adequately.
<b>Changes in bond yields</b>	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
<b>Inflation risk</b>	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to offset inflationary impacts.
<b>Life expectancy/Withdrawal rate</b>	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

**33.15** The disclosure made in notes 33.1 to 33.13 are based on the information included in the actuarial valuation report of the Bank as of December 31, 2013.

## 34. 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 the rate of 10% of basic salary.

	2013	2012
	Rupees in '000	
Contribution from the Bank	117,782	93,902
Contribution refunded to the Bank as per the rules of the Fund	(2,571)	-
	115,211	93,902
Contribution from the employees	117,782	93,902
	232,993	187,804

# Notes to and forming part of the Financial Statements For the year ended December 31, 2013

## 35. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President and Chief Executive		Directors		Executives	
	2013	2012	2013	2012	2013	2012
	Rupees in '000					
Fees*	-	-	29,895	24,315	-	-
Managerial remuneration	28,287	26,684	18,847	17,781	640,420	470,623
Charge for defined benefit plan	2,020	1,906	1,346	1,270	40,540	27,482
Contribution to defined contribution plan	2,425	2,287	1,616	1,524	45,227	33,944
House rent	10,910	10,294	7,270	6,859	218,916	161,678
Utilities	2,425	2,288	1,616	1,524	48,650	35,930
Medical	2,592	2,640	1,932	1,737	48,650	35,930
Conveyance	1,675	1,603	1,339	1,675	-	-
Others	406	325	686	95	-	-
	<u>50,740</u>	<u>48,027</u>	<u>64,547</u>	<u>56,780</u>	<u>1,042,403</u>	<u>765,587</u>
Number of persons	<u>1</u>	<u>1</u>	<u>10</u>	<u>11</u>	<u>485</u>	<u>365</u>

\* This includes amounts charged in these financial statements as fees to nine (2012: ten) non-executive directors.

- 35.1 Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 35.2 The Chief Executive, the Deputy Chief Executive Officer (the Executive Director) and certain executives have been provided with free use of the Bank's cars.
- 35.3 In addition to above, all Executives, including the President & Chief Executive Officer and Deputy Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 27.4 to these financial statements. Previously, this was shown as part of amounts disclosed in compensation above.

## 36. FAIR VALUE OF FINANCIAL INSTRUMENTS

- 36.1 The fair value of investments in listed securities, except investments categorised as 'held to maturity', investments in subsidiaries and associates is based on quoted market prices. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of Islamic financing and related assets, other assets, other liabilities and fixed term deposits and other accounts cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been calculated in accordance with the Bank's accounting policy as stated in note 6.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



	2013		2012	
	Book value	Fair value	Book value	Fair value
	Rupees in '000			
36.2 Off-balance sheet financial instruments				
Forward purchase of foreign exchange - net	29,093,397	28,929,223	35,150,365	35,230,137
Forward sale of foreign exchange - net	36,677,074	36,218,171	37,225,732	37,178,992

## 37. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows

	2013					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	Total
	Rupees in '000					
Total income	1,005,192	16,005,762	2,702,439	6,951,187	7,888	26,672,468
Total expenses	(821,955)	(13,817,101)	(2,146,767)	(5,927,108)	(2,761)	(22,715,692)
Net income / (loss)	183,237	2,188,661	555,672	1,024,079	5,127	3,956,776
Segment assets	8,598,035	193,503,728	19,895,077	107,727,791	-	329,724,631
Segment non performing assets	341,968	110,000	680,379	4,160,377	-	5,292,724
Segment provision held **	283,270	110,000	688,476	5,163,365	-	6,245,111
Segment liabilities	191,895	12,456,779	297,089,005	1,073,709	-	310,811,388
Segment return on assets (ROA) (%)	1.92%	1.19%	3.17%	1.13%	-	-
Segment cost of funds (%)	4.72%	4.72%	4.72%	4.72%	-	-

	2012 (Restated)					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	Total
	Rupees in '000					
Total income	1,128,582	14,089,919	2,568,208	6,439,512	9,341	24,235,562
Total expenses *	(947,051)	(12,276,696)	(2,048,084)	(5,452,346)	(3,269)	(20,727,446)
Net income / (loss)	181,531	1,813,223	520,124	987,166	6,072	3,508,116
Segment assets *	10,524,078	175,234,356	15,208,556	73,469,520	-	274,436,510
Segment non performing assets	379,442	110,000	691,123	4,308,905	-	5,489,470
Segment provision held **	313,687	110,000	848,287	4,875,904	-	6,147,878
Segment liabilities	193,805	19,558,856	236,972,883	1,148,308	-	257,873,852
Segment return on assets (ROA) (%)	1.95%	1.22%	4.07%	1.47%	-	-
Segment cost of funds (%)	5.70%	5.70%	5.70%	5.70%	-	-

\* Comparative information has been re-stated for better presentation and to facilitate comparison.

\*\* Includes general provision

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 38. RELATED PARTY TRANSACTIONS

- 38.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefit funds, directors and key management personnel and their close family members.
- 38.2 Banking transactions with related parties are entered in the normal course of business.
- 38.3 **Subsidiary company**  
- Al Meezan Investment Management Limited
- 38.4 **Key management personnel**  
- President and Chief Executive Officer  
- Deputy Chief Executive Officer
- 38.5 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end are as follows:

	Total		Subsidiary		Associates		Key Management Personnel / Directors		Other Related Parties	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Rupees in '000									
<b>Islamic financing and related assets</b>										
At January 1	270,789	270,564	200,258	200,000	70,531	70,531	-	33	-	-
Addition during the year	505,740	517,206	300,000	200,258	205,740	316,948	-	-	-	-
Deletion during the year	(420,109)	(516,981)	(300,258)	(200,000)	(119,851)	(316,948)	-	(33)	-	-
At December 31	356,420	270,789	200,000	200,258	156,420	70,531	-	-	-	-
<b>Deposits</b>										
At December 31	4,046,914	1,221,737	8,776	16,804	2,812,304	467,212	93,713	47,958	1,132,121	689,763

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



	Total		Subsidiary		Associates		Key Management Personnel / Directors		Other Related Parties	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Rupees in '000										
<b>Balances</b>										
Profit receivable on financing	7,124	21,981	3,716	21,981	3,408	-	-	-	-	-
Transfer agency fee receivable	4,883	750	4,883	750	-	-	-	-	-	-
Payable to defined benefit plan	78,525	72,022	-	-	-	-	-	-	78,525	72,022
Payable to defined benevolent plan	-	7,414	-	-	-	-	-	-	-	7,414
Accrued expenses	5,405	2,000	5,405	2,000	-	-	-	-	-	-
Letters of guarantee (unfunded)	100	100	100	100	-	-	-	-	-	-
<b>Transactions, income and expenses</b>										
Profit earned on financing	55,336	39,537	13,530	27,416	41,806	12,121	-	-	-	-
Return on deposits / borrowing expensed	117,120	73,122	327	272	34,671	9,493	3,779	2,565	78,343	60,792
Dividend income earned	105,452	276,000	81,250	65,000	24,202	211,000	-	-	-	-
Investments made	6,050,000	4,925,000	-	-	6,050,000	4,925,000	-	-	-	-
Capital gain (net)	734,083	105,401	-	-	734,083	105,401	-	-	-	-
Charge for defined benefit plan (Restated)	146,832	46,353	-	-	-	-	-	-	146,832	46,353
Contribution to defined contribution plan	115,211	93,902	-	-	-	-	-	-	115,211	93,902
Contribution to staff benevolent fund	10,000	3,901	-	-	-	-	-	-	10,000	3,901
Fees expensed	12,415	6,372	12,415	6,222	-	150	-	-	-	-
Fees and other income earned	92,228	82,893	92,228	74,923	-	7,970	-	-	-	-
Charity paid	65,000	-	-	-	-	-	-	-	65,000	-
Premiums paid	70,027	106,715	-	-	70,027	106,715	-	-	-	-
Claims received	53,513	71,046	-	-	53,513	71,046	-	-	-	-
Remuneration to key management personnel (note 35 & 27.4)	177,042	167,043	-	-	-	-	177,042	167,043	-	-
Fees to non-executive directors (note 35)	29,895	24,315	-	-	-	-	29,895	24,315	-	-
Proceeds from sale of fixed assets having net book value of Rs. Nil (note 12.3.2)	627	-	-	-	-	-	627	-	-	-

## 38.6 Associates - Key information

	2013 (Unaudited)		
	Mutual funds *	Others	Total
	Rupees in '000		
Assets	48,602,021	678,568	49,280,589
Liabilities	582,230	459,420	1,041,650
Operating revenue	3,356,504	(22,176)	3,334,328
Profit after tax	2,796,398	54,539	2,850,937

\* Information is based on the reviewed financial information as at December 31, 2013.

## 39. 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 February 4, 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 Basel II requirements which were applicable last year.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 39.1 Capital structure

Under Basel III framework, Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
    - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc after deductions for investments in the equity of subsidiary companies engaged in banking and financial activities (to the extent of 50%), 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 deduction of remaining 50% investment in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.
- Presently the Bank does not have any AT1 capital.
- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments (upto a maximum of 45%).

Banking operations are categorized 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.

## 39.2 Capital adequacy ratio

The capital to risk weighted assets ratio, calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardized Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk is presented below:

Particulars	2013		2012
	Amount	Pre - Basel III treatment*	Basel II treatment (Restated)
Rupees in '000			
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>			
Fully paid-up capital / capital deposited with the SBP	10,027,379	-	9,033,675
Balance in share premium account	-	-	-
Reserve for issue of bonus shares	-	-	-
General / Statutory Reserves	3,551,297	-	2,759,942
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-	-
Unappropriated profits	4,329,474	-	3,700,021
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-	-
<b>CET 1 before Regulatory Adjustments</b>	<b>17,908,150</b>	<b>-</b>	<b>15,493,638</b>

\* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



Particulars	2013		2012
	Amount	Pre - Basel III treatment*	Basel II treatment (Restated)
	Rupees in '000		
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>			
Goodwill (net of related deferred tax liability)	-	-	-
All other intangibles (net of any associated deferred tax liability)	267,832	-	168,642
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	11,817	-	-
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 capital instruments issued by 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	31,525	31,525	31,525
<b>Total regulatory adjustments applied to CET1</b>	<b>311,174</b>	<b>31,525</b>	<b>200,167</b>
<b>Common Equity Tier 1 (a)</b>	<b>17,596,976</b>	<b>-</b>	<b>15,293,471</b>
<b>Additional Tier 1 (AT1) Capital</b>			
Qualifying Additional Tier-1 instruments plus any related share premium of which:	-	-	-
- classified as equity	-	-	-
- classified as liabilities	-	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-	-
of which:			
- instrument issued by subsidiaries subject to phase out	-	-	-
<b>AT1 before regulatory adjustments</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 Capital: regulatory adjustments</b>			
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-
Investment in own AT1 capital instruments	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-
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	-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
<b>Total of Regulatory Adjustment applied to AT1 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Additional Tier 1 capital recognized for capital adequacy (b)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Tier 1 Capital (CET1 + admissible AT1) (c=a+b)</b>	<b>17,596,976</b>	<b>-</b>	<b>15,293,471</b>

\* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

Particulars	2013		2012
	Amount	Pre - Basel III treatment*	Basel II treatment (Restated)
Rupees in '000			
<b>Tier 2 Capital</b>			
Qualifying Tier 2 capital instruments under Basel III	-	-	-
Capital instruments subject to phase out arrangement from tier 2	-	-	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries of which:	-	-	-
- instruments issued by subsidiaries subject to phase out	-	-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	1,242,923	-	1,218,619
Revaluation Reserves of which:			
- Revaluation reserves on Property	-	-	-
- Unrealized Gains on AFS	452,292	552,801	481,059
Foreign Exchange Translation Reserves	-	-	-
Undisclosed / Other Reserves (if any)	-	-	-
<b>T2 before regulatory adjustments</b>	<b>1,695,215</b>	<b>552,801</b>	<b>1,699,678</b>
<b>Tier 2 Capital: regulatory adjustments</b>			
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	31,525	31,525	31,525
Reciprocal cross holdings in Tier 2 instruments	-	-	-
Investment in own Tier 2 capital instrument	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
<b>Amount of Regulatory Adjustment applied to T2 capital</b>	<b>31,525</b>	<b>31,525</b>	<b>31,525</b>
Tier 2 capital (T2)	1,663,690	-	1,668,153
Tier 2 capital recognized for capital adequacy	1,663,690	-	1,668,153
Excess Additional Tier 1 capital recognised in Tier 2 capital	-	-	-
<b>Total Tier 2 capital admissible for capital adequacy (d)</b>	<b>1,663,690</b>	<b>-</b>	<b>1,668,153</b>
<b>Total Capital (T1 + admissible T2) (e=c+d)</b>	<b>19,260,666</b>	<b>-</b>	<b>16,961,624</b>
<b>Total Risk Weighted Assets (i=f+g+h)</b>	<b>154,316,558</b>	<b>-</b>	<b>120,382,715</b>

Particulars	2013	2012
	Amount	Basel II treatment (Restated)
Rupees in '000		
Total Credit Risk Weighted Assets (f)	121,239,380	99,377,040
Risk weighted assets in respect of amounts subject to Pre-Basel III Treatment of which:		
- recognised 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	-	-
- deferred tax assets	130,939	-
- defined-benefit pension fund net assets	-	-
Total Market Risk Weighted Assets (g)	10,005,953	4,525,900
Total Operational Risk Weighted Assets (h)	23,071,225	16,479,775
<b>Capital Ratios and buffers (in percentage of risk weighted assets)</b>		
CET1 to total RWA (a/i)	11.40%	12.70%
Tier-1 capital to total RWA (c/i)	11.40%	12.70%
Total capital to RWA (e/i)	12.48%	14.09%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	0%	0%
- capital conservation buffer requirement	0%	0%
- countercyclical buffer requirement	0%	0%
- Domestic Systemically Important Banks (SIB) or Global SIB buffer requirement	0%	0%
CET1 available to meet buffers (as a percentage of risk weighted assets)	11.40%	12.70%

\* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



Particulars	2013 Amount	2012 Basel II treatment (Restated) Rupees in '000
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	5%	
Tier 1 minimum ratio	6.5%	
Total capital minimum ratio	10%	
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	11,814	-
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	130,939	-
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,242,923	1,218,619
Cap on inclusion of provisions in Tier 2 under standardized approach	1,515,492	1,242,213
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	-	-

## 39.3 Capital Adequacy

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Bank to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next 3 to 5 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Bank prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

In implementing current capital requirements the State Bank of Pakistan requires banks to maintain minimum Capital Adequacy Ratio (CAR) of 10% as of December 31, 2013 whereas CAR stood at 12.48% at the year ended December 31, 2013.

The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Major credit risk in respect of on and off-balance sheet exposures are mainly claims on banks, corporates, retail customers, residential mortgages and unquoted associated undertakings and Sukuks. Market risk exposures are mainly in mutual funds, equity and foreign exchange positions. The Bank's potential risk exposures shall remain in these exposure types.

Sensitivity and stress testing of the Bank under different risk factors namely yield rate, non-performing financings and foreign exchange rate are analysed with reference to the capital adequacy so as to determine the resilience of the Bank.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

39.3.1	Risk-weighted exposures	Book Value	Risk Adjusted Value	Book Value	Risk Adjusted Value
		2013	2013	2012	2012
		Rupees in '000			
	<b>Credit Risk</b>				
	<b>Balance Sheet Items</b>				
	Cash and balances with treasury banks	28,582,626	193,103	19,125,401	184,545
	Balances with other banks	3,554,234	1,116,214	3,851,150	1,416,362
	Due from financial institutions	7,442,732	1,488,546	500,000	250,000
	Investments	151,613,933	6,861,933	152,459,855	13,823,797
	Islamic financing and related assets	127,622,868	92,429,234	88,678,076	66,659,010
	Operating fixed assets	5,594,914	5,327,082	4,898,240	4,729,598
	Deferred tax assets	130,939	130,939	545,961	545,961
	Other assets	5,182,385	5,182,385	4,377,827	4,377,827
		<u>329,724,631</u>	<u>112,729,436</u>	<u>274,436,510</u>	<u>91,987,100</u>
	<b>Off Balance Sheet items</b>				
	Acceptances and Direct credit substitutes	2,455,713	2,419,324	3,710,041	3,215,949
	Purchase and Resale Agreements	-	-	-	-
	Transaction related contingent liabilities	5,914,266	1,027,397	4,588,519	372,479
	Commitments in respect of Islamic financing and related assets	49,376,604	283,958	39,180,955	397,157
	Import letters of credit	22,608,394	3,397,819	12,906,182	2,151,229
	Commitments in respect of forward exchange contracts				
	- Purchase	28,669,934	388,829	34,882,828	237,256
	- Sale	36,717,660	992,617	36,650,528	1,015,870
		<u>145,742,571</u>	<u>8,509,944</u>	<u>131,919,053</u>	<u>7,389,940</u>
	<b>Credit risk-weighted exposures</b>		<u>121,239,380</u>		<u>99,377,040</u>
	<b>Market Risk</b>				
	General market risk		4,881,019		2,441,850
	Specific market Risk		5,124,934		2,084,050
	<b>Market risk-weighted exposures</b>		<u>10,005,953</u>		<u>4,525,900</u>
	<b>Operational Risk</b>		<u>23,071,225</u>		<u>16,479,775</u>
	<b>Total Risk-Weighted Exposures</b>		<u>154,316,558</u>		<u>120,382,715</u>
39.3.2	Risk-weighted exposures	Capital requirements		Risk weighted assets	
		2013	2012	2013	2012
		Rupees in '000			
	<b>Credit Risk</b>				
	<b>Portfolios subject to on-balance sheet exposure (Simple Approach)</b>				
	Banks	440,914	185,091	4,409,138	1,850,906
	Corporate	8,714,807	6,224,738	87,148,074	62,247,376
	Retail	355,937	279,975	3,559,366	2,799,749
	Residential mortgage	149,011	113,532	1,490,112	1,135,321
	Past due loans	26,103	47,656	261,029	476,564
	Investments	522,131	1,382,046	5,221,311	13,820,456
	Operating fixed assets	532,708	472,960	5,327,082	4,729,598
	All other assets	531,332	492,713	5,313,324	4,927,130
	<b>Portfolios subject to off-balance sheet exposure - non market related (Simple approach)</b>				
	Banks	30,929	9,463	309,286	94,630
	Corporate	617,407	548,298	6,174,069	5,482,976
	Retail	32,114	45,147	321,135	451,466
	Others	32,401	10,774	324,010	107,741
	<b>Portfolios subject to off-balance sheet exposures - market related (Current exposure method)</b>				
	Banks	89,074	96,024	890,737	960,239
	Customers	49,071	29,289	490,707	292,888
	<b>Market Risk</b>				
	<b>Capital Requirement for portfolios subject to Standardised Approach</b>				
	Interest rate risk	117,341	51,026	1,173,408	510,262
	Equity position risk	809,164	386,316	8,091,641	3,863,164
	Foreign exchange risk	74,090	15,247	740,904	152,474
	<b>Operational Risk</b>				
	Capital requirement for operational risk	2,307,123	1,647,978	23,071,225	16,479,775
	<b>Total</b>	<u>15,431,657</u>	<u>12,038,273</u>	<u>154,316,558</u>	<u>120,382,715</u>
	<b>Capital Adequacy Ratio</b>				
			2013	2012	
			Rupees in '000		
	Total eligible regulatory capital held	(a)	<u>19,260,666</u>	<u>16,961,624</u>	
	Total risk weighted assets	(b)	<u>154,316,558</u>	<u>120,382,715</u>	
	Capital adequacy ratio	(a) / (b)	<u>12.48%</u>	<u>14.09%</u>	

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 39.4 Capital Structure Reconciliation

### 39.4.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000		
<b>Assets</b>		
Cash and balances with treasury banks	28,582,626	28,582,626
Balances with other banks	3,554,234	3,554,234
Due from financial institutions	7,442,732	7,442,732
Investments	151,613,933	151,613,933
Islamic financing and related assets	127,622,868	127,622,868
Operating fixed assets	5,594,914	5,594,914
Deferred tax assets	130,939	130,939
Other assets	5,182,385	5,182,385
<b>Total assets</b>	<b>329,724,631</b>	<b>329,724,631</b>
<b>Liabilities and Equity</b>		
Bills payable	3,614,718	3,614,718
Due to financial institutions	11,375,498	11,375,498
Deposits and other accounts	289,810,519	289,810,519
Sub-ordinated loans	-	-
Liabilities against assets subject to finance leases	-	-
Deferred tax liabilities	-	-
Other liabilities	6,010,653	6,010,653
<b>Total liabilities</b>	<b>310,811,388</b>	<b>310,811,388</b>
Share capital	10,027,379	10,027,379
Reserves	3,551,297	3,551,297
Unappropriated profit	4,329,474	4,329,474
Minority Interest	-	-
Surplus on revaluation of investments - net of tax	1,005,093	1,005,093
<b>Total liabilities and equity</b>	<b>18,913,243</b>	<b>18,913,243</b>

### 39.4.2 Reconciliation of balance sheet to eligible regulatory capital

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000			
<b>Assets</b>			
Cash and balances with treasury banks		28,582,626	28,582,626
Balances with other banks		3,554,234	3,554,234
Due from financial institutions		7,442,732	7,442,732
Investments		151,613,933	151,613,933
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual Funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	11,817	11,817
- others	e	-	-
Islamic financing and related assets		127,622,868	127,622,868
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	1,242,923	1,242,923
Operating fixed assets		5,594,914	5,594,914
of which:			
- Intangibles	k	267,832	267,832

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000			
Deferred tax assets		130,939	130,939
of which:			
- DTAs excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets		5,182,385	5,182,385
of which:			
- goodwill	J	-	-
- defined-benefit pension fund net assets	l	-	-
<b>Total assets</b>		<b>329,724,631</b>	<b>329,724,631</b>
<b>Liabilities and Equity</b>			
Bills payable		3,614,718	3,614,718
Due from financial institutions		11,375,498	11,375,498
Deposits and other accounts		289,810,519	289,810,519
Sub-ordinated loans		-	-
of which:			
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
of which:			
- DTLs related to goodwill	o	-	-
- DTLs related to intangible assets	p	-	-
- DTLs related to defined pension fund net assets	q	-	-
- other deferred tax liabilities	r	-	-
Other liabilities		6,010,653	6,010,653
<b>Total liabilities</b>		<b>310,811,388</b>	<b>310,811,388</b>
<b>Share capital</b>		<b>10,027,379</b>	<b>10,027,379</b>
of which:			
- amount eligible for CET1	s	10,027,379	10,027,379
- amount eligible for AT1	t	-	-
Reserves		3,551,297	3,551,297
of which:			
- portion eligible for inclusion in CET1 - Statutory reserve	u	3,484,531	3,484,531
- portion eligible for inclusion in CET1 - General reserve		66,766	66,766
- portion eligible for inclusion in Tier 2	v	-	-
Unappropriated profit	w	4,329,474	4,329,474
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		1,005,093	1,005,093
of which:			
- Revaluation reserves on Property		-	-
- Unrealized Gains/Losses on AFS	aa	1,005,093	1,005,093
- In case of Deficit on revaluation (deduction from CET1)	ab	-	-
<b>Total liabilities and Equity</b>		<b>329,724,631</b>	<b>329,724,631</b>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 39.4.3 Basel III Disclosure (with added column)

Particulars	Source based on reference number from 39.4.2	Component of regulatory capital reported by bank
		Rupees in '000
<b>Common Equity Tier 1 capital (CET1): Instruments and reserves</b>		
1 Fully Paid-up Capital		10,027,379
2 Balance in share premium account	(s)	-
3 Reserve for issue of bonus shares		-
4 General / Statutory Reserves		3,551,297
5 Gain / (Losses) on derivatives held as Cash Flow Hedge	(u)	-
6 Unappropriated / unremitted profits	(w)	4,329,474
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		17,908,150
<b>Common Equity Tier 1 capital: Regulatory adjustments</b>		
9 Goodwill (net of related deferred tax liability)	(i) - (s)	-
10 All other intangibles (net of any associated deferred tax liability)	(k) - (p)	267,832
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)	11,817
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		31,525
28 Total regulatory adjustments applied to CET1		311,174
<b>Common Equity Tier 1</b>		<b>17,596,976</b>
<b>Additional Tier 1 (AT 1) Capital</b>		
29 Qualifying Additional Tier-1 instruments plus any related share premium of which:		-
30 - Classified as equity	(t)	-
31 - Classified as liabilities	(m)	-
32 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
33 of which: instrument issued by subsidiaries subject to phase out		-
34 <b>AT1 before regulatory adjustments</b>		-



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000		
<b>Additional Tier 1 Capital: regulatory adjustments</b>		
35 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
36 Investment in own AT1 capital instruments		-
37 Reciprocal cross holdings in Additional Tier 1 capital instruments		-
38 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
39 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
40 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 1 capital		-
41 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
42 Total of Regulatory Adjustment applied to AT1 capital		-
43 Additional Tier 1 capital		-
44 <b>Additional Tier 1 capital recognised for capital adequacy</b>		-
<b>Tier 1 Capital (CET1 + admissible AT1)</b>		<b>17,596,976</b>
<b>Tier 2 Capital</b>		
45 Qualifying Tier 2 capital instruments under Basel III		-
46 Capital instruments subject to phase out arrangement from Tier 2	(n)	-
47 Tier 2 capital instruments issued to third party by consolidated subsidiaries of which:	(z)	-
- 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)	1,242,923
49 Revaluation Reserves eligible for Tier 2 of which:		452,292
50 - portion pertaining to Property		-
51 - portion pertaining to AFS securities	45% of (aa)	452,292
52 Foreign Exchange Translation Reserves	(v)	-
53 Undisclosed / Other Reserves (if any)		-
54 <b>T2 before regulatory adjustments</b>		<b>1,695,215</b>
<b>Tier 2 Capital: regulatory adjustments</b>		
55 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		31,525
56 Reciprocal cross holdings in Tier 2 instruments		-
57 Investment in own Tier 2 capital instrument		-
58 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
59 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
60 Amount of Regulatory Adjustment applied to T2 capital		31,525
61 Tier 2 capital (T2)		1,695,215
62 Tier 2 capital recognised for capital adequacy		1,663,690
63 Excess Additional Tier 1 capital recognised in Tier 2 capital		-
64 <b>Total Tier 2 capital admissible for capital adequacy</b>		<b>1,663,690</b>
<b>Total Capital (T1 + admissible T2)</b>		<b>19,260,666</b>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## Main features of regulatory capital instruments

	Main Features	Common Shares
1	Issuer	Meezan Bank Limited
2	Unique identifier (e.g KSE Symbol or Bloomberg identifier etc.)	MEBL
3	Governing law(s) of the instrument	Listing regulations of Karachi Stock Exchange Limited
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post - transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group/ group and solo	Solo
7	Instrument type	Ordinary shares
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	10,027,379
9	Par value of instrument	10
10	Accounting classification	Shareholders' equity
11	Original date of issuance	August 16, 1997
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	<b>Coupons / dividends</b>	
17	Fixed or floating dividend / coupon	N/A
18	Coupon rate and any related index / benchmark	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Residual interest
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

39.5 The above disclosures have been prepared for the bank on a standalone basis. In addition to the above, the Bank is also required to submit capital adequacy statement to the State Bank of Pakistan on a consolidated basis which incorporates the results of subsidiary (Al-Meezan Investment Management Limited) while associates are equity accounted. There is no difference between the accounting and regulatory method of consolidation and there is no capital deficiency in Bank's subsidiary. The Bank is fully compliant with the minimum capital requirement on a group level as well.

## 40. 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.

# Notes to and forming part of the Financial Statements

## For the year ended December 31, 2013

### 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

Credit Committee  
Asset and Liability Management Committee (ALCO)  
Internal Controls and Operational Risk Management Committee (ICORC)

#### Chaired by

President & CEO  
President & CEO  
Deputy Chief Executive Officer

The Credit Committee is responsible for reviewing and granting approval of financing proposals of Corporate, Commercial, SME and Investment Banking clients. It also supports and guides front lines in managing their businesses while ensuring compliance with applicable policies as approved by the Board of Directors of the Bank. The Committee is also responsible to optimize risk on the Bank's financing portfolio, ensuring credit quality as per the Bank's risk asset acceptance criteria, managing the tenor of assets, maintaining adequate industry diversification and minimizing bad debts / loss provisioning. For this purpose it has formulated financing policy so as to effectively monitor the risk profile of the Bank's asset portfolio and to ensure strict adherence to the SBP's Prudential Regulations, the Banking Companies Ordinance, 1962, and any other regulatory requirement.

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation and overall changing market scenario. Market and liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Bank is maximized without compromising on risk appetite. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

The ICORC is responsible for reviewing adequacy of controls and systems to meet the regulatory requirements and business plan of the Bank. The Committee evaluates overall management information systems and guides / facilitates for their accuracy and standardisation. The ICORC reviews reports on major actual / attempted fraud, forgery and dacoity incidents and the steps taken to mitigate such incidents in future. The Committee ensures that policies and procedures in all key risk areas of the banking business are in place. It deliberates on reports regarding deviations and lapses vis-à-vis internal and external requirements. The ICORC also reviews reports on loss data and key risk indicators.

The Bank's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

#### 40.1 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. The Bank also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non-performing. The risk management function also monitors the non-performing financing portfolio of the Bank and reports all significant matters to the Risk Management Committee.

The Bank takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs. 121,435.79 million (2012: Rs 99,377.04 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 12.47%.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 40.1.1 Segmental information

### 40.1.1.1 Segment by class of business

	2013					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, food, forestry and fishing	14,497,065	10.86	1,572,497	0.54	5,636,905	3.50
Automobile and transportation equipment	1,756,144	1.32	217,392	0.08	1,020,414	0.63
Cement	2,465,042	1.85	473,513	0.16	1,242,805	0.77
Chemical and pharmaceuticals	13,690,012	10.26	1,477,296	0.51	11,184,710	6.95
Construction	2,975,063	2.23	3,131,777	1.08	1,654,872	1.03
Electronics and electrical appliances	1,254,423	0.94	506,516	0.17	2,531,006	1.57
Exports / imports	805,966	0.60	954,786	0.33	5,081,129	3.16
Financial institutions	936,275	0.70	9,437,151	3.26	67,127,969	41.71
Footwear and leather garments	2,254,532	1.69	285,611	0.10	1,628,583	1.01
Individuals	7,546,953	5.65	237,283,447	81.88	2,943,192	1.83
Insurance	32,827	0.02	48,707	0.02	12,482	0.01
Others	9,223,418	6.91	13,033,766	4.49	12,854,062	8.00
Paper, board and packaging	5,153,763	3.86	663,642	0.23	1,897,852	1.18
Power (electricity), oil, gas and water	18,724,427	14.03	513,855	0.18	10,200,725	6.34
Services	5,962,016	4.47	10,733,007	3.70	2,643,570	1.64
Sugar	4,143,399	3.10	779,331	0.27	1,560,652	0.97
Textile	37,782,228	28.31	3,825,638	1.32	28,966,104	18.00
Transport, storage and communication	1,327,580	0.99	1,477,167	0.51	971,358	0.60
Wholesale and retail trade	2,943,576	2.21	3,395,420	1.17	1,778,102	1.10
	133,474,709	100	289,810,519	100	160,936,492	100

	2012					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, food, forestry and fishing	8,513,626	9.02	1,396,421	0.61	4,390,113	3.13
Automobile and transportation equipment	1,489,237	1.58	180,849	0.08	1,142,453	0.82
Cement	3,015,905	3.19	447,821	0.19	1,333,554	0.95
Chemical and pharmaceuticals	11,417,478	12.09	842,200	0.37	9,425,999	6.72
Construction	1,230,741	1.30	1,925,264	0.84	1,037,993	0.74
Electronics and electrical appliances	2,223	-	815,363	0.35	694,057	0.50
Exports / imports	1,358,800	1.44	1,382,621	0.60	1,427,264	1.02
Financial institutions	900,258	0.95	380,033	0.16	72,284,081	51.56
Footwear and leather garments	984,999	1.04	210,100	0.09	913,658	0.65
Individuals	6,141,566	6.51	185,287,193	80.40	2,628,542	1.88
Insurance	15,515	0.02	70,287	0.03	7,836	0.01
Others	12,657,575	13.42	6,992,720	3.03	10,271,623	7.33
Paper, board and packaging	1,854,011	1.96	322,793	0.14	767,947	0.55
Power (electricity), oil, gas and water	11,128,133	11.79	82,636	0.04	5,614,908	4.01
Services	954,510	1.01	17,432,612	7.57	958,859	0.68
Sugar	2,901,258	3.07	42,936	0.02	1,257,653	0.90
Textile	24,975,480	26.46	3,768,077	1.64	22,226,429	15.85
Transport, storage and communication	3,197,636	3.39	780,032	0.34	2,379,729	1.70
Wholesale and retail trade	1,663,316	1.76	8,066,028	3.50	1,409,281	1.00
	94,402,267	100	230,425,986	100	140,171,979	100

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 40.1.1.2 Segment by sector

	2013					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	14,450,426	10.83	286,335	0.10	5,024,739	3.12
Private	119,024,283	89.17	289,524,184	99.90	155,911,753	96.88
	<b>133,474,709</b>	<b>100.00</b>	<b>289,810,519</b>	<b>100.00</b>	<b>160,936,492</b>	<b>100.00</b>

	2012					
	Islamic financing and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	1,707,000	1.81	1,358,430	0.59	-	-
Private	92,695,267	98.19	229,067,556	99.41	140,171,979	100.00
	<b>94,402,267</b>	<b>100.00</b>	<b>230,425,986</b>	<b>100.00</b>	<b>140,171,979</b>	<b>100.00</b>

## 40.1.1.3 Details of non-performing Islamic financing and related assets and specific provisions by class of business segment:

	2013		2012	
	Classified Islamic financing and related assets	Specific provisions held	Classified Islamic financing and related assets	Specific provisions held
	Rupees in '000			
Textile	2,648,108	2,578,206	2,549,567	2,320,747
Chemical and pharmaceuticals	49,696	26,021	29,404	18,779
Cement	87,237	49,237	147,166	109,166
Sugar	125,654	140,473	132,679	150,000
Footwear and leather garments	177,778	177,778	180,403	98,960
Automobile and transportation equipment	650,540	650,540	560,545	560,545
Paper, board and packaging	70,308	68,293	75,605	73,590
Individuals	321,755	229,820	272,743	197,231
Others	709,680	688,550	1,051,916	976,554
	<b>4,840,756</b>	<b>4,608,918</b>	<b>5,000,028</b>	<b>4,505,572</b>

## 40.1.1.4 Details of non-performing Islamic financing and related assets and specific provisions by sector:

	2013		2012	
	Classified Islamic financing and related assets	Specific provisions held	Classified Islamic financing and related assets	Specific provisions held
	Rupees in '000			
Public / Government	-	-	-	-
Private	4,840,756	4,608,918	5,000,028	4,505,572
	<b>4,840,756</b>	<b>4,608,918</b>	<b>5,000,028</b>	<b>4,505,572</b>

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 40.1.1.5 Geographical segment analysis

	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees in '000			
Pakistan	5,646,664	329,724,631	18,913,243	160,936,492

	2012 (Restated)			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees in '000			
Pakistan	5,230,226	274,436,510	16,562,658	140,171,979

## 40.1.2 Credit Risk - General Disclosures

The Bank has adopted Standardised Approach for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on the basis of standardised approach.

The Bank is committed to further strengthen its risk management framework which will enable the Bank to move ahead for adopting Foundation (IRB) approach of Basel II. Meanwhile, none of the Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

### 40.1.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies which consists of PACRA (Pakistan Credit Rating Agency) and JCR-VIS (Japan Credit Rating Company - Vital Information System) which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

### Types of Exposure and ECAI's used

Exposures	2013				
	JCR-VIS	PACRA	Standard & Poors (S&P)	Fitch	Moody
Corporate	□	□	-	-	-
Banks	□	□	□	□	□
Public Sector Entities	□	□	-	-	-

### Use of ECAI Ratings

The Bank prefers solicited ratings over unsolicited ratings at all times, owing to the greater degree of accuracy (in general) associated with solicited ratings. Unsolicited ratings may only be used in cases where a solicited rating is not available.

### Mapping to SBP Rating Grades

The alignment of the Alphanumerical scale of each agency used with risk buckets is as per instructions laid down by SBP under Basel II requirements.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 40.1.2.2 Credit exposures subject to standardised approach

2013				2012		
Rupees in '000						
Exposures	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Banks						
20%	3,016,315	-	3,016,315	-	-	-
50%	4,215,553	-	4,215,553	5,640,400	-	5,640,400
100%	-	-	-	-	-	-
150%	-	-	-	-	-	-
Unrated	-	-	-	-	-	-
Corporate						
20%	13,750,955	-	13,750,955	12,039,158	-	12,039,158
50%	21,756,186	-	21,756,186	11,845,920	-	11,845,920
100%	892,639	-	892,639	432,059	-	432,059
150%	-	-	-	-	-	-
Unrated	73,830,775	517,678	73,313,097	55,365,462	703,511	54,661,951
Retails						
75%	6,231,032	1,485,211	4,745,821	5,096,344	1,363,345	3,732,999
Total	123,693,455	2,002,889	121,690,566	90,419,343	2,066,856	88,352,487

## 40.1.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Bank obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Bank has taken advantage of the cash collaterals available with the Bank in the form of security deposits, cash margins, certificates of islamic investment, monthly modaraba certificate and saving accounts.

Valuation and management of eligible collaterals for CRM is being done in accordance with the conditions laid down by the State Bank of Pakistan. Eligible collaterals for CRM purposes do not expose the Bank to price risk as they are in the form of cash collaterals. Since eligible collaterals for CRM purposes are all in the form of cash collaterals, they generally do not pose risk to the Bank in terms of change in their valuation due to changes in the market condition.

The credit equivalent amount of an off-balance sheet market related foreign exchange contracts are determined by using the current exposure (mark to market) method.

The Bank mainly takes the benefit of CRM against its claims on corporate and retail portfolio. Under the standardised approach for on-balance sheet exposures, the corporate portfolio of Rs. 110,230.55 million is subject to the CRM of Rs. 517.678 million whereas a claim on retail portfolio of Rs. 6,231.03 million is subject to CRM of Rs. 1,485.21 million. The total benefit of Rs. 2,002.89 million was availed through CRM against total on-balance sheet exposure of Rs. 320,928.99 million.

Under off-balance sheet, non-market related exposures; the corporate portfolio of Rs. 71,421.032 million is subject to the CRM of Rs. 1,027.33 million whereas a claim on retail portfolio of Rs. 2,602.66 million is subject to CRM of Rs. 553.37 million. Total benefit of Rs. 1,580.7 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs. 80,354.98 million.

Thus in the year 2013 total amount of cash collateral used for CRM purposes (for both on and off balance sheet items) was Rs. 3,583.59 million as against amount of Rs. 4,375 million in year 2012. The difference in the value of cash collateral is due to the changes in the exposure amounts and resultant amount of cash collateral obtained.

## 40.1.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 40.2 Equity position in the banking and trading book

The Bank classifies and values its investment portfolio in accordance with the directives of SBP as stated in note 6.4 to these financial statements.

### Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily;

- Any valuation difference is charged to the profit and loss account in case of held for trading securities and to equity in case of available for sale securities.

### Banking book

Assets outside trading book are part of the banking book. These may include assets classified as available for sale. The Bank does not have any held to maturity investments as at December 31, 2013.

## 40.3 Market risk

The Bank is exposed to market risk which is the risk that the value of on and off balance sheet exposure of the Bank will be adversely affected by movements in market rates or prices such as benchmark rates, profit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital. The Market risk charge consists of two components. The general risk describes value changes due to general market movements, while the specific risk has issuer related causes. The capital charge for market risk has been calculated by using Standardised Approach.

The Bank applies Stress Testing and Value at Risk (VaR) techniques as risk management tools. Stress testing enables the Bank to estimate changes in the value of the portfolio, if exposed to various risk factors. VaR quantifies the maximum loss that might arise due to change in risk factors, if exposure remains unchanged for a given period of time.

### 40.3.1 Foreign exchange risk

The foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to the changes in foreign exchange rates.

The objectives of the foreign exchange risk management function is to minimise the adverse impact of foreign exchange assets and liabilities mismatch and maximise the earnings.

The Bank does not take any currency exposure except to the extent of statutory net open position prescribed by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis to contain the foreign exchange forward exposures.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2013			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	302,663,679	291,115,969	8,047,726	19,595,436
United States Dollars	25,591,789	17,373,401	(8,955,346)	(736,958)
Great Britain Pounds	625,710	1,154,727	542,795	13,778
Japanese Yen	19,577	-	(20,062)	(485)
Euro	752,722	1,162,704	416,226	6,244
Singapore Dollars	3,754	-	-	3,754
Australian Dollars	8,616	-	(9,394)	(778)
Canadian Dollars	8,123	204	-	7,919
United Arab Emirates Dirham	17,670	-	(1,434)	16,236
Swiss Francs	26,480	-	(24,860)	1,620
Saudi Riyal	2,382	-	-	2,382
Swedish Korona	3,584	-	-	3,584
Hongkong Dollar	545	-	-	545
Chinese Yuan	-	4,383	4,349	(34)
Other currencies	-	-	-	-
<b>Total foreign currency exposure</b>	<b>27,060,952</b>	<b>19,695,419</b>	<b>(8,047,726)</b>	<b>(682,193)</b>
<b>Total currency exposure</b>	<b>329,724,631</b>	<b>310,811,388</b>	<b>-</b>	<b>18,913,243</b>

	2012 (Restated)			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	260,043,441	245,400,952	1,767,699	16,410,188
United States Dollars	13,677,714	11,097,510	(2,479,519)	100,685
Great Britain Pounds	394,581	798,802	409,600	5,379
Japanese Yen	23,548	-	(22,566)	982
Euro	245,687	576,358	335,421	4,750
Singapore Dollars	2,158	-	-	2,158
Australian Dollars	3,752	-	-	3,752
Canadian Dollars	3,806	202	-	3,604
United Arab Emirates Dirham	17,719	-	-	17,719
Swiss Francs	11,682	28	(10,619)	1,035
Saudi Riyal	8,824	-	-	8,824
Swedish Korona	1,614	-	(16)	1,598
Hongkong Dollar	425	-	-	425
Chinese Yuan	1,559	-	-	1,559
<b>Total foreign currency exposure</b>	<b>14,393,069</b>	<b>12,472,900</b>	<b>(1,767,699)</b>	<b>152,470</b>
<b>Total currency exposure</b>	<b>274,436,510</b>	<b>257,873,852</b>	<b>-</b>	<b>16,562,658</b>

## 40.3.2 Equity position risk

Equity position risk in the trading book arises due to taking long positions in the equities and all instruments that exhibit market behavior similar to equities.

Counter parties limits, as also fixed by the SBP, are considered to limit risk concentration. The Bank invests in those equities which are Shariah compliant as advised by the Shariah advisor.

## 40.3.3 Yield / profit rate risk

Yield risk is the risk of decline in earnings due to adverse movement of the yield curve. Profit rate risk is the risk that the value of the financial instrument will fluctuate due to changes in market profit rates. The Bank is exposed to profit rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off-balance sheet instruments that mature or re-price in a given period. The Bank reprices its financings as per their respective contracts.

The Bank estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Bank by various shocks.

# Notes to and forming part of the Financial Statements

## For the year ended December 31, 2013



### 40.3.4 Mismatch of yield rate sensitive assets and liabilities

2013												
Effective yield rate %	Total	Exposed to yield risk								Non-yield bearing financial instruments		
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years		Above 10 years	
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	28,582,626	-	-	-	-	-	-	-	-	28,582,626	
Balances with other banks	0.12	3,554,234	993,003	-	-	-	-	-	-	-	2,561,231	
Due from financial institutions	9.13	7,442,732	2,417,623	5,025,109	-	-	-	-	-	-	-	
Investments	8.94	144,613,425	3,637,558	45,029,514	85,232,306	548,686	1,611,248	3,743,661	1,967,068	-	2,843,384	
Islamic financing and related assets	10.41	127,622,868	15,886,279	27,045,075	30,847,956	9,788	4,186	11,169	178,437	774,036	45,976,112	
Other assets	-	4,229,125	-	-	-	-	-	-	-	-	4,229,125	
		316,045,010	22,934,463	77,099,698	116,080,262	6,889,830	1,615,434	3,754,830	2,145,505	774,036	84,192,478	
Liabilities												
Bills payable	-	3,614,718	-	-	-	-	-	-	-	-	3,614,718	
Due to financial institutions	8.65	11,375,498	2,255,303	2,422,433	6,697,762	-	-	-	-	-	-	
Deposits and other accounts	4.52	289,810,519	207,428,192	-	-	-	-	-	-	-	82,382,327	
Other liabilities	-	5,406,706	-	-	-	-	-	-	-	-	5,406,706	
		310,207,441	209,683,495	2,422,433	6,697,762	-	-	-	-	-	91,403,751	
On-balance sheet gap		5,837,569	(186,749,032)	74,677,265	109,382,500	6,889,830	558,474	1,615,434	3,754,830	2,145,505	774,036	(7,211,273)
Non financial assets												
- Investment in subsidiary and associates		7,000,508	-	-	-	-	-	-	-	-	-	
- Operating fixed assets		5,594,914	-	-	-	-	-	-	-	-	-	
- Deferred tax assets		130,939	-	-	-	-	-	-	-	-	-	
- Other assets		953,260	-	-	-	-	-	-	-	-	-	
		13,679,621	-	-	-	-	-	-	-	-	-	
Non financial liabilities												
- Other liabilities		603,947	-	-	-	-	-	-	-	-	-	
		603,947	-	-	-	-	-	-	-	-	-	
Total net assets		18,913,243	-	-	-	-	-	-	-	-	-	
Off-balance sheet financial instruments												
Forward Lending		-	-	-	-	-	-	-	-	-	-	
Forward borrowings		-	-	-	-	-	-	-	-	-	-	
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	
Total yield risk rate sensitivity gap			(186,749,032)	74,677,265	109,382,500	6,889,830	558,474	1,615,434	3,754,830	2,145,505	774,036	(7,211,273)
Cumulative yield risk rate sensitivity gap			(186,749,032)	(112,071,767)	(2,689,267)	4,200,563	4,759,037	6,374,471	10,129,301	12,274,806	13,048,842	5,837,569

2012 (Restated)												
Effective yield rate %	Total	Exposed to yield risk								Non-yield bearing financial instruments		
		Upto 1 month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 2 years	Over 2 to 3 years	Over 3 to 5 years	Over 5 to 10 years		Above 10 years	
Rupees in '000												
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	19,125,401	-	-	-	-	-	-	-	-	19,125,401	
Balances with other banks	0.03	3,851,150	2,153,769	-	-	-	-	-	-	-	1,697,381	
Due from financial institutions	9.50	500,000	-	-	500,000	-	-	-	-	-	-	
Investments	11.17	144,609,611	3,062,320	31,280,876	100,091,106	1,001,829	506,257	2,550,938	1,508,243	984,504	3,623,538	
Islamic financing and related assets	12.88	88,678,076	12,839,730	17,906,737	21,451,550	762,906	1,335,332	1,770,566	-	-	19,900,005	
Other assets	-	3,561,781	-	-	-	-	-	-	-	-	3,561,781	
		260,326,019	18,055,819	49,187,613	122,042,656	12,711,250	1,764,735	1,841,589	4,321,504	1,508,243	984,504	47,908,106
Liabilities												
Bills payable	-	3,058,503	-	-	-	-	-	-	-	-	3,058,503	
Due to financial institutions	9.42	18,461,347	9,795,650	4,412,306	4,253,391	-	-	-	-	-	-	
Deposits and other accounts	5.58	230,425,986	170,302,335	-	-	-	-	-	-	-	60,123,651	
Other liabilities	-	4,883,379	-	-	-	-	-	-	-	-	4,883,379	
		256,829,215	180,097,985	4,412,306	4,253,391	-	-	-	-	-	68,065,533	
On-balance sheet gap		3,496,804	(162,042,166)	44,775,307	117,789,265	12,711,250	1,764,735	1,841,589	4,321,504	1,508,243	984,504	(20,157,427)
Non financial assets												
- Investment in subsidiary and associates		7,850,244	-	-	-	-	-	-	-	-	-	
- Operating fixed assets		4,898,240	-	-	-	-	-	-	-	-	-	
- Deferred tax asset - net		545,961	-	-	-	-	-	-	-	-	-	
- Other assets		816,046	-	-	-	-	-	-	-	-	-	
		14,110,491	-	-	-	-	-	-	-	-	-	
Non financial liabilities												
- Other liabilities		1,044,637	-	-	-	-	-	-	-	-	-	
		1,044,637	-	-	-	-	-	-	-	-	-	
Total net assets		16,562,658	-	-	-	-	-	-	-	-	-	
Off-balance sheet financial instruments												
Forward Lending		-	-	-	-	-	-	-	-	-	-	
Forward borrowings		-	-	-	-	-	-	-	-	-	-	
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-	
Total yield risk rate sensitivity gap			(162,042,166)	44,775,307	117,789,265	12,711,250	1,764,735	1,841,589	4,321,504	1,508,243	984,504	(20,157,427)
Cumulative yield risk rate sensitivity gap			(162,042,166)	(117,266,859)	522,406	13,233,656	14,998,391	16,839,980	21,161,484	22,669,727	23,654,231	3,496,804

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 movements arise.

### 40.4 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 Asset and Liability Committee (ALCO) manages the liquidity position on a regular basis and is primarily responsible for the formulation of the overall strategy and oversight of the asset liability function. 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. Moreover, as core retail deposits form a considerable part of the Bank's overall funding mix therefore significant importance is being given to the stability and growth of these deposits. The Board of Directors has approved a comprehensive liquidity management policy which stipulates the early warning indicators of liquidity risk and maintenance of various ratios.

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 40.4.1 Maturities of assets and liabilities

### 40.4.1.1 Maturities of assets and liabilities based on expected maturities

		2013								
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	28,582,626	28,582,626	-	-	-	-	-	-	-	-
Balances with other banks	3,554,234	3,554,234	-	-	-	-	-	-	-	-
Due from financial institutions	7,442,732	2,417,623	5,025,109	-	-	-	-	-	-	-
Investments	151,613,933	9,395,071	13,644,450	16,989,003	24,427,220	60,407,252	18,005,616	5,987,310	2,679,805	78,206
Islamic financing and related assets	127,622,868	22,876,240	23,334,199	23,591,467	5,029,588	9,763,317	10,457,940	13,030,619	16,375,102	3,164,396
Operating fixed assets	5,594,914	-	-	-	814,137	579,448	579,448	938,056	1,209,406	1,474,419
Deferred tax assets	130,939	-	-	-	32,735	32,735	32,735	32,734	-	-
Other assets	5,182,385	900,748	1,487,159	2,134,658	402,072	67,219	190,529	-	-	-
	329,724,631	67,726,542	43,490,917	42,715,128	30,705,752	70,849,971	29,266,268	19,988,719	20,264,313	4,717,021
<b>Liabilities</b>										
Bills payable	3,614,718	3,614,718	-	-	-	-	-	-	-	-
Due to financial institutions	11,375,498	2,255,303	2,422,433	6,697,762	-	-	-	-	-	-
Deposits and other accounts										
- Current accounts	82,382,328	9,053,818	7,274,359	6,763,589	9,564,588	13,518,940	10,380,173	16,459,989	9,366,872	-
- Savings deposits	114,675,755	7,041,090	5,653,515	5,263,617	7,442,457	10,515,767	8,073,173	12,797,814	23,519,998	34,368,324
- Fixed deposits	92,752,436	16,404,846	12,820,162	10,192,561	20,810,297	3,813,128	4,361,864	11,838,498	12,511,080	-
	289,810,519	32,499,754	25,748,036	22,219,767	37,817,342	27,847,835	22,815,210	41,096,301	45,397,950	34,368,324
Other liabilities	6,010,653	1,495,736	974,391	2,019,776	350,795	548,669	387,296	226,499	7,491	-
	310,811,388	39,865,511	29,144,860	30,937,305	38,168,137	28,396,504	23,202,506	41,322,800	45,405,441	34,368,324
<b>Net assets</b>	<b>18,913,243</b>	<b>27,861,031</b>	<b>14,346,057</b>	<b>11,777,823</b>	<b>(7,462,385)</b>	<b>42,453,467</b>	<b>6,063,762</b>	<b>(21,334,081)</b>	<b>(25,141,128)</b>	<b>(29,651,303)</b>
Share capital	10,027,379									
Reserves	3,551,297									
Unappropriated profit	4,329,474									
Surplus on revaluation of investments	1,005,093									
	18,913,243									

		2012 (Restated)								
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
<b>Assets</b>										
Cash and balances with treasury banks	19,125,401	19,125,401	-	-	-	-	-	-	-	-
Balances with other banks	3,851,150	3,851,150	-	-	-	-	-	-	-	-
Due from financial institutions	500,000	-	-	500,000	-	-	-	-	-	-
Investments	152,459,855	605,540	5,075,923	3,539,444	29,029,823	53,047,903	52,695,858	4,816,972	2,470,616	1,177,776
Islamic financing and related assets	88,678,076	18,672,800	12,392,668	15,678,666	1,084,531	2,883,044	8,027,857	15,256,668	12,465,041	2,216,801
Operating fixed assets	4,898,240	-	-	-	962,367	457,348	457,348	914,695	967,779	1,138,703
Deferred tax assets	545,961	-	-	-	136,490	136,490	136,490	136,491	-	-
Other assets	4,377,827	574,701	1,153,868	2,255,914	340,316	11,422	21,442	20,164	-	-
	274,436,510	42,829,592	18,622,459	21,974,024	31,553,527	56,536,207	61,338,995	21,144,990	15,903,436	4,533,280
<b>Liabilities</b>										
Bills payable	3,058,503	3,058,503	-	-	-	-	-	-	-	-
Due to financial institutions	18,461,347	9,795,650	4,412,306	4,253,391	-	-	-	-	-	-
Deposits and other accounts										
- Current deposits	60,123,651	7,274,961	5,831,994	5,411,129	7,635,704	10,822,257	8,297,064	13,167,080	1,683,462	-
- Savings deposits	91,816,953	5,784,466	4,682,665	4,315,397	6,151,736	8,630,794	6,610,821	10,558,950	19,281,560	25,800,564
- Fixed deposits	78,485,382	10,721,481	10,889,621	9,100,965	16,874,142	3,626,841	3,616,970	9,133,588	14,521,774	-
	230,425,986	23,780,908	21,404,280	18,827,491	30,661,582	23,079,892	18,524,855	32,859,618	35,486,796	25,800,564
Other liabilities	5,928,016	625,625	1,152,916	1,731,107	883,758	330,565	620,532	583,513	-	-
	257,873,852	37,260,686	26,969,502	24,811,989	31,545,340	23,410,457	19,145,387	33,443,131	35,486,796	25,800,564
<b>Net assets</b>	<b>16,562,658</b>	<b>5,568,906</b>	<b>(8,347,043)</b>	<b>(2,837,965)</b>	<b>8,187</b>	<b>33,125,750</b>	<b>42,193,608</b>	<b>(12,298,141)</b>	<b>(19,583,360)</b>	<b>(21,267,284)</b>
Share capital	9,033,675									
Reserves	2,759,942									
Unappropriated profit	3,700,021									
Surplus on revaluation of investments	1,069,020									
	16,562,658									

# Notes to and forming part of the Financial Statements

## For the year ended December 31, 2013



Regarding behavior of non-maturity deposits (non-contractual deposits), the Bank conducted a behavioral study based on 5 years data. On the basis of its findings 39.6% of current accounts and 22.2% of saving accounts are bucketed into 'Upto 1-Year maturity' whereas, 60.4% of current accounts and 77.8% of saving accounts are bucketed into maturities of above 1-Year.

### 40.4.1.2 Maturities of assets and liabilities based on contractual maturities

		2013									
		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	28,582,626	28,582,626	-	-	-	-	-	-	-	-	-
Balances with other banks	3,554,234	3,554,234	-	-	-	-	-	-	-	-	-
Due from financial institutions	7,442,732	2,417,623	5,025,109	-	-	-	-	-	-	-	-
Investments	151,613,933	9,395,071	13,644,450	16,989,003	24,427,220	60,407,252	18,005,616	5,987,310	2,679,805	78,206	3,164,396
Islamic financing and related assets	127,622,868	22,876,240	23,334,199	23,591,467	5,029,588	9,763,317	10,457,940	13,030,619	16,375,102	1,474,419	-
Operating fixed assets	5,594,914	-	-	-	814,137	579,448	579,448	938,056	1,209,406	-	-
Deferred tax assets	130,939	-	-	-	32,735	32,735	32,735	32,734	-	-	-
Other assets	5,182,385	900,748	1,487,159	2,134,658	402,072	67,219	190,529	-	-	-	-
	329,724,631	67,726,542	43,490,917	42,715,128	30,705,752	70,849,971	29,266,268	19,988,719	20,264,313	4,717,021	-
Liabilities											
Bills payable	3,614,718	3,614,718	-	-	-	-	-	-	-	-	-
Due to financial institutions	11,375,498	2,255,303	2,422,433	6,697,762	-	-	-	-	-	-	-
Deposits and other accounts											
- Current accounts	82,382,327	82,382,327	-	-	-	-	-	-	-	-	-
- Savings deposits	114,675,756	114,675,756	-	-	-	-	-	-	-	-	-
- Fixed deposits	92,752,436	16,404,846	12,820,162	10,192,561	20,810,297	3,813,128	4,361,864	11,838,498	12,511,080	-	-
	289,810,519	213,462,929	12,820,162	10,192,561	20,810,297	3,813,128	4,361,864	11,838,498	12,511,080	-	-
Other liabilities	6,010,653	1,495,736	974,391	2,019,776	350,795	548,669	387,296	226,499	7,491	-	-
	310,811,388	220,828,686	16,216,986	18,910,099	21,161,092	4,361,797	4,749,160	12,064,997	12,518,571	-	-
Net assets											
	18,913,243	(153,102,144)	27,273,931	23,805,029	9,544,660	66,488,174	24,517,108	7,923,722	7,745,742	4,717,021	-
Share capital	10,027,379										
Reserves	3,551,297										
Unappropriated profit	4,329,474										
Surplus on revaluation of investments	1,005,093										
	18,913,243										

		2012 (Restated)									
		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	19,125,401	19,125,401	-	-	-	-	-	-	-	-	-
Balances with other banks	3,851,150	3,851,150	-	-	-	-	-	-	-	-	-
Due from financial institutions	500,000	-	-	500,000	-	-	-	-	-	-	-
Investments	152,459,855	2,539,006	3,167,961	3,513,940	29,029,823	53,047,903	52,695,858	4,816,972	2,470,616	1,177,776	1,177,776
Islamic financing and related assets	88,678,076	18,672,800	12,392,668	15,678,666	1,084,531	2,883,044	8,027,857	15,256,668	12,465,041	2,216,801	2,216,801
Operating fixed assets	4,898,240	-	-	-	962,367	457,348	457,348	914,696	967,779	1,138,702	-
Deferred tax asset	545,961	-	-	-	136,490	136,490	136,490	136,491	-	-	-
Other assets	4,377,827	574,701	1,153,868	2,255,914	340,316	11,422	21,442	20,164	-	-	-
	274,436,510	44,763,058	16,714,497	21,948,520	31,553,527	56,536,207	61,338,995	21,144,991	15,903,436	4,533,279	-
Liabilities											
Bills payable	3,058,503	3,058,503	-	-	-	-	-	-	-	-	-
Due to financial institutions	18,461,347	9,795,650	4,412,306	4,253,391	-	-	-	-	-	-	-
Deposits and other accounts											
- Current deposits	60,123,651	60,123,651	-	-	-	-	-	-	-	-	-
- Savings deposits	91,816,953	91,816,953	-	-	-	-	-	-	-	-	-
- Fixed deposits	78,485,382	10,721,481	10,889,621	9,100,965	16,874,142	3,626,841	3,616,970	9,133,588	14,521,774	-	-
	230,425,986	162,662,085	10,889,621	9,100,965	16,874,142	3,626,841	3,616,970	9,133,588	14,521,774	-	-
Other liabilities	5,928,016	625,625	1,152,916	1,731,107	883,758	330,565	620,532	583,513	-	-	-
	257,873,852	176,141,863	16,454,843	15,085,463	17,757,900	3,957,406	4,237,502	9,717,101	14,521,774	-	-
Net assets											
	16,562,658	(131,378,805)	259,654	6,863,057	13,795,627	52,578,801	57,101,493	11,427,890	1,381,662	4,533,279	-
Share capital	9,033,675										
Reserves	2,759,942										
Unappropriated profit	3,700,021										
Surplus on revaluation of investments	1,069,020										
	16,562,658										

Current and Saving deposits have been classified under maturity upto one month as these do not have any contractual maturity. Further, the Bank estimates that these deposits are a core part of its liquid resources and will not fall below the current year's level.



# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 40.5 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 strategy policies, guidelines and manuals. It also includes risk and control self assessment, key risk indicator, loss data management, set up of fraud and forgery management unit, defining responsibilities of individuals, enhancing security measures, improving efficiency and effectiveness of operations, outsourcing and improving quality of human resources through trainings.

## 41. TRUST ACTIVITIES

The Bank commonly act as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust:

Category	Type	Number of IPS account		Face Value Rupees in '000	
		2013	2012	2013	2012
Insurance Companies	Government Ijarah Sukuks	3	2	2,859,875	1,378,500
Asset Management Companies	Government Ijarah Sukuks	4	5	179,700	921,575
Employee Funds / NGO's	Government Ijarah Sukuks	7	5	80,700	69,700
Individuals	Government Ijarah Sukuks	14	13	35,900	33,100
Others	Government Ijarah Sukuks	3	2	540,000	540,000
Related Parties					
Associates	Government Ijarah Sukuks	6	6	15,456,200	15,209,500
Other related parties	Government Ijarah Sukuks	4	5	296,000	390,000
		41	38	19,448,375	18,542,375

## 42. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL

42.1 The Bank managed the following general and specific pools during the year:

### 2013

General Remunerative Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio	Mudarib share	Profit rate return distributed to remunerative deposits (Savings and Fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	9.20%	50%	8,012,734	6.46%	44.30%	3,549,276
USD Pool	Monthly	2.59%	40% to 60%	170,326	1.07%	-	-
GBP Pool	Monthly	3.08%	40% to 60%	7,692	1.21%	-	-
EUR Pool	Monthly	2.35%	40% to 60%	4,372	0.89%	-	-

### 2012

General Remunerative Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio	Mudarib share	Profit rate return distributed to remunerative deposits (Savings and Fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	11.58%	50%	10,069,024	7.85%	31.4%	3,164,872
USD Pool	Monthly	3.23%	50%	124,009	1.54%	-	-
GBP Pool	Monthly	3.85%	50% to 85%	7,312	0.64%	-	-
EUR Pool	Monthly	4.35%	50% to 85%	10,452	0.70%	-	-

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



## 2013

Specific pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio	Mudarib share	Profit rate return distributed to remunerative deposits (Savings and Fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
				Rupees in '000			Rupees in '000
Islamic Export Refinance (IERS) Pool	Monthly	9.41%	100%	-	8.23%	-	-
Inter Bank Musharaka/Modaraba Borrowing Pool	As required	9.84%	100%	-	9.01%	-	-

## 2012

Specific pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio	Mudarib share	Profit rate return distributed to remunerative deposits (Savings and Fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba
				Rupees in '000			Rupees in '000
Islamic Export Refinance (IERS) Pool	Monthly	11.92%	100%	-	9.22%	-	-
Inter Bank Musharaka/Modaraba Borrowing Pool	As required	11.59%	3%	-	10.08%	-	-

42.2 Following weightages have been assigned to different products under the General pools during the year:

	2013		2012	
	Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
<b>PKR Pool</b>				
Savings Accounts	0.83	0.72	0.93	0.76
Meezan Bachat Account	1.24	0.58	1.19	0.59
Karobari Munafa Account	1.58	0.82	1.28	0.76
Certificate of Islamic Investment	1.58	1.03	1.75	1.00
Certificate of Islamic Investment Plus	1.54	1.31	N / A	N / A
Meezan Aamdani Certificate	1.71	1.44	1.83	1.48
<b>USD Pool</b>				
Savings Accounts	0.45	0.45	0.45	0.45
Certificate of Islamic Investment	1.35	0.77	1.03	0.77
<b>GBP Pool</b>				
Savings Account	0.27	0.27	0.27	0.27
<b>EUR Pool</b>				
Savings Account	0.27	0.27	0.27	0.27

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013

## 43. NON-ADJUSTING EVENT

- 43.1 The Board of Directors in its meeting held on March 02, 2014 has announced final cash dividend of Re. 0.50 per share (5%). The financial statements for the year ended December 31, 2013, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2014.

## 44. GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and to confirm with changes in presentation in the current year. There were no significant reclassifications / restatements except as disclosed in note 3.5 to these financial statements during the year. Earnings per share for the prior year has been restated consequent to the issue of bonus shares during the current year.

## 45. DATE OF AUTHORISATION

These financial statements were authorised for issue on March 02, 2014 by the Board of Directors of the Bank.



H.E. Sheikh Ebrahim  
Bin Khalifa Al-Khalifa  
Chairman



Irfan Siddiqui  
President and  
Chief Executive



Abdullateef  
A. Al-Asfour  
Director



Mohammad  
Abdul Aleem  
Director

# Notes to and forming part of the Financial Statements

For the year ended December 31, 2013



Annexure - 1

Statement showing written-off loans or any other financial relief of rupees 500,000 or above during the year ended December 31, 2013

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, 2013				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
1	Saadullah Khan & Brothers 10-A/3, Gulberg III, Lahore	Abaidullah Khan 517-33-252172  Kamal Nasir Khan 612-63-232302 Mohammad Masood Khan 517-74-421109  Fasale-Akbhar 101-75-538053	Late Sh. Mirak Khan  Abaidullah Khan Sultan Mahmood  Rehmatullah Khan	66,739	15,477	41,346	82,216	-	15,477	41,346	56,823
2	National Dye Stuff Imran Plaza, Rail Bazar, Faisalabad	Khawaja Muhammad Zakria 33100-2641134-1  Khawaja Muhammad Awais 33100-1371323-1  Khawaja Muhammad Shoaib 33100-4400960-9	Khawaja Abdul Razzaq  Khawaja Abdul Razzaq  Khawaja Abdul Razzaq	7,396	1,948	2,207	11,551	-	1,948	2,207	4,155
				74,135	17,425	43,553	93,767	-	17,425	43,553	60,978





## Additional Information

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# Pattern of Shareholding

as at December 31, 2013

No. of Shareholders	From	Having Shares To	Shares held	Percentage
337	1	100	8,482	0.00
304	101	500	94,063	0.01
237	501	1,000	191,483	0.02
528	1,001	5,000	1,377,031	0.14
172	5,001	10,000	1,297,776	0.13
81	10,001	15,000	1,013,740	0.10
47	15,001	20,000	824,870	0.08
41	20,001	25,000	956,041	0.10
19	25,001	30,000	520,889	0.05
19	30,001	35,000	621,046	0.06
10	35,001	40,000	378,250	0.04
15	40,001	45,000	639,596	0.06
20	45,001	50,000	978,857	0.10
5	50,001	55,000	262,516	0.03
9	55,001	60,000	516,265	0.05
4	60,001	65,000	252,145	0.03
3	65,001	70,000	202,963	0.02
7	70,001	75,000	509,293	0.05
7	75,001	80,000	540,068	0.05
2	80,001	85,000	165,261	0.02
1	85,001	90,000	87,412	0.01
3	90,001	95,000	273,106	0.03
5	95,001	100,000	485,539	0.05
3	100,001	105,000	307,659	0.03
5	105,001	110,000	543,868	0.05
5	110,001	115,000	557,918	0.06
3	115,001	120,000	352,319	0.04
2	120,001	125,000	249,844	0.02
1	130,001	135,000	132,500	0.01
1	135,001	140,000	138,000	0.01
1	140,001	145,000	141,819	0.01
3	145,001	150,000	446,176	0.04
1	155,001	160,000	155,620	0.02
1	160,001	165,000	160,001	0.02
1	165,001	170,000	166,594	0.02
2	170,001	175,000	347,262	0.03
2	180,001	185,000	366,325	0.04
1	185,001	190,000	189,616	0.02
2	190,001	195,000	382,700	0.04
4	195,001	200,000	790,624	0.08
1	200,001	205,000	200,752	0.02
1	205,001	210,000	209,553	0.02
1	225,001	230,000	226,503	0.02
1	250,001	255,000	252,104	0.03
1	255,001	260,000	259,281	0.03
1	265,001	270,000	266,604	0.03
2	275,001	280,000	278,801	0.03
2	295,001	300,000	595,387	0.06
1	315,001	320,000	638,324	0.06
1	355,001	360,000	356,695	0.04
1	365,001	370,000	366,555	0.04
1	375,001	380,000	378,465	0.04
4	395,001	400,000	1,592,156	0.16
1	415,001	420,000	415,014	0.04
1	430,001	435,000	434,107	0.04
1	450,001	455,000	452,359	0.05
1	465,001	470,000	468,281	0.05
1	475,001	480,000	477,993	0.05
1	505,001	510,000	507,000	0.05
2	515,001	520,000	1,037,506	0.10
2	550,001	555,000	1,104,402	0.11
1	675,001	680,000	680,000	0.07
1	695,001	700,000	700,000	0.07
1	700,001	705,000	701,679	0.07
1	710,001	715,000	710,948	0.07
1	715,001	720,000	718,031	0.07
1	730,001	735,000	730,846	0.07
2	750,001	755,000	1,507,862	0.15
1	760,001	765,000	760,502	0.08
1	790,001	795,000	791,739	0.08
1	805,001	810,000	807,197	0.08
1	830,001	835,000	831,438	0.08
1	895,001	900,000	900,000	0.09
1	905,001	910,000	909,251	0.09
1	950,001	955,000	951,000	0.09
1	995,001	1,000,000	1,000,000	0.10
1	1,010,001	1,015,000	1,014,577	0.10
1	1,080,001	1,085,000	1,082,992	0.11
1	1,095,001	1,100,000	1,097,181	0.11
1	1,290,001	1,295,000	1,294,939	0.13
1	1,310,001	1,315,000	1,310,500	0.13
1	1,445,001	1,450,000	1,450,000	0.14
1	1,590,001	1,595,000	1,592,419	0.16
1	1,605,001	1,610,000	1,609,500	0.16
2	1,795,001	1,800,000	3,598,393	0.36
1	1,835,001	1,840,000	1,838,775	0.18
1	1,955,001	1,960,000	1,960,000	0.20
1	2,105,001	2,110,000	2,105,572	0.21
1	2,455,001	2,460,000	2,456,296	0.25
1	2,850,001	2,855,000	2,854,722	0.28
1	2,915,001	2,920,000	2,917,156	0.29
1	3,215,001	3,220,000	3,218,067	0.32
1	4,055,001	4,060,000	4,056,055	0.40
1	4,720,001	4,725,000	4,721,880	0.47
1	5,245,001	5,250,000	5,246,000	0.52
1	6,705,001	6,710,000	6,705,981	0.67
1	7,340,001	7,345,000	7,340,586	0.73
1	7,655,001	7,660,000	7,657,786	0.76
1	7,960,001	7,965,000	7,964,245	0.79
1	93,490,001	93,495,000	93,494,659	9.32
1	300,820,001	300,825,000	300,821,365	30.00
1	492,480,001	492,485,000	492,484,377	49.11
1,985			1,002,737,895	100.00



# Categories of Shareholders

as at December 31, 2013

Particulars	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive, their spouse and minor children	4	11,906,766	1.19%
Associated Companies, undertakings and related parties	6	896,012,207	89.35%
Banks, Development Financial Institutions and Non Banking Finance Companies	5	587,987	0.06%
Insurance Companies	8	8,190,611	0.82%
Mudarabah and Mutual Funds	35	14,327,747	1.43%
General Public			
a. Local	1,791	37,087,768	3.70%
b. Foreign	60	2,211,168	0.22%
Others	76	32,413,641	3.23%
<b>Total</b>	<b>1,985</b>	<b>1,002,737,895</b>	<b>100.00%</b>

## Additional Information as at December 31, 2013

Particulars	Number of Shareholders	Shares held	Percentage
Associated Companies & Shareholders with more than 10% shareholding			
Noor Financial Investment Co., Kuwait	1	492,484,377	49.11%
Pakistan Kuwait Investment Co. (Pvt.) Ltd.	1	300,821,365	30.00%
Islamic Development Bank, Jeddah	1	93,494,659	9.32%
Al-Meezan Mutual Fund Ltd.	1	1,592,419	0.16%
CDC Trustee Meezan Islamic Fund	1	7,340,586	0.73%
CDC Trustee Meezan Balanced Fund	1	278,801	0.03%
NIT & ICP			
National Bank of Pakistan, Trustee Department	-	-	0.00%
Directors, Chief Executive, their spouse and minor children			
H.E. Sheikh Ebrahim Bin Khalifa AlKhalifa	1	6,705,981	0.67%
Mr. Mohammad Abdul Aleem	1	184,325	0.02%
Mr. Irfan Siddiqui	1	3,218,067	0.32%
Mr. Ariful Islam	1	1,798,393	0.18%
Executives	34	1,495,361	0.15%
Public Sector Companies, Corporations, Banks, DFI's, NBFC's, Insurance Companies, Mudaraba, Mutual Funds and other Organizations	124	55,519,986	5.54%
General Public	1,817	37,803,575	3.77%
<b>Total</b>	<b>1,985</b>	<b>1,002,737,895</b>	<b>100.00%</b>

# Standards of Ethics, Business Practices & Code of Conduct

## Standards of Ethics & Business Practices

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah - compliant, fair, reasonable and reflect high standards of ethical behavior.

The standards of ethics and business practices, which the Bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

- Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
- Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
- Understand and comply with the legal/regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
- Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
- Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
- Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
- Immediately report to the management of pre-existing personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
- Will not use the Bank's services or facilities for private purposes except with prior permission.
- Conduct Bank's business with honesty, integrity and in a professional manner.
- Avoid any action on his/her part that may be repugnant, unethical or unlawful.
- Avoid any action on his/her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political activities.

- Avoid participation in any other subversive activities.
- Abstain from gambling, betting and wagering contracts.
- Be exemplary in personal conduct towards the Bank, the other employees and customers of the Bank.
- Safeguard the confidential information of the Bank and its customers.
- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.
- Provide accurate and reliable information in records submitted.

## Code of Conduct Confidential Information

Employees shall maintain strict secrecy regarding the Bank's affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

## Recording of Information

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

## Conflict of Interest

It is obligatory that:

- An employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with the Bank without prior written consent of the Bank's President & CEO. If any immediate family member holds a position, with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager/HRD.
- An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company/establishment quoted on a Stock Exchange and the interest is less than 1 percent.

### Mis-declaration/Concealment of Facts

An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:

- An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
- An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
- An employee at the time of induction in Meezan Bank (i.e. during interview and in testimonials) provided a false, forged, misleading information or concealed, hide, incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

### Know Your Customer, Vendors and Counter Parties

In order to safeguard the Bank's reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each Meezan Bank business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employees must ensure that the Bank establishes relationship with only those individuals, businesses, and entities who have a sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensure that due diligence steps are completed.

### Gifts & Entertainment

At certain times of the year, some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships. Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

### Bribery & Misconduct

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank's affairs or business.
- Showing or intending to show favors or disfavor to any person in relation to the Bank's affairs or business.
- Offers any advantage to any one as an inducement or reward for any favor/disfavor or otherwise.
- Intends to deceive the Bank by using any receipt, account or other document which is false or erroneous or defective in any way and which to employee's knowledge is intended to mislead the Bank.
- Take any cash or near-to-cash benefit from any stake holder of the bank to provide undue advantage.
- Pay any cash or near-to-cash benefit to any stake holder of the bank to take undue advantage.

### Fraud, Theft or Illegal Activities

Employees shall be alert and vigilant with respect to frauds, thefts or illegal activities committed within the office. If any such activity comes to the attention of an employee, the employee must immediately report the same to the Head of Audit, Head of Operations and Head of Human Resources; who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

### Money Laundering

The Bank has set its priority not to become implicated, in any way, with individuals or firms involved in criminal activities and money laundering. The employees are expected to exercise maximum caution in this regard.

The employee should know the customer, be vigilant for unusual circumstances and immediately report any suspected case to the Manager/Area Manager/Regional Manager/Compliance Department/Audit Department, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

### Courtesy & Manners

Employees of Meezan Bank shall maintain utmost courtesy and exemplary manners when interacting with clients or with each other. Employees are dealing on behalf of the Bank, so they are required to keep high standards of professionalism and ethics. Any violations of this code shall be brought to the attention of supervising officials as well as the Human Resources Department for their information, record and remedial disciplinary action.

### Honesty & Integrity

Employees shall serve the Bank, devote whole time during office hours and discharge their duties honestly, faithfully and use their utmost endeavors to promote the interest of the Bank. They shall behave with decorum, integrity, show courtesy and attention in all dealings with customers, government officials, senior officers, colleagues, subordinates and general public.

### Participation in Political Organizations

No employee shall take part in, subscribe in aid of, or assist in anyway in any political movement in Pakistan during the office timing at the office premises. No employee shall use official influence in connection with or take part in any election to a legislative body, whether in Pakistan or elsewhere.

### Ideology of Pakistan

No employee shall express views detrimental to the ideology or integrity of Pakistan.

### Direct Representations to the High Govt. & MBI Officials

No employee shall make any personal representations directly to Chairman, Directors or Members of the Board, or Government functionaries. Such representations must be addressed to the President & CEO through the immediate supervisor of the employee. However this policy does not, in any way, seek to block a citizen's redress to the judiciary and other statutory redresses.

### Core Values

- Shariah Compliance
- Integrity
- Innovation
- Professionalism
- Service Excellence
- Social Responsibility

### Meezan Bank's Personality

The Bank expects its employees to be:

- Sober
- Truthful
- Committed to excellence
- Empathetic
- Professional
- Extremely loyal
- Dependable friend
- Trustworthy business partner
- Committed to the cause of Islamic banking

### Health & Hygiene

Personal Hygiene is the most important aspect of our daily life. The personality is perceived by its degree of neatness. The personal hygiene covers care of body odor, bad breath, teeth, nails, ears, nose, hair, daily shower, shave (if not keeping proper beard), daily wear washed, clean, pressed clothes etc.

### Computer, E-mail, Information Security

Meezan Bank computer system contains an e-mail facility, access

rights, information and software, which are intended to promote effective communication within and outside the Bank, on matters relating to its business and facilitate routine information flow and smooth and safe transactions.

The e-mail system should therefore only be used for official/business purpose. All communication and information are the property of Meezan Bank and the Bank reserves the right to retrieve the contents of the messages for the purpose of monitoring. The employee shall be held accountable for all activities under his/her password.

### Dress Code & Professional Attire

Attire is a reflection of professionalism as well as that of the Bank's brand and personality. A professional business appearance together with a high standard of personal hygiene is expected from all employees. The Official Dress Code of Meezan Bank is professional corporate attire inline with traditional Islamic modesty. At Meezan Bank every staff member is expected to have a professional business appearance together with a high standard of personal hygiene.

## Guidelines on Whistle-blowing

Meezan Bank's branch network, business volume, geographical diversity and HR strength has been steadily increasing. This growth brings with it the risk of internal and external frauds and forgeries. The Bank's management has already communicated a zero-tolerance policy on such instances and has demonstrated its firm commitment to eradicate any dishonest or fraudulent elements from the organization. This is also evident from the various disciplinary actions taken against fraudsters and their aides in the past. The Bank is also continually striving to improve its organization-wide internal controls to ensure that its processes and policies have no room for malafide manipulation.

### Purpose and Objectives

The purpose of whistle-blowing guidelines is to create an environment at Meezan Bank where the Bank's staff is encouraged and feels confident to reveal and report, without any fear of retaliation, subsequent discrimination and of being disadvantaged in any way, about any activity or conduct of employees, which in their opinion may cause financial or reputational loss to the Bank. The major objectives of whistle-blowing guidelines can be classified as follows:

- To develop a culture of openness, accountability and integrity.
- To provide an environment whereby employees of the Bank are encouraged to report any immoral, unethical, fraudulent act of any current or former employees, vendors, contractors, service providers and customers which may lead to and/or has caused any financial or non-financial loss to the Bank.
- To create awareness amongst employees and stakeholders regarding the whistle-blowing function.
- To enable management to be informed at an early stage for appropriate actions.

### Scope

The scope of this policy includes, without limitation, disclosure for all types of unlawful acts, orders, fraud, corruption, misconduct, collusive practices or any other activity which undermines the

Bank's operations, financial position, reputation and mission as described in detail in Bank's Fraud and Forgery Prevention Policy.

### Who must blow the whistle and how?

No system of internal controls can be effective in an organization unless its staff supports and follows the system with ownership and responsibility. Meezan Bank has in place a well-defined and comprehensive set of guidelines on whistle-blowing and prevention of fraud & forgery. These guidelines, inter-alia make it the responsibility of each and every employee of the Bank, in his/her own capacity, instead of limiting it to a particular department or senior management only, that if an employee 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 Head of Fraud & Forgery Prevention Unit and/or Group Head - Internal Audit through a user-friendly and easy to access Online Fraud & Forgery Reporting mechanism specifically designed for this purpose. Besides this, regular awareness sessions are also conducted by Internal Audit & BRR Department regarding Fraud and Forgery, its implications, responsibility of employees and the procedure to report the same.

### Protection of Whistle-blowers

An online Fraud & Forgery Reporting 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 whistle-blower is kept completely confidential except as required by law or to seats that have legitimate right to know. The Bank stands committed to protect whistle-blowers for whistle-blowing and any subsequent harassment or victimization of the whistle-blower is not tolerated.

Number of Instances reported to Board Audit Committee During the year 2013, 1 fraud and forgery instance was reported through Whistle Blow Function and the same was duly shared with Board Audit Committee.

# 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.

Meezan Bank's Information Security Policy is based on ISO 27001. The policy comprises of the following 11 domains:

**Security Policy:** The Information Security Policy defines the policies and supporting standards that shall guide the consistent application of information security throughout Meezan Bank (head office and branches) and ensures that the interests/information of Meezan Bank and its members are adequately protected against loss, improper disclosure and unauthorized modification.

**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.

**Asset Management:** The focus of this policy is to achieve and maintain appropriate protection of the Bank's information assets. All information assets are to be accounted for and have a nominated owner. Owners shall be identified for all information assets and clear responsibility for maintenance of appropriate controls shall be assigned.

**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.

**Physical and Environmental Guidelines:** These guidelines help prevent unauthorized physical access, damage to, and interference with the Bank's premises (head office and branches) and information.

**Communications and Operations Management:** This policy has been put into place to ensure correct and secure operation of information processing facilities.

**Access Control:** This policy defines the guidelines for access to information, information processing facilities and business processes based on business and security requirements.

**Information Systems Acquisition, Development and Maintenance:** These guidelines ensure that security measures are always built into and are an integral part of all information systems.

**Information Security Incident Management:** These guidelines 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.

**Business Continuity Management:** These guidelines have been developed 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:** This policy ensures that any law, statutory, regulatory or contractual obligations and security requirements are not breached.

Each of the above domains comprise of multiple processes and controls to ensure promotion of an information security culture at Meezan Bank.

## 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		Agricultural Bank of China
Albania	Bank Alfalah Limited		Bank of China
Argentina	Banka Kombetare Tregtare SH A		Bank of Communications
	BNP Paribas - Succursale De Beunos Aires		Bank of Jiangsu
	Deutsche Bank		Bank of New York
Australia	ABN Amro Bank/Royal Bank of Scotland		China Citic Bank
	Bank of Western Australia		Citibank Na
	BNP Paribas - Succursale De Beunos Aires		Commerzbank
	Bank of America, N.A.		Deutsche Bank
	J.P.Morgan Chase Bank		HSBC Bank
	Commonwealth Bank of Australia		Industrial & Commercial Bank of China (ICBC)
	HSBC Bank		Industrial Bank of Korea
	National Australia Bank		J.P.Morgan Chase Bank
	Royal Bank of Scotland		Laiwu City Commercial Bank Co. Ltd.
	Westpac Banking Corp		Mizuho Corporate Bank (China) Ltd.
Austria	Allgemeine Sparkasse Oberösterreich Bank AG		Shenjing Bank China
	Commerzbank		Société Générale
	Deutsche Bank		Standard Chartered Bank
	Erste Group Bank AG		The Korea Development Bank
	Oberbank AG		Wenzhou City Commercial Bank
	Raiffeisenlandesbank Oberoesterreich AG		Yantai City Commercial Bank
	Unicredit Bank Austria AG		Zhejiang Mintai Commercial Bank
	Unicredit Bank Czech Republic	Cyprus	Bank of Cyprus Public Company Limited
	Vorarlberger Landes- Und Hypothekenbank		Hellenic Bank Ltd
Bahrain	Al Baraka Islamic Bank Bsc	Czech Republic	Ceskoslovenska Obchodni Banka [via IFC]
	Bank Al Habib Limited		Commerzbank
	BMI Bank Bahrain		Komerční Banka A.S.
	BNP Paribas - Succursale De Beunos Aires		Unicredit Bank Czech Republic
	Citibank Na	Denmark	Danske Bank A/S
	Shamil Bank of Bahrain		Nordea Bank Sweden Ab (Publ)
	Gulf International Bank B.S.C.		Skjern Bank
	Woori Bank	Egypt	Arab International Bank
	Standard Chartered Bank		Bank of Alexandria SAE
	United Bank Limited		BNP Paribas - Succursale De Beunos Aires
Bangladesh	Bank Alfalah Limited		Egyptian Saudi Finance Bank (Now Al Baraka Bank Egypt)
	Eastern Bank Limited		HSBC Bank Egypt
	Export Import Bank of Bangladesh		Mashreq Bank Limited
	Habib Bank Limited	Estonia	Nordea Bank Sweden AB (Publ)
	HSBC Bank	Ethiopia	Awash International Bank
	International Finance Investment And Commerce Bank Ltd.		Commercial Bank of Ethiopia
	Shahjalal Islami Bank Limited		Dashen Bank SC
	Social Islami Bank Limited	Finland	Danske Bank A/S
	Standard Chartered Bank		Nordea Bank Sweden Ab (Publ)
	Woori Bank		Pohjola Pankki Oyj (Pohjola Bank PLC)
Belarus	Joint Stock Company 'Savings Bank 'Belarusbank'		Skandinaviska Enskilda Banken (Seb Bank)
Belgium	Bank of America, N.A.	France	Bank of America, N.A.
	BNP Paribas - Succursale De Beunos Aires		Banque Marocaine Du Commerce Extérieur
	BNP Paribas Fortis (Formerly Fortis Banque S.A./N.V)		BNP Paribas - Succursale De Beunos Aires
	Commerzbank		BNP-Paribas Securities Services
	Credit Europe Bank Nv Malta Branch		Commerzbank
	Deutsche Bank		Credit Agricole CIB
	Dexia Bank SA		Credit Agricole SA
	Habib Bank Limited		Credit du Nord
	KBC Bank NV		Credit Industriel Et Commercial
Botswana	Firststrand Bank Ltd		Deutsche Bank
Brazil	Banco Do Brasil S.A.		Habib Bank Limited
	Banco Itau BBA SA		HSBC France
	BNP Paribas - Succursale De Beunos Aires		National Bank of Pakistan
	Deutsche Bank		Société Générale
	HSBC Bank Brazil S.A.		Sumitomo Mitsui Banking Corporation
Bulgaria	Unicredit Bulbank		U.B.A.F.
Canada	Bank of America, N.A.	Germany	BNP Paribas - Succursale De Beunos Aires
	Habib Canadian Bank		BNP Paribas Fortis (Formerly Fortis Banque S.A./N.V)
	HSBC Bank		Commerzbank
	J.P.Morgan Chase Bank		Deutsche Bank
	Royal Bank of Canada		Dresdner Bank (Now Part Of Commerzbank)
	Toronto Dominion Bank		HSH Nordbank AG
Chile	Banco Itau		J.P.Morgan Chase Bank
China	ABN Amro Bank/Royal Bank of Scotland		Landesbank Baden-Wuerttemberg

Country	Bank	Country	Bank
	Mainzer Volksbank eG National Bank of Pakistan National-Bank AG Nordea Bank Sweden AB (Publ) Raiffeisenlandesbank Oberoesterreich AG Sparkasse Dortmund Sparkasse Koelnborn Sparkasse Westmunsterland Standard Chartered Bank Sumitomo Mitsui Banking Corporation Unicredit Bank AG (formerly Hypo-und Veriensbank HVB) Volksbank Bocholt EG WGZ Bank AG Westdeutsche Genossenschafts-Zentralbank		Bank Syariah Mandiri Deutsche Bank HSBC Bank J.P.Morgan Chase Bank PT Bank Mandiri (Persero) TBK PT Bank SBI Indonesia Pt. Bank Cimb Niaga, TBK Standard Chartered Bank Woori Bank AIB Bank (CI) Limited Banca Intesa SPA Bank of America, N.A. Bank of Ireland International Banking Citibank NA Danske Bank A/S San Paolo Imi SPA
Ghana	Standard Chartered Bank	Ireland	AIB Bank (CI) Limited Banca Intesa SPA Bank of America, N.A. Bank of Ireland International Banking Citibank NA Danske Bank A/S San Paolo Imi SPA
Greece	Banca Intesa SPA Bank of America, N.A. Egnatia Bank S.A. Geniki Bank Probank SA	Isle of Man Italy	Banca Delle Marche SPA Banca Di Credito Cooperativo Di Fornacette Banca Di Roma Banca Intesa SPA Banca Monte Dei Paschi Di Siena SPA Banca Nazionale Del Lavoro SPA Banca Popolare dell'Emilia Romagna Società Cooperativa Banca Popolare Di Sondrio Banca Popolare Di Vicenza Scparl Banca Ubae SPA Banco Popolare Banco Popolare Di Verona E Novara Scrl Banco Popolare Soc. Coop. Bank of America, N.A. Bipop Carire SPA Cassa Di Risparmio Di Parma E Piacenza S.P.A. Cassa Di Risparmio Di Pistoia E Pescia S.P.A. Commerzbank HSBC Bank ICCREA Banca - Istituto Centrale del Credito Cooperativo Mizuho Corporate Bank (China) Ltd. San Paolo Imi SPA Unicredit Spa Unione Di Banche Italiane SCPA (UBI) (formerly Banca Lombarda E Piemontese) Veneto Banca SCPA
Hong Kong	ABN Amro Bank/Royal Bank of Scotland Axis Bank (India) Banca Intesa SPA Bank of America, N.A. BNP Paribas - Succursale De Beunos Aires Citibank Na Commerzbank DBS Bank Ltd. Deutsche Bank Habib Bank Limited HSBC Bank Industrial and Commercial Bank of China J.P.Morgan Chase Bank KBC Bank NV Kookmin Bank Hong Kong Mashreq Bank Limited National Bank of Pakistan Santander Benelux SA Skandinaviska Enskilda Banken (SEB Bank) Standard Chartered Bank Sumitomo Mitsui Banking Corporation U.B.A.F. Wells Fargo Bank Na Woori Bank		ABN Amro Bank/Royal Bank of Scotland Bank of America, N.A. Bank of New York Bank of Tokyo Mitsubishi UFG Citibank Na Commerzbank Commonwealth Bank of Australia Credit Agricole CIB Deutsche Bank HSBC Bank J.P.Morgan Chase Bank Mizuho Corporate Bank (China) Ltd. National Bank of Pakistan Société Générale Standard Chartered Bank Sumitomo Mitsui Banking Corporation U.B.A.F. Wells Fargo Bank Na Woori Bank AIB Bank (Ci) Limited Housing Bank For Trade & Finance HSBC Jordan Islamic Bank For Finance & Investment Standard Chartered Bank Gulf African Bank Ltd.
	CIB Bank Zrt (Central-European International Bank Ltd.) Commerzbank Deutsche Bank K & H Bank Nyrt. (Formerly Kereskedelmi Es Hitelbbank Rt) Raiffeisen Bank ZRT Unicredit Bank Czech Republic Axis Bank Bank of America, N.A. Bank of Ceylon BNP Paribas - Succursale De Beunos Aires Citibank Na Deutsche Bank HDFC Bank Limited J.P.Morgan Chase Bank Jammu and Kashmir Bank Ltd Mashreq Bank Limited Punjab National Bank Standard Chartered Bank State Bank of Bikaner and Jaipur State Bank of India	Japan	
Hungary			
India	ABN Amro Bank/Royal Bank of Scotland Bank Central Asia Bank of America, N.A.	Jersey Jordan	
Indonesia		Kenya	

Country	Bank	Country	Bank
Kuwait	Habib Canadian Bank Kenya Commercial Bank Limited Burgan Bank, SAK Citibank Na Commercial Bank of Kuwait, SAK HSBC Bank Middle East Kuwait Finance House National Bank of Kuwait Noor Financial Investment Company	Pakistan	HSBC Oman Oman International Bank (now HSBC Oman) Al Baraka Islamic Bank Bsc Allied Bank Limited Askari Commercial Bank Ltd Bank Al Habib Limited Bank Alfalah Limited Bank Islami Pakistan Bank of Khyber Bank of Punjab Burj Bank Ltd. Citibank Na Deutsche Bank Dubai Islamic Bank Faysal Bank Habib Bank Limited (HBL) Habib Metropolitan Bank HSBC Bank Industrial & Commercial Bank of China (ICBC) JS Bank Ltd KASB Bank Limited MCB Bank Limited National Bank of Pakistan NIB Bank Oman International Bank (now HSBC Oman) Samba Bank Limited Silk Bank Limited Sindh Bank Limited Soneri Bank Limited Standard Chartered Bank Summit Bank Limited United Bank Limited
Latvia	AS Unicredit Bank, Latvia Nordea Bank Sweden Ab (Publ)	Papua New Guinea	Bank of South Pacific Ltd
Lebanon	Lebanon And Gulf Bank SAL	Philippines	Asian Development Bank Banco De Oro Universal Bank Bank of America, N.A. Deutsche Bank HSBC Bank J.P.Morgan Chase Bank Malayan Banking Berhad (Maybank) RHB Bank Berhad Standard Chartered Bank
Lithuania	Nordea Bank Sweden Ab (Publ)	Poland	Bank Polska Kasa Opieki SA Bank Zachodni WBK SA BRE Bank SA Deutsche Bank Nordea Bank Sweden Ab (Publ) Société Générale
Luxembourg	BNP Paribas - Succursale De Beunos Aires Societe Generale Bank And Trust BNP Paribas - Succursale De Beunos Aires HSBC Bank	Portugal	Banco Espirito Santo SA Montepio Geral - Caixa Economica
Macau	ABN Amro Bank/Royal Bank of Scotland Al Rajhi Bank SW Ambank Berhad Bank of America, N.A. Bank of Tokyo Mitsubishi UFG CIMB Bank CIMB Islamic Citibank Na Deutsche Bank HSBC Bank J.P.Morgan Chase Bank Malayan Banking Berhad (Maybank) RHB Bank Berhad Standard Chartered Bank	Qatar	Barwa Bank Doha Bank Qatar Mashreq Bank Limited Qatar International Islamic Bank United Bank Limited Citibank Na MKB Nextebank Sa (Formerly Romexterra Bank) Unicredit Bank Czech Republic
Malaysia	ABN Amro Bank/Royal Bank of Scotland Al Rajhi Bank SW Ambank Berhad Bank of America, N.A. Bank of Tokyo Mitsubishi UFG CIMB Bank CIMB Islamic Citibank Na Deutsche Bank HSBC Bank J.P.Morgan Chase Bank Malayan Banking Berhad (Maybank) RHB Bank Berhad Standard Chartered Bank	Romania	Alef-Bank Russia Bank For Foreign Trade Bank of Moscow Commerzbank Credit Bank of Moscow (open joint stock company) International Moscow Bank Nomos-Bank Open Joint-Stock Company
Malta	Credit Europe Bank Nv Malta Branch HSBC Bank	Russian Federation	Al Inma Bank Al Rajhi Bank Bank Al Bilad Bank Al Jazira Banque Saudi Fransi Deutsche Bank Gulf International Bank B.S.C. Islamic Development Bank
Mauritius	HSBC Bank Mauritius Post And Cooperative Bank Ltd	Saudi Arabia	
Mexico	Banca Del Bajio S.A. Bank of America, N.A.		
Mongolia	Trade & Development Bank of Mongolia		
Morocco	Attijariwafa Bank Banque Marocaine Du Commerce Extérieur Société Générale Societe Generale Tanger Bank of Kathmandu Ltd Himalayan Bank Limited Nabil Nepal Arab Bank Ltd Nepal Industrial And Commercial Bank Ltd Standard Chartered Bank		
Nepal	ABN Amro Bank/Royal Bank of Scotland Bank of America, N.A. BNP Paribas - Succursale De Beunos Aires Commerzbank Credit Europe Bank Nv Malta Branch Deutsche Bank Fortis Bank (Nederland) N.V. Habib Bank Limited KBC Bank Nv Lanschot Bankiers Nv F. Van Rabobank Nederland Royal Bank of Scotland Bank of New Zealand Standard Chartered Bank		
Netherlands	Danske Bank A/S DNB Nor Bank ASA Nordea Bank Sweden Ab (Publ)		
New Zealand	Bank Dhofar Bank Muscat Bank Nizwa Bank Sohar BMI Bank Bahrain Habib Bank Limited		
Nigeria			
Norway			
Oman			

Country	Bank	Country	Bank
Serbia	J.P.Morgan Chase Bank	Sri Lanka	Banco de Valencia
	National Bank of Pakistan		Banco Espanol De Credito
Singapore	National Commercial Bank		Banco Pastor SA
	Riyad Bank		Bank of America, N.A.
	Saudi Hollandi Bank		Bankia S.A.
	State Bank of India		Bilbao Bizkaia Kutxa
	The Saudi British Bank		BNP Paribas - Succursale De Beunos Aires
	Eurobank AD		Caja De Ahorros De Galicia (Caixa Galicia)
	ABN Amro Bank/Royal Bank of Scotland		Commerzbank
	Axis Bank (India)		HSBC Bank
	Bank of America, N.A.		Amana Bank Ltd
	Bank of China		Axis Bank (India)
	Bank of Tokyo Mitsubishi UFG		Bank of Ceylon
	BNP Paribas - Succursale De Beunos Aires	Sweden	Deutsche Bank
	BNP Paribas Fortis (Formerly Fortis Banque S.A./N.V)		Habib Bank Limited
	CIMB Bank		Hatton National Bank
	Citibank Na		HSBC Bank
	Commerzbank	Switzerland	MCB Bank Limited
	Commonwealth Bank of Australia		People's Bank
	DBS Bank Ltd.		Standard Chartered Bank
	Deutsche Bank		Danske Bank A/S
	Fortis Bank (Nederland) N.V.		Nordea Bank Sweden Ab (Publ)
	Habib Bank Limited		Skandinaviska Enskilda Banken (Seb Bank)
	Hana Bank		Svenska Handelsbanken
	HSBC Bank		Swedbank
	J.P.Morgan Chase Bank		Arab Bank
	KBC Bank Nv		Banque Cantonale Vaudoise
	Mizuho Corporate Bank (China) Ltd.		Banque De Commerce Et De Placements
	National Bank of Kuwait		BNP Paribas (Suisse) SA
	Nordea Bank Sweden Ab (Publ)		Commerzbank
	PT Bank Mandiri (Persero) Tbk		Credit Agricole SA
	Rabobank Nederland	Taiwan	Deutsche Bank
	Shinhan Bank		Habib Canadian Bank
	Société Générale		HSBC Private Bank (Suisse) S.A.
	Standard Chartered Bank		Merrill Lynch Bank (Suisse) S.A.
	Sumitomo Mitsui Banking Corporation		Santander Benelux SA
	U.B.A.F.		United Bank Limited
	Unicredit Bank AG Hong Kong Branch		Zuercher Kantonalbank
	(Hypovereinsbank)		Bank of America, N.A.
	Woori Bank		Bank of New York
Slovak Republic	Commerzbank		Chinfon Commercial Bank
	SKB Banka DD		Citibank Na
Slovenia	Unicredit Bank Czech Republic		Deutsche Bank
	Citibank Na		J.P.Morgan Chase Bank
South Africa	Commerzbank		Mega International Commercial Bank (International
	Firststrand Bank Ltd		Commercial Bank of China)
	Habib Overseas Bank Limited		Société Générale
	HBZ Bank Limited (Habib Bank AG Zurich)		Standard Chartered Bank
	Standard Chartered Bank		Sumitomo Mitsui Banking Corporation
	ABN Amro Bank/Royal Bank of Scotland		Tainan Business Bank
	Bank of New York		Taiwan Cooperative Bank
	Daegu Bank Ltd., The		Union Bank of Taiwan
	Deutsche Bank		Amana Bank Ltd
	Hana Bank	Tanzania	Habib African Bank
	HSBC Bank		Bangkok Bank Public Company Limited
	Industrial Bank of Korea	Thailand	Bank of America, N.A.
	J.P.Morgan Chase Bank		Citibank Na
	Kookmin Bank		Deutsche Bank
	Korea Exchange Bank		HSBC Bank
	Kyongnam Bank		J.P.Morgan Chase Bank
	National Agricultural Cooperative Federation(NH Bank)		Standard Chartered Bank
	National Bank of Pakistan	Tunisia	Sumitomo Mitsui Banking Corporation
	Pusan Bank		Arab Tunisian Bank
	Standard Chartered Bank		Citibank Na
	Sumitomo Mitsui Banking Corporation		Société Tunisienne De Banque
	U.B.A.F.	Turkey	Aktif Yatirim Bankasi A.S
	Wells Fargo Bank Na		Al Baraka Turkish Finance House
	Woori Bank		Asya Katilim Bankasi A.S. (Bank Asya)
Spain	Banco De Sabadell SA		Citibank Na
			Denizbank A S

Country	Bank	Country	Bank
	Habib Bank Limited		Abacus Federal Savings Bank
	HSBC Bank		ABN Amro Bank/Royal Bank of Scotland
	Kuveyt Turk Evkaf Finans Kurumu A.S		Banca Intesa SPA
	Tekstilbank		Banco Do Brasil S.A.
	Türkiye Finans Katilim Bankasi AS		Bangkok Bank Public Company Limited
	Türkiye Garanti Bankasi AS		Bank of America, N.A.
	Türkiye Halk Bankasi AS		Bank of New York
	Türkiye Is Bankasi AS		Bank of Tokyo Mitsubishi UFG
	Türkiye Vakiflar Bankasi T.A.O		BNP Paribas - Succursale De Beunos Aires
	Turkland Bank (T-Bank)		Branch Banking & Trust Co
	Yapi Ve Kredi Bankasi A.S.		Brown Brothers Harriman And Co.
Ukraine	Prominvestbank		California Bank and Trust
United Arab Emirates	ABN Amro Bank/Royal Bank of Scotland		Calyon (Formerly Credit Lyonnais)
	Abu Dhabi Commercial Bank		Capital One, Na
	Abu Dhabi Islamic Bank		Cathay Bank
	Ajman Bank		Citibank Na
	Axis Bank (India)		Commerzbank
	BNP Paribas - Succursale De Beunos Aires		Commonwealth Bank of Australia
	Citibank Na		Deutsche Bank
	Credit Europe Bank Nv Malta Branch		Deutsche Bank Trust Company Americas
	DBS Bank Ltd.		Doha Bank Qatar
	Deutsche Bank		First Tennessee Bank, N.A.
	Dubai Islamic Bank		Fortis Bank (Nederland) N.V.
	Emirates Bank International, PJSC (Now Emirates NBD)		Gulf International Bank B.S.C.
	Emirates Islamic Bank		Habib American Bank
	First Gulf Bank		Habib Bank Limited
	Habib Bank Limited		Hana Bank
	Habib Canadian Bank		HSBC Bank
	HSBC		Interbusiness Bank, N.A.
	Korea Exchange Bank		International Finance Corporation (IFC)
	Kuveyt Turk Evkaf Finans Kurumu A.S		Israel Discount Bank of New York
	Mashreq Bank Limited		J.P.Morgan Chase Bank
	National Bank of Abu Dhabi		Keybank National Association
	National Bank of Dubai (Now Emirates Nbd)		Malayan Banking Berhad (Maybank)
	National Bank of Fujairah		Mashreq Bank Limited
	Noor Islamic Bank		Mizuho Corporate Bank (China) Ltd.
	Standard Chartered Bank		National Bank of Pakistan
	State Bank of India		National City Bank
	Union National Bank		New York Commercial Bank
	United Arab Bank		Nonghyup Bank
	United Bank Limited		Nordea Bank Sweden Ab (Publ)
United Kingdom	ABN Amro Bank/Royal Bank of Scotland		PNC Bank
	AIB Bank (Ci) Limited		Regions Bank (Formerly Union Planters)
	Bank of America, N.A.		Santander Benelux SA
	Citibank Na		Société Générale
	Commerzbank		Standard Chartered Bank
	Commonwealth Bank of Australia		State Bank of India (California)
	Danske Bank A/S		Sumitomo Mitsui Banking Corporation
	Deutsche Bank		Suntrust Bank
	European Islamic Investment Bank (EIIB)		U.S. Bank Na
	Gulf International Bank B.S.C.		United Bank Limited
	Habib Bank Limited		Wells Fargo Bank Na
	Habib Canadian Bank	Uruguay	Woori Bank
	Habibsons Bank Limited	Vietnam	Banco Itau
	HSBC Bank		Deutsche Bank
	J.P.Morgan Chase Bank		J.P.Morgan Chase Bank
	KBC Bank Nv		Vietnam Bank For Agriculture
	Korea Exchange Bank		Woori Bank
	Mashreq Bank Limited	Yemen	Saba Islamic Bank
	Merrill Lynch International Bank Limited		Shamil Bank of Yemen And Bahrain
	Mizuho Corporate Bank (China) Ltd.		United Bank Limited
	National Bank of Abu Dhabi		
	National Bank of Pakistan		
	National Westminster Bank PLC		
	Nordea Bank Sweden Ab (Publ)		
	PT Bank Mandiri (Persero) TBK		
	Standard Chartered Bank		
	Sumitomo Mitsui Banking Corporation		
	Woori Bank		

# Branch Network

Alhamdulillah, Meezan Bank has established 351 branches in 103 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 is currently segmented into three major Regions of Pakistan. The cities in which the Bank presently operates are as follows:

Southern Region	Central Region	Northern Region
Dadu	Ahmedpur East	Abbottabad
Digri	Arifwala	Attock
Dukki	Bahawalnagar	Bannu
Hub (Lasbela)	Bahawalpur	Batagram
Hyderabad	Burewala	Chakwal
Karachi	Chichawatni	Charsadda
Khairpur	Chiniot	Dadyal
Kunri	Chishtian	Dera Ismail Khan
Larkana	Chung	Dina
Loralai	Daska	Gujar Khan
Mirpurkhas	Dera Ghazi Khan	Haripur
Moro	Faisalabad	Havelian
Muslim Bagh	Gojra	Islamabad
Nawabshah	Gujranwala	Jhelum
Quetta	Gujrat	Kohat
Rashidabad	Hafizabad	Mansehra
Sakrand	Haroonabad	Mardan
Sanghar	Hasilpur	Mirpur Azad Kashmir
Shahdadpur	Jampur	Muzaffarabad
Sukkur	Jhang	Nowshera
Tando Adam	Kabirwala	Peshawar
Tando Allahyar	Kamoki	Rawalpindi
Tando Mohammad Khan	Kasur	Rawalakot
	Khanewal	Swabi
	Khanpur	Swat
	Kharian	Timergara
	Khushab	Wah Cantt
	Kot Addu	
	Lahore	
	Lalamusa	
	Layyah	
	Lodhran	
	Mandi Bahauddin	
	Mian Channu	
	Mianwali	
	Multan	
	Muzaffargarh	
	Muridkay	
	Okara	
	Pattoki	
	Pakpattan	
	Pirmahal	
	Rahim Yar Khan	
	Raiwind	
	Sadiqabad	
	Sahiwal	
	Sargodha	
	Sheikhupura	
	Sialkot	
	Taunsa	
	Toba Tek Singh	
	Vehari	
	Wazirabad	

For 2014, Meezan Bank has planned to expand its Branch Network by 67 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.



## Southern Region

### Dadu

Dadu Branch  
Ground Floor, Nareja Shopping Centre,  
Kutchery Chowk, Near College Road, Dadu  
Tel: (92-245) 710816-8

### Digri

Digri Branch  
Survey No. 413, Ward No. B,  
Tando Ghulam Ali Road, Digri  
Tel: (92-233) 870213-16

### Dukki

Dukki Branch  
Plot No. 329, Nana Sahab,  
Ziarat Road, Dukki  
Tel: (92-824) 666013

### 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

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

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

### Karachi

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, Shahrahe-Faisal, Karachi  
Tel: (92-21) 34169030-4

Alamgir Road Branch  
Z-484, Block 3, Bahaduryar Jang  
Cooperative Housing Society,  
Alamgir Road, Karachi  
Tel: (92-21) 34140968

Babar Market Landhi Branch  
2-A/167, 168 & 169, Babar Market,  
Landhi Township, Karachi  
Tel: (92-21) 35011071-5

Bahadurabad Branch  
Adam Arcade, Plot No. 28,  
BMCH Society, Karachi  
Tel: (92-21) 34145021, 34145017

Bait Ul Mukarram Branch  
Shop No. S-3 & S-4, Yasir Apartments,  
Fl-6, Block 16, Gulshan-e-Iqbal, Karachi  
Tel: (92-21) 34839021-3

Barakate-Hyderi Branch  
D10, Block-H, North Nazimabad, Karachi  
Tel: (92-21) 36705159

Beaumont Plaza Branch  
Plot No. 4, Shop No. 7 & 8, Beaumont Road,  
Civil Lines Quarters, Karachi.  
Tel: (92-21) 35642370-74

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, 35830634

Bin Qasim National Highway Branch  
Survey No. 435, Deh Landhi, Taluka  
Bin Qasim Town, Karachi  
Tel: (92-21) 35012376, 35012355

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 No. A/D-66 & 67,  
Block-E, Hyderi, North Nazimabad, Karachi  
Tel: (92-21) 36724294-6

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/D1, 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

Clifton Branch  
Ground Floor, Al-Karam Centre, BC1,  
Block-7 Clifton, Main Clifton Road, Karachi  
Tel: (92-21) 35372060-4

Cloth Market Branch  
Atique Market, Bunder Quarters, Karachi  
Tel: (92-21) 32418137-9

Darakhshan Society Malir Branch  
Plot No. A-16/1, Darakhshan Society,  
Malir Township, Karachi  
Tel: (92-21) 34492788, 34493005

DHA Phase I Branch  
Ground Floor, Plot No. 119,  
DHA Phase I, Korangi Road, Karachi  
Tel: (92-21) 35396854-8

DHA Phase II-Extension Branch  
Plot No. 69 & 71, Garibsons Building,  
12<sup>th</sup> Commercial Street,  
DHA Phase II Extension, Karachi  
Tel: (92-21) 35311953-8

DHA Phase IV Branch  
Plot No. 57/C, 9<sup>th</sup> Commercial Street,  
DHA Phase IV, Karachi  
Tel: (92-21) 35314861-4

Dhoraji Branch  
35/182, C.P. & Bearar Housing Society,  
Karachi  
Tel: (92-21) 34860861-4

F.B Area Branch  
C-12, Block 10, F.B Area, Karachi  
Tel: (92-21) 36805370-6

Federal B Industrial Area Branch  
Plot No. ST-7, Block - 22,  
Federal B Industrial Area, Karachi  
Tel: (92-21) 36834625-29

FTC Branch  
Ground Floor, Block B, FTC Building,  
Shahrahe-Faisal, Karachi  
Tel: (92-21) 35650771

Garden West Branch  
Shop No. 9, 10, 11 & 12 (Amin Centre),  
Plot Survey No. 130/1, Sheet No. G-R.2,  
Garden West, Karachi  
Tel: (92-21) 32241383-7

Gizri Branch  
Plot No. K-7/9 Gizri, Chaudhry  
Khalique-uz-Zaman Colony,  
Bakhshan Village, Bazar Area, Clifton, Karachi  
Tel: (92-21) 35865670-4

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  
Chowrang, 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  
Shop No. 7, A-94, Block-18,  
F.B. Area, Karachi  
Tel: (92-21) 36829112-4

Gulistan-e-Jauher Branch  
Plot No. ST-9, Block 15, Scheme 36,  
Gulistan-e-Jauher, Karachi  
Tel: (92-21) 34030251-4

Block-1, Gulistan-e-Jauhar Branch  
Shops No. 1, 2, 3, 7, Ground Floor, Samrah  
Arcade, Plot No. SB-04, Block 1,  
KDA Scheme No. 36,  
Gulistan-e-Jauhar, Karachi  
Tel: (92-21) 34013922-6

Gulshan Block 2 Branch  
Ground Floor Arif Residency,  
Plot No. SB 08, Gulshan-e-Iqbal Block 2,  
Near Rab Medical Centre, Karachi  
Tel: (92-21) 34971232

Gulshan Chowrangi Branch  
Sub Plot No 5-A/1-10, Plot No. FL-5, Block  
3, Gulistan-e-Erum, Gulshan-e-Iqbal, Karachi  
Tel: (92-21) 34811849, 34813967

Gulshan-e-Iqbal Branch  
B-41, Block No. 13-A, KDA Scheme 24,  
University Road, Gulshan-e-Iqbal, Karachi  
Tel: (92-21) 34811901-6

Gulshan-e-Maymar Branch  
A-102 Shop No. 1 & 2 SB, 1 Sector X - IV,  
Opposite Roman Fountain Park  
Scheme -4, Gulshan-e-Maymar, Karachi  
Tel: (92-21) 36350513-5

Hub River Road Branch  
Building No. 06 Commercial Sector No. 04,  
Haroon Bahria Cooperative Housing Society,  
Hub River Road, Karachi  
Tel: (92-21) 32364236-9

Hussainabad Branch  
Block 3, Pakistan Memon Education &  
Welfare Society, Hussainabad, Karachi  
Tel: (92-21) 36320461-2

I.I. Chundrigar Road Branch  
Shop No. 9 & 10, Gul Tower,  
I.I. Chundrigar Road, Karachi  
Tel: (92-21) 32423676

Jamshed Road Branch  
Plot No. 713/6, Shaheen Tower,  
Jamshed Quarters,  
M.A Jinnah Road, Karachi  
Tel: (92-21) 34923281-5

Jodia Bazar Branch  
H-91 A, Darya Lal Street, Jodia Bazaar, Karachi  
Tel: (92-21) 32473326-9

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

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-4,  
Karachi Administration Employees  
Cooperative Housing Society, Karachi  
Tel: (92-21) 34302911-5

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,  
(Khayaban-e-Shamsheer) Branch  
Plot No.4-C, Khadda Market,  
Khayaban-e-Shamsheer, DHA Phase V, Karachi  
Tel: (92-21) 35240811-5

Khalid Bin Waleed Road Branch  
Plot No. 89/N, Muhammadi Terrace,  
Block-2, Khalid Bin Waleed Road, P.E.C.H.S,  
Karachi  
Tel: (92-21) 34383914-6

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-Bukhari Branch  
Shop No. 1-2 & Mezanine Floor,  
Plot No. 22-C, Khayaban-e-Bukhari,  
Phase 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) 35247600-1 &  
35247603-4

Korangi Branch  
Plot No. LS 3, ST-3/1, Sector No. 15,  
Korangi Industrial Area, Karachi  
Tel: (92-21) 35114324-5

Korangi II Branch  
Q 37, Sector 33-A, Main Road Korangi,  
Karachi  
Tel: (92-21) 35059215-16

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

Light House Branch  
Plot No.57, Jahangir Mansion, Shop No.14,  
Thatia Compound Street, Wadhwal Odharam  
Quarters, Light House, M.A Jinnah Road,  
Karachi  
Tel: (92-21) 32742775-6

Marriott Hotel Branch  
Marriott Hotel, Abdullah Haroon Road, Karachi  
Tel: (92-21) 35683491

Model Colony Branch  
Plot No. 06, Survey No. N-55, Tina Square,  
Model Colony, Malir, Karachi  
Tel: (92-21) 34492445-7

Muhammad Ali Society Branch  
Fatima Jinnah Street, Muhammad Ali Housing  
Society, Karachi  
Tel: (92-21) 34301863-4

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) 32602121-6

North Karachi Branch  
Plot No. SA-6 (ST-8), 11-C-1, North Karachi,  
Karachi  
Tel: (92-21) 36965051-5

North Karachi Industrial Area Branch  
Plot No.1-A, Sector 12-C, North Karachi  
Township, Karachi  
Tel: (92-21) 36963117-21

North Napier Road Branch  
Shop No.12, Poonawala Trade Tower, Main  
North Napier Road, Karachi  
Tel: (92-21) 32713530-4

North Nazimabad Block-M Branch  
Plot No. SB-2, Block-M,  
North Nazimabad, Karachi  
Tel: (92-21) 36627054-5

North Nazimabad Branch  
Shop No. 9-12, Sub-plot No. SC14-3,  
Plot No. SC-14,  
Block-F, KDA Scheme No.2,  
Samar Residency, North Nazimabad, Karachi  
Tel: (92-21) 36723549-54

Orangi Town Branch  
Plot No. LS-15, Sector 6-E,  
Orangi Town, Karachi  
Tel: (92-21) 36694370-4

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

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 Branch  
Ground floor at 37- A, Lalazar Area,  
Off M.T. Khan Road, Karachi  
Tel: (92-21) 35636240-54

Rashid Minhas Road Branch  
Ground Floor, Aqsa Tower, Block-C,  
Rashid Minhas Road, KDA Scheme No.33,  
Karachi  
Tel: (92-21) 34978062, 34978064,

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  
Saddar Bazar Quarters,  
Raja G. Ali Khan Road, Karachi  
Tel: (92-21) 35224601-5

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

Shahrah-e-Faisal Branch  
29-A, Ground Floor, Sabah Palace,  
P.E.C.H.S. Block 6, Shahrah-e-Faisal, Karachi  
Tel: (92-21) 34322186-90

Shah Faisal Colony Branch  
CB-33, Al Falah Society,  
Shah Faisal Colony, Karachi  
Tel: (92-21) 34686271-3

Shamsi Society Branch  
CM 44 & 45, Ground Floor, Shamsi  
Cooperative Housing Society, Malir Halt,  
Karachi  
Tel: (92-21) 34682405-7

Shershah Branch  
Plot No. D. 283/15 & 16, Quality Godown  
Shershah Road, SITE Karachi.  
Tel: (92-21) 32562411-15

Shireen Jinnah Colony Branch  
Plot No. SF-4B Block 1,  
Shireen Jinnah Colony, Karachi  
Tel: (92-21) 35833025, 35836758

Sir Syed Road Branch  
Plot No. 152-S, Ground Floor,  
Sir Syed Road, Block 2, PECHS, Karachi  
Tel: (92-21) 35143500-4

S.I.T.E Branch  
Plot No. B/9-C, Estate Avenue,  
SITE Area, Karachi  
Tel: (92-21) 32550328-31

Soldier Bazar Branch  
G-2, Ground Floor, Plot No. SOL-B-2/16,  
VIE/100/1, Soldier Bazar Quarters, Karachi.  
Tel: (92-21) 32290320-24

Super Highway Branch  
Highway Trade Centre, Shop No. 11-12-13  
& 14, Block-2, Sector 1-A, Super Highway,  
Karachi.  
Tel: (92-21) 36830076-78, 36830045  
& 36830107

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

Urdu Bazar Branch  
Shops No. 11 & 12, Anfal Centre,  
Plot No. RB-9/1, Rambagh Quarters,  
Urdu Bazar, Karachi  
Tel: (92-21) 32603031-5

Water Pump Branch  
Plot No. BS-13, Block-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

### Khairpur

Khairpur Branch  
Shop No. 1, 2, 3 Ground Floor  
Civic Centre, Mall Road, Khairpur  
Tel: (92-243) 715772-73

### Kunri

Kunri Branch  
Plot No. 12, Survey No. 263,  
Station Road, Deh Gorraho, Kunri,  
District Umerkot  
Tel: (92-238) 558412-15

### Larkana

Larkana Branch  
Property No. 1796, Ward No. A, Bank  
Square, Bunder Road, Larkana  
Tel: (92-74) 4055923-5

### Loralai

Loralai Branch  
Plot No. 1060, Zhob Road, Loralai,  
Balochistan  
Tel: (92-824) 4660103

### Mirpurkhas

Mirpurkhas Branch  
Plot No. 15, Ward No. A, Adam Mohallah  
Town, Umerkot Road, Mirpurkhas  
Tel: (92-233) 876103-8

### Moro

Moro Branch  
Property No. 60, Ward 13,  
Main Road National Highway, Moro  
Tel: (92-242) 411008-14

### Muslim Bagh

Muslim Bagh Branch  
Shop No 40 - 41,  
School Road, Muslim Bagh  
Tel: (92-823) 669592-3

### Nawabshah

Nawabshah Branch  
Plot No. 573, Ground Floor, Ward-B, Katcheri  
Road, Nawabshah  
Tel: (92-244) 330902-6

### Quetta

Alamo Chowk Branch  
Shop No. 17-19, Al-Emirate City Plaza,  
Alamo Chowk, Air Port Road, Quetta  
Tel: (92-81) 2820158-9

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

Munsafi Road Branch  
2-17/16, Munsafi Road, Quetta  
Tel: (92-81) 2845593-4

Sirki Road Branch  
Shop No. 1 & 2, Kasi Complex,  
Sirki Road, Quetta  
Tel: (92-81) 2454222-3

### Rashidabad

Rashidabad Branch  
Survey No. 510-511, Deh Daro,  
Main Hyderabad Mirpurkhas Road,  
Rashidabad.  
Tel: (92-22) 2732153-55

### Shahdadpur

Shahdadpur Branch  
Property No. 293/1, Ward-C, Station Road,  
Shahdadpur  
Tel: (92-235) 842952-3

### Sakrand

Sakrand Branch  
Deh. 18, Taluka City Sakrand,  
District, Nawabshah  
Tel: (92-244) 322054-57

### Sanghar

Sanghar Branch  
Property No. 124 / A-1,  
Housing Society Town, Sanghar  
Tel: (92-235) 543662-3

### Sukkur

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

### 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  
Plot No. 25-27, Deh Pattar, Main Badin,  
Hyderabad National Highway,  
Tando Mohammad Khan  
Tel: (92-22) 3341584-5

### Central Region

#### Ahmed Pur East

Ahmed Pur East Branch  
Property No. 338, Block-IV, Kutchery Road,  
Ahmed Pur East  
Tel: (92-62) 2273261-2

#### Arifwala

Arifwala Branch  
3-A, Lakkar Mandi, City Road, Arifwala  
Tel: (92-457) 834502-3

## Bahawalnagar

Bahawalnagar Branch  
Shop No. 12, Grain Market, Minchanabad  
Road, Bahawalnagar  
Tel: (92-63) 22 71611-2

## Bahawalpur

Bahawalpur Branch  
Milad Chowk, Eidgah Road, Bahawalpur  
Tel: (92-62) 2732145-7

Satellite Town Branch  
Plot No.20/D, Street No.30,  
One Unit Chowk, Satellite Town,  
Bahawalpur  
Tel: (92-62) 2285303-04, 2285306-07

## Burewala

Burewala Branch  
Multan Road, Opp. College Road, Burewala  
Tel: (92-67) 3773751-4

## Chichawatni

Chichawatni Branch  
Property No. 278-279, Adjacent National  
Saving Centre, G.T. Road, Chichawatni  
Tel: (92-405) 487601-03

## Chiniot

Sharah-e-Quaide-Azam Chiniot Branch  
P-468, Al-469 II,  
Sharah-e-Quaide-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

## Daska

Daska Branch  
Rest House Chowk, Gujranwala Road,  
Daska  
Tel: (92-52) 6612837-41

## Dera Ghazi Khan

Dera Ghazi Khan Branch  
Jampur Road, Dera Ghazi Khan  
Tel: (92-64) 274255-7

## Faisalabad

Bhowana Bazar Branch  
150-D, B.V, Gole 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

Civil Lines Branch  
Plot No. 17/K, Civil Lines, Bilal Road,  
Faisalabad  
Tel: (92-41) 2603471-473

Clock Tower Branch  
P-175, Clock Tower, Karkhana Bazar,  
Faisalabad  
Tel: (92-41) 2606085-7

Dijkot Road Branch  
Shops No. 68 & 69, Dijkot Road,  
Adjacent to Grain Market, Faisalabad  
Tel: (92-41) 2416141-4

Ghulam Muhammad Abad Branch  
P-317, Alaf Sani Chowk, Main Saddar Bazar,  
Ghulam Muhammad Abad, Faisalabad  
Tel: (92-41) 2694381- 83

Gole Cloth Katchery Bazar Branch  
P-54 Gole Cloth, Katchery Bazar, Faisalabad  
Tel: (92-41) 2610373-4

Jhang Road Branch  
Plot No. S-29-30, Near Ayub Colony,  
Opposite Motor Market, Jhang Road,  
Faisalabad  
Tel: (92-41) 2650854-6

Madina Town Susan Road Branch  
Plot No. 98/23, Madina Town, Susan Road,  
Faisalabad  
Tel: (92-41) 8557141-3

Millat Chowk Branch  
158-B-1, Gulistan Colony No. 2,  
Millat Chowk, Faisalabad  
Tel: (92-41) 8784346-7

Kotwali Road Branch  
P-63, Kotwali Road, Faisalabad  
Tel: (92-41) 2602587

Peoples Colony Branch  
1/A-II, Peoples Colony-1, Faisalabad  
Tel: (92-41) 8555002-4

Samanabad Branch  
Plot No. P-178/1 A, Main Road, Samanabad,  
Faisalabad  
Tel: (92-41) 2663840-2

Sargodha Road Branch  
Plot No. 654-656, Near Hafeez Plaza,  
Ali Town Sargodha Road, Faisalabad  
Tel: (92-41) 8785151-3

Satyana Road Branch  
P 719, Batala Colony, Main Satyana Road,  
Faisalabad  
Tel: (92-41) 8500715-20

Serena Hotel Branch  
Serena Hotel, Club Road, Faisalabad  
Tel: (92-41) 2602595-7

Tata Market Branch  
Chak No. 212-RB Main Road, Factory Area,  
Opposite Madina Centre, Tata Market,  
Faisalabad  
Tel: (92-41) 2417555-7

## Gojra

Gojra Branch  
Ex Al Khalid Shopping Centre, Opposite Suriya  
Hospital, Tahsil Office Road, Gojra  
Tel: (92-46) 3516272-3

## Gujranwala

Dal Bazar Branch  
Property No. BII-19S-31, Near Chowk  
Chashma, Dal Bazar, Gujranwala  
Tel: (92-55) 4227592-6

Kashmir Plaza Branch  
Kashmir Plaza, Near Ghalla Mandi G.T Road,  
Gujranwala  
Tel: (92-55) 3847205-8

Peoples Colony Branch  
13-Y/ 7-SITE-1, Peoples Colony  
Gujranwala  
Tel: (92-55) 4240571-3

Satellite Town Gujranwala Branch  
Plot No.40-A, Nursery Chowk, Satellite Town,  
Gujranwala  
Tel: (92-55) 3847191-3

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

## Hafizabad

Hafizabad Branch  
Sagar Road Branch, Hafizabad  
Tel: (92-54) 7540811-2

## Haroonabad

Haroonabad Branch  
14-C, Grain Market, Haroonabad  
Tel: (92-63) 2251751-2

## Hasilpur

Hasilpur Branch  
68/B, Baldia Road, Hasilpur  
Tel: (92-62) 2443300-1

## Jampur

Jampur Branch  
Indus Highway, Dera Road,  
Opposite Nadra Office, Jampur  
Tel: (92-604) 569446-8

## 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

## Kabirwala

Kabirwala Branch  
Property No. 162, Khanewal Road,  
Opposite PSO Petrol Pump, Kabirwala  
Tel: (92-65) 2400721-3

## Kamoki

G.T Road Kamoki Branch  
Main G.T Road, Kamoki  
Tel: (92-55) 6810351-3

## Kasur

Kasur Branch  
216-9, R-IV, Railway Road, Kasur  
Tel: (92-492) 2764999

## 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

## 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

## 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

## Lahore

Al-Saeed Chowk Branch  
Al-Saeed Chowk, near Phool Mandi,  
Saggian By pass, Jaranwala Road,  
Tehsil Ferozwala, District Sheikhupura,  
Lahore  
Tel: (92-42) 37163873-5

Akbar Chowk Branch  
885-D, Akbar Chowk, Faisal Town, Lahore  
Tel: (92-42) 35201425-6

Akbari Mandi Branch  
Outside Akbari Mandi, Circular Road, Lahore  
Tel: (92-42) 37660969-70

Allama Iqbal Town Branch  
8, Hunza Block, Allama Iqbal Town, Lahore  
Tel: (92-42) 35296701-5

Azam Cloth Market Branch  
19-Bismillah Block, Azam Cloth Market, Lahore  
Tel: (92-42) 37642011-3

Bedian Road Branch  
Khasra No. 3799, Mauza Lidhar,  
Main Bedian Road, Lahore  
Tel: (92-42) 35749607-10

Brandrath Road Branch  
46 Brandrath Road, Lahore  
Tel: (92-42) 37676388-92

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  
Mughalpur Lahore Branch Plot No. 125,  
St.No. 33, Naya Pul, Punj Pir Road, Canal  
Bank Road, Mughalpur, Lahore  
Tel: (92-42) 365543-44

Cavalry Ground Branch  
72-Commercial Area, Cavalry Ground,  
Lahore Cantt.  
Tel: (92-42) 36619780-3

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 Taillian, Near Kashmir Block,  
Azam Cloth Market, Lahore  
(92-42) 7380461-65

College Road Branch  
6-2/C-1, College Road Township,  
Lahore  
Tel: (92-42) 35157184-6

G.T Road Daroghawala Branch  
Plot No. 329-F, Main G.T Road,  
Daroghawala, Lahore  
Tel: (92-42) 36550501-3

DHA Phase I Branch  
167- G, DHA Phase I, Lahore  
Tel: (92-42) 35742891-2

DHA Phase III Branch  
Plot No. 97-Y, DHA Phase III Commercial,  
Opposite Sheba Park, Lahore  
Tel: (92-42) 35742582-3

DHA Phase IV Branch  
210-CCA, Phase-IV DHA, Lahore  
Tel: (92-42) 35747761-2

DHA Phase VI Branch  
Plot No. 101, Main Boulevard Phase VI  
(Commercial), DHA Lahore  
Tel: (92-42) 35006026, 042-35006028-9

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

Ferozpur Road Branch  
Opposite DESCON Head Quarters,  
18-KM Main Ferozpur Road, Lahore.  
Tel: (92-42) 35401873-6

Garhi Shahu Branch  
Property No.84, Allama Iqbal Road,  
Garhi Shahu, Lahore  
Tel: (92-42) 36294191-92

Ghalib Market Branch  
64 A-II, Gulberg III, Ghalib Market, Lahore  
Tel: (92-42) 35772147-9

Gulberg Branch  
60-Main Boulevard Gulberg, Lahore  
Tel: (92-42) 35879870-2

Gulshan-e-Ravi Branch  
Plot No. 9, Block F, Gulshan-e-Ravi, Lahore  
Tel: (92-42) 37404822-5

Hall Road Branch  
S-50-R-19, Hall Road, Lahore  
Tel: (92-42) 37211806-8

Ichra Branch  
156-Main Ferozepur Road, Ichra, Lahore  
Tel: (92-42) 37522989-1

Islampura Branch  
Property No. 61, Main Bazar, Islampura,  
Lahore  
Tel: (92-42) 37117463-4

Jill Johar Town Branch  
Plot No. 12, Block-Jill,  
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

Main Boulevard Branch  
Shop No. 5 & 6, Ground Floor, Usman  
Arcade, Main Boulevard, DHA, Lahore  
Tel: (92-42) 36621482-4

McLeod Road Branch  
SE-10-R-2/12, Nihal Chand Building,  
McLeod Road, Lahore  
Tel: (92-42) 36284501-4

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 Branch  
Plot No. 9, Al-Faisal Plaza, Moon Market,  
Allama Iqbal Town, Lahore  
Tel: (92-42) 35427936-40

Mustafa Abad Branch  
Property No. SE-6-R-148, Allama Iqbal Road,  
Mustafa Abad, Lahore  
Tel: (92-42) 36886051-3

Chung Multan Road Branch  
Main Stop Chung,  
Main Multan Road, Chung, Lahore  
Tel: (92-42) 35404761-63

Multan Road Branch  
S-94, R-334, Multan Road, Near Social  
Security Hospital, Multan Chungi, Lahore.  
Tel: (92-42) 37492383-85

New Garden Town Branch  
Ground Floor, Ibrahim Centre, 1-Aibak Block,  
New Garden Town, Lahore  
Tel: (92-42) 35941474-7

Peco Road Badami Bagh Branch,  
35-Peco Road, Badami Bagh, Lahore  
Tel: (92-42) 37369610-3

Punjab Cooperative Housing Society Branch  
66-F, Phase I, Punjab Co-operative Housing  
Society, Ghazi Road, Lahore Cantt.  
Tel: (92-42) 35924683-4

Q-Block DHA Phase II Branch  
295-Q Commercial Area,  
Phase II DHA, Lahore  
Tel: (92-42) 35708324-7

Qartaba Chowk Branch  
Qartaba Chowk, Temple Road,  
Rehman Chamber, Lahore  
Tel: (92-42) 37112406-10

Quaide-Azam Industrial Estate Branch  
169 - S, Quaid-e-Azam Industrial Estate,  
Kot Lakhpat, Lahore  
Tel: (92-42) 35215765

Ravi Road Branch  
33, Main Ravi Road,  
Opposite Bilal Masjid, Lahore  
Tel: (92-42) 37706835-7

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

**Shalimar Garden Branch**  
Chowk Shalimar Bagh, G.T. Road,  
Baghban Pura, Lahore  
Tel: (92-42) 36846584-8

**Thokar Niaz Baig Branch**  
Ahmed Centre, T.5 KM Raiwand Road,  
Lahore  
Tel: (92-42) 37516128-30

**Urdu Bazar Branch**  
4-Kabeer Street, Urdu Bazar, Lahore  
Tel: (92-42) 37116684-7

**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

**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

### Lodhran

**Lodhran Branch**  
Plot No. 493-A, A-1, A-2/5H, Ghosia Chowk,  
Multan Bahawalpur Road, Lodhran  
Tel: (92-608) 364797-8

### Layyah

**Layyah Branch**  
Property No. B-II-174, 175, 176, Chobara  
Road, Layyah  
Tel: (92-606) 412975-7

### 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

### 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

### Multan

**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

**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

**Vehari Chowk Branch**  
Shop Nos. 82,83,84,112, Madni  
Commercial Center, Near Vehari Chowk,  
Multan  
Tel: (92-61) 6241201-3

**Vehari Road Branch**  
Rehman Commercial Centre, Near Grain  
Market, Vehari Road, Multan  
Tel: (92-61) 6244153-5

### Muridkay

**Muridkay Branch**  
Khewat No. 1061, Khatooni No. 2615, G.T  
Road Muridkay District Sheikhpura.  
Tel: (92-42) 37980131-133

### Muzaffargarh

**Muzaffar Garh Branch**  
Property No. 470, Block No. IV, Hakeem  
Plaza, Multan Road, Muzaffargarh  
Tel: (92-662) 428708-10

### Okara

**Okara Branch**  
MA Jinnah Road, Okara  
Tel: (92-44) 2521935-7

### Pakpattan

**Pakpattan Branch**  
College Road, Pakpattan  
Tel: (92-457) 3527111-13

### Pattoki

**Pattoki Branch**  
Shop No. 09-11, Abdullah Centre, Opposite  
Ghalla Mandi, Shahrah-e-Quaid-e-Azam,  
Pattoki  
Tel: (92-49) 4421025-8

### Pir Mahal

**Pir Mahal Branch**  
Plot No. P-10-11, Kousar Abad,  
Chak Abadi 779-GB, Qasba Pir Mahal  
Tel: (92-46) 3367601-7

### Rahim Yar Khan

**Rahim Yar Khan Branch**  
17, 18, City Centre, Rahim Yar Khan  
Tel: (92-68) 5887603-4

### Raiwind

**Raiwind Branch**  
Khasra No. 5024 & 5031, Main Bazar,  
Opposite Railway Phattak, Raiwind  
Tel: (92-42) 35394620-2

### Sadiqabad

**Sadiqabad Branch**  
31-D, Main Bazar, Sadiqabad  
Tel: (92-68) 5701207-8

### Sahiwal

**Sahiwal Branch**  
276-BI, Alpha Tower, High Street, Sahiwal  
Tel: (92-40) 4465009, 4466592

**G.T. Road Sahiwal Branch**  
Property No. IV-343/334, 343/335, Ghalla  
Mandi G.T. Road, Sahiwal  
Tel: (92-40) 4224911-2

### Sargodha

**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

**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

### Sheikhpura

**Sheikhpura Branch**  
Civic Center, Sargodha Road, Sheikhpura  
Tel: (92-56) 3813360-2

### Sialkot

**Kashmir Road Branch**  
Kashmir Road, Sialkot  
Tel: (92-52) 4295301-3

**Shahabpura Road Branch**  
Plot No 31-A, Shahabpura Road, Adjacent  
to Grays of Cambridge Ltd. Sialkot  
Tel: (92-52) 3242941-43



Sialkot Cantt. Branch  
Property No. 1-4 & 5-8, Aziz Shaheed Road,  
Sialkot Cantt.  
Tel: (92-52) 4560143-5

Kutchery Road Branch  
Kutchery Road, Sialkot  
Tel: (92-52) 4263461

### Taunsa

Taunsa Branch  
Property ETO No. 347, 348, 349, 350-III,  
Wahuwra Road, Taunsa  
Tel: (92-64) 2601301-03, 2601201-02

### Toba Tek Singh

Toba Tek Singh Branch  
P-103, Farooq Road, Toba Tek Singh  
Tel: (92-46) 2513765-6

### Vehari

Karkhana Bazar Vehari Road Branch  
Plot No. 23, Block-A,  
Karkhana Bazar, Vehari  
Tel: (92-67) 3366031-3

### Wazirabad

Wazirabad Branch  
Plot No. I-14S-37, Sialkot Road, Wazirabad  
Tel: (92-55) 6600313-4

## Northern Region

### Abbottabad

Abbottabad Branch  
Plot No. 843-846, Manshera Road,  
Abbottabad  
Tel: (92-992) 344701-3

Main Bazar Branch  
PMC Chowk, Main Bazar, Abbottabad  
Tel: (92-992) 341990-2

### Attock

Attock Branch  
B-143, Fawwara Chowk, Civil Bazar, Attock  
Tel: (92-572) 701003-5

### 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,  
Kahala No. 880/1351 & 881/1351, Sultan  
Market, Ajmeera, Batagram  
Tel: (92-997) 310850-51

### Charsadda

Main Tangi Road Charsadda Branch  
Shop No. 1-2, Gul Market,  
Near Singer Pakistan Outlet, Main Tangi Road,  
Charsadda  
Tel: (92-91) 9220171-3

### Chakwal

Chakwal Branch  
B-VI/4-A, Bab-e-Chakwal, Talagang Road,  
Chakwal  
Tel: (92-543) 543381-4

### Dadyal

Dadyal Branch  
Plot No. 313, Hussain Shopping Centre,  
Main Bazar Dadyal, Mirpur Azad Kashmir  
Tel: (92-5827) 465881-3

### Dera Ismail Khan

Dera Ismail Khan Branch  
East Circular Road, Dera Ismail Khan  
Tel: (92-966) 717257-8

### Dina

Dina Branch  
Al-Bilal Shopping Centre, Main Chowk,  
G.T. Road, Dina, Distt. Jehlum  
Tel: (92-544) 636119-21

### Gujar Khan

Gujar Khan Branch  
B-III, 215-E, G.T. Road, Gujar Khan  
Tel: (92-51) 3515679-83

### 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

### Havelian

Havelian Branch  
Near Old TMA Office, Main Bazar Havelian,  
Distt. Abbottabad  
Tel: (92-992) 811501-3

### Islamabad

Aabpara Branch  
Plot No. Ramna 6/1-4, Aabpara Market,  
Sector G-6, Islamabad  
Tel: (92-51) 2603061-4

Barakahu Branch  
Fazal ul Haq Plaza, Main Murree Road,  
Baharakahu, Islamabad  
Tel: (92-51) 2232881-2

DHA Phase II Branch  
Plot No. 7, Sector A, Near Gate No-3, Kalsum  
Plaza, DHA Phase-II, Islamabad  
Tel: (92-51) 5161562-4

E-11 Markaz Branch  
Plot No. 02, 03, 04, Square Eleven Plaza,  
Islamabad Garden Phase II, Sector E-11/1  
Islamabad  
Tel: (92-51) 2305691-92

F-6 Markaz Branch  
Ground & First Floor, Sethi Plaza, Super Market,  
F-6 Markaz, Islamabad  
Tel: (92-51) 2601791-5

F-7 Jinnah Super Market Branch  
Unit No. 14, Plot No. 12-B, F-7 Markaz,  
Jinnah Super Market, Islamabad  
Tel: (92-51) 2655001-4

F-8 Branch  
Panther Plaza, F-8 Markaz, Islamabad  
Tel: (92-51) 2817403-5

F-10 Markaz Branch  
Plot No. 2-F, F-10 Markaz, Islamabad  
Tel: (92-51) 2112762-3

F-11 Branch  
Shops No. 2, 3, 9, 10, 11 & 12, Ground  
Floor, Sardar Arcade, F-11 Markaz, Islamabad

Tel: (92-51) 2228384-5, 2228388-9

G-9 Markaz Branch  
21-B, G-9 Markaz, Islamabad  
Tel: (92-51) 2285849-51

G-11 Branch  
Plot No. 15, Penorama Arcade,  
G-11 Markaz, Islamabad  
Tel: (92-51) 2830513-6

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, Ground Floor, Ahmadal  
Plaza, Plot No. 3-I, Sector I-10 Markaz,  
Islamabad  
Tel: (92-51) 4432711-3

I-11 Sabzi Mandi Branch  
Plot No. 189/A, Sabzi Mandi, I-11, Islamabad  
Tel: (92-51) 4100637-40

Jinnah Avenue Branch  
Plot No. 37-B, Tahir Plaza, Jinnah Avenue,  
Blue Area, Islamabad  
Tel: (92-51) 2276712-5, 2801112-5

PWD Branch  
Plot No. 786-G, Block-C, Pakistan PWD  
Employees Co-operative Housing Society,  
Lohi Bher, Islamabad  
Tel: (92-51) 5170756-8

### Jhelum

Jhelum Branch  
B-VI-24-S. II, Meher Plaza,  
Civil Lines, Jhelum  
Tel: (92-544) 611751-5

### Kohat

Kohat Branch  
1st Floor, Jinnah Municipal Plaza, TMA,  
Near King Gate, Bannu Road, Kohat  
Tel: (92-922) 523037-40

### Mansehra

Lari Adda Branch  
Near Madni Masjid, Lari Adda,  
Karakoram Highway, Mansehra  
Tel: (92-997) 307640-2

Mansehra Branch  
Meezan Plaza, Near Markazi Jamia Masjid,  
Abbottabad Road, Mansehra  
Tel: (92-997) 308315-8

### Mardan

Mardan Branch  
Bank Road, Mardan  
Tel: (92-937) 9230561-3

Par Hoti Branch  
Malik Khalid Khan Market, Par Hoti, Mardan  
Tel: (92-937) 560013-4

### Mirpur Azad Kashmir

Mirpur Branch  
Plot No. 123, Sector F/1,  
Sultan Plaza, Kotli Road, Mirpur Azad Kashmir  
Tel: (92-5827) 438891-3

### Muzaffarabad

Madina Market Muzaffarabad A.K. Branch  
Mohallah Madina Market, Muzaffarabad  
Tel: (92-5822) 920457-9, 920458-60

Muzaffarabad Branch (AJK)  
Secretariat Road, Sathra Muzaffarabad,  
Azad Jammu & Kashmir (AJK)  
Tel: (92-5822) 920458-60

## Nowshera

Nowshera Branch  
Shobra Hotel, G.T Road, Nowshera Cantt.  
Tel: (92-3) 613174-6

## Peshawar

Charsada Road Branch  
Property No. 190, Opposite Al Haji 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

G.T. Road Branch  
Al-Arif House, Near Al-Amin Hotel,  
GT Road, Peshawar  
Tel: (92-91) 9214001-4

Gulbahar Branch  
Plot No. 45, New Nanak Pura Gulbahar,  
Peshawar  
Tel: (92-91) 2603091-3

Hayatabad Township Branch  
Plot No. 08, Bilal Market, Sector D-1,  
Phase 1, Hayatabad, Peshawar  
Tel: (92-91) 5816163-5

Karkhano Market Branch  
Royal Shopping Plaza, Hayatabad, Peshawar  
Tel: (92-91) 5893471-4

Khyber Bazar Branch  
Plot No. 78, Shoba Chowk, Khyber Bazar,  
Peshawar  
Tel: (92-91) 2564019-21

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

## Rawalpindi

Adyala Road Branch  
Ground Floor, Daulat Plaza,  
Near Dhaman Morh,  
Main Adyala Road, Rawalpindi  
Tel: (92-51) 5574880-2

Bahria Town Branch  
Bahria Heights, Bahria Town, Phase-1,  
Rawalpindi  
Tel: (92-51) 5730171-3

Bank Road Branch  
No. 47/62, Bank Road Saddar, Rawalpindi  
Tel: (92-51) 9273404-6

Bohar Bazar Branch  
D-327, Hakim Muhammad Amjal Khan Road,  
Bohar Bazar, Rawalpindi  
Tel: (92-51) 5778875, 5778834

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

G.T Road Tarnol Branch  
Khan Malook, Wazir Plaza, G.T. Road, Tarnol,  
Rawalpindi  
Tel: (92-51) 2226406

Hamilton Road Branch  
Shop No. AA-710 - 713, Hamilton Road,  
Raja Bazar, Rawalpindi.  
Tel: (92-51) 5777192 - 194

Jinnah Road Branch  
Property No. 167, Commercial Area,  
Mohan Pura, Jinnah Road - City Saddar Road,  
Rawalpindi City  
Tel: (92-51) 5778511-2

Kalma Chowk Branch  
Ground Floor, Rajco Plaza, Kalma Chowk,  
Kamal Abad, Rawalpindi  
Tel: (92-51) 5684491-2

Muslim Town Branch  
B-IV, 628-629, Chirah Road,  
Muslim Town, Rawalpindi  
Tel: (92-51) 4476013

Peshawar Road Branch  
61-A, Chour Chowk, Rawalpindi  
Tel: (92-51) 5469543-4

Saidpur Road Branch  
Plot No. CA-294/A, Chistiabad,  
Shabbir Plaza, Near Siddiqui Chowk,  
Saidpur Road Rawalpindi  
Tel: (92-51) 4416215-17

## Rawalakot

Rawalakot Branch  
Plot No. D-269, D-113, Housing Scheme,  
Rawalpindi Road, Rawalakot Azad Jammu  
Kashmir  
Tel: (92-5824) 442240-41

## Sawabi

Sawabi Branch  
Amjad Mughalbaz Khan Plaza,  
Near TMA Office Mardan Road, Sawabi  
Tel: (92-938) 222704-6

## 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

## Timergara

Timergara Branch  
Al-Hmrn Hotel G.T Road,  
Timergara Bazar, Timergara  
Tel: (92-945) 825271-3

## Wah Cantt

Wah Cantt Branch  
Ground Floor, Mall View Plaza, Mall Road,  
Wah Cantt  
Tel: (92-51) 4530584-6

# Glossary

## **AAOIFI**

Accounting and Auditing Organization for Islamic Financial Institutions.

## **Acceptances**

Promise to pay created when the drawee of a time draft stamps or writes the words "accepted" above his signature and a designated payment date. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is an Islamic international autonomous non-for-profit corporate body that prepares accounting, auditing, governance, ethics and Shariah standards for Islamic financial institutions and the industry.

## **Bai al-salam**

This term refers to advance payment for goods which are to be delivered later. Normally, no sale can be effected unless the goods are in existence at the time of the bargain, but this type of sale forms an exception to the general rule, provided the goods are defined and the date of delivery is fixed. One of the conditions of this type of contract is advance payment; the parties cannot reserve their option of rescinding it but the option of revoking it on account of a defect in the subject matter is allowed.

## **Basel II**

Basel II is the second of the Basel Committee on Bank Supervision's recommendations, and unlike the first accord, Basel I, where focus was mainly on credit risk, the purpose of Basel II was to create standards and regulations on how much capital financial institutions must put aside. Banks need to put aside capital to reduce the risks associated with their investing and lending practices.

## **Bills For Collection**

A bill of exchange drawn by the exporter usually at a term, on an importer overseas and brought by the exporter to this bank with a request to collect the proceeds.

## **Breakup Value per share**

The total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets excluding the impact of revaluation on fixed assets, divided by the total number of share outstanding at year end.

## **CAGR**

An abbreviation for Compound Annual Growth Rate.

## **Capital Adequacy Ratio (CAR)**

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

## **Cash Equivalents**

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **Cash Reserve Ratio (CRR)**

Cash Reserve Ratio is the amount of funds that the banks have to keep with the State Bank of Pakistan.

## **Closed-end funds**

Mutual funds with a fixed number of shares (or units). Unlike open-end funds, new shares/units in a closed-end fund are not created by managers to meet demand from investors. Instead, the shares can only be purchased (and sold) in the secondary market.

## **Commitment to Extend Credit**

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

## **Contingencies**

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence of one or more future events.

## **Corporate Governance**

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of an entity, the supervision of executive actions and accountability to owners and others.

## **Cost/Income Ratio**

Operating expenses as a percentage of total income.

## **Deferred Taxation**

Sum set aside for tax in the Financial Statements that will become payable in a financial year other than the current financial year.

## **Diminishing Musharakah**

In Diminishing Musharakah, the financier and the client participate either in joint ownership of a property or equipment whereby the share of the financier is divided into a number of units and the client undertakes to purchase these units one by one periodically until he is the sole owner of the property/equipment.

## **Dividend**

A sum of money paid by a company to its shareholders out of its profits (or reserves).

## **Dividend Payout Ratio**

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

## **Dividend Yield Ratio**

Dividend per share divided by the market value of share.

## **Earnings Per Share**

Profit after taxation divided by the weighted average number of ordinary shares in issue.

## **Effective Tax Rate**

Provision for taxation excluding deferred tax divided by the profit before taxation.

## **Equity**

The amount of the funds on a company's Balance Sheet contributed by the owners (the stockholders) plus the retained earnings (or minus the losses).

## **Financial losses and provisions**

Amount set aside against identified and possible losses on loans, advances and other credit facilities as a result of their becoming partly or wholly un-collectible.

## **Fiscal Year**

A year as reckoned for taxing or accounting purposes.

## Forced Sale Value (FSV)

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged/pledged assets in a forced/distressed sale conditions.

## Government Securities

Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

## Gross Dividends

The portion of profits distributed to the shareholders including the tax withheld.

## Guarantees

An agreement involving a promise by a person (the guarantor) to fulfill the obligations of another person owning debt if that person fails to perform.

## Hibah

Gift

## Historical Cost Convention

Recording transactions at the actual value received or paid.

## IAS

International Accounting Standards

## IFRIC

International Financial Reporting Interpretation Committee

## IFRS

International Financial Reporting Standards

## Ijara/Ijarah

Letting on lease. Technically, sale of a definite usufruct in exchange for a definite reward. Commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building or other facility to a client against an agreed rental.

## Impairment allowances

A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

## Income in suspense

Income suspended on non-performing financings.

## Income Spread

Represents the difference between the average rate of income earned and the average rate of cost paid on funds.

## ISO 27001

ISO/IEC 27001 formally specifies a management system that is intended to bring information security under explicit management control. Being a formal specification means that it mandates specific requirements. Organizations that claim to have adopted ISO/IEC 27001 can therefore be formally audited and certified compliant with the standard.

## Istijrar

A recurring or repeat sale for continuous purchase. A master agreement between a buyer and supplier which facilitates purchasing of goods on ongoing basis (such as monthly) without explicit offer and acceptance each time; the price is fixed either upfront or concluded after a predetermined period which is subject to certain conditions.

## Istisna' a/Istisna

This is a kind of sale where a commodity is transacted before it comes into existence. It means: To order a manufacturer to manufacture a specific commodity for the purchaser. If the manufacturer 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.

## Liquid Assets

The assets which are readily convertible into cash without recourse to a court of law.

## Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of shares as at the year end.

## Materiality

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of financial statements.

## Microfinance

The provision of financial services to micro-entrepreneurs and small businesses, which lack access to banking and related services due to the high transaction costs associated with serving these client categories.

## Mudarabah

An agreement between two or more persons whereby one or more of them provide finance, while the others provide entrepreneurship and management to carry on any business venture whether trade, industry or service, with the objective of earning profits. They share the profit in an agreed proportion. The loss is borne only by the financier(s) in proportion to their share in total capital.

## Mudarib

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

## Musawamah

A sale transaction where the cost incurred for the goods being sold by the seller is not disclosed to the buyer.

## Musharakah

A partnership contract where all the partners invest funds as well as work for the partnership.

## Net Assets Value Per Share

Shareholders' funds divided by the number of ordinary shares in issue.

## Net Dividends

Dividends net of withholding tax.

# Glossary

## **Non Performing Loans (NPL)**

A financing where the client is not repaying the financier as agreed.

## **Non Performing Loan-Substandard Category**

Where markup/interest or principal is overdue by 90 days or more from the due date.

## **Nostro**

An accounting term used to distinguish an account held for another entity from an account another entity holds.

## **NPLs to Gross Advances/Loans**

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

## **Off Balance Sheet Transactions**

Transactions that are not recognized as assets or liabilities in the Balance Sheet but which give rise to contingencies and commitments.

## **Open-end Fund**

A regulated investment company with a pool of assets that regularly sells and redeems its shares.

## **Pension Fund**

A fund from which pensions are paid, accumulated from contributions from employers, employees, or both.

## **Price Earnings Ratio (P/E Ratio)**

Market price of a share divided by earnings per share.

## **Qardh**

A loan given for a good cause in the name of Allah (SWT), in hopes of reward in the Hereafter.

## **Rabb-ul-Maal**

A person who invests capital in a Mudarabah.

## **Return on Assets (ROA)**

Indicator of profitability of the business relative to the value of its assets, calculated by dividing the net profit (profit after tax) to the average total assets for the period.

## **Return on Average Equity**

Net profit for the year, less preference share dividends if any, expressed as a percentage of average ordinary shareholders' equity.

## **Revenue Reserve**

Reserves set aside for future distribution and investment.

## **Riba**

Riba literally means increase, addition, expansion or growth. It is, however, not every increase, or growth, which has been prohibited by Islam. In the Shariah, Riba technically refers to the premium that must be paid without any consideration. According to the jurists of Islam this definition covers the two types of Riba, namely Riba Al Fadhl and Riba Al Naseah.

## **Risk Weighted Assets**

On Balance Sheet, assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

## **Shareholders' Funds**

Total of issued and fully paid share capital and capital and revenue reserves.

## **Shariah-compliant**

An act or activity that complies with the requirements of the Shariah, or Islamic law. The term is often used in the Islamic banking industry as a synonym for "Islamic"—for example, Shariah-compliant financing or Shariah-compliant investment.

## **Shirkatul-aqd**

A partnership created through contract as opposed to co-ownership that may be the result of a joint purchase or agreement or it may result from inheritance or from some other legal situation.

## **Shukuk/Sukook/Sukuk**

Check, certificate of debt, certificates of investment; plural of Saqq.

## **Subsidiary Company**

A company is a subsidiary of another company if the parent company holds more than 50% of the nominal value of its equity capital or holds some share in it and controls the composition of its Board of Directors.

## **Takaful**

Islamic Insurance. A scheme of mutual support that provides insurance to individuals against hazards of falling into unexpected and dire need.

## **Tijarah**

Sale & Agency based financing facility for customers who sell finished goods on credit basis. This facility enables customers to sell their finished goods stock, meet their working capital requirements and enjoy the benefits of cash sales.

## **VaR**

Value at Risk is an estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day.

## **Wakalah**

Agency.

## **Weighted Average Cost of Deposits**

Percentage of the total cost expensed on average deposits of the bank for the period.

The Company Secretary  
**Meezan Bank Limited**  
Meezan House,  
C-25, Estate Avenue S.I.T.E.,  
Karachi.

I/We \_\_\_\_\_ of \_\_\_\_\_ being a member(s) of **Meezan Bank Limited** and holder of \_\_\_\_\_ ordinary shares as per Share Register Folio No. \_\_\_\_\_ and/or CDC Investor Account No. / CDC Participant I.D No. \_\_\_\_\_ and Sub Account No. \_\_\_\_\_ do hereby appoint \_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to vote and act for me/us on my/our behalf at the 18th Annual General Meeting of Meezan Bank Ltd. to be held on Thursday, March 27, 2014 at Meezan House, C-25, Estate Avenue S.I.T.E., Karachi, and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014.

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.

### Important Notice to the Shareholders

1. As per directives to all the listed companies by Securities and Exchange Commission of Pakistan (SECP) vide SRO No. 779 (I) 2011 dated August 18, 2011, the Dividend Warrants must bear the CNIC number of the registered member (s), except in the case of minor (s) and corporate members.
2. Accordingly, those shareholders who hold shares in physical form, contact our **Share Registrar, THK Associates (Pvt.) Ltd., Ground Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi. Phone No. 111-000-322**, along with copy of valid CNIC. The shareholders who are maintaining their accounts with Participants/Brokers also update their record and provide valid CNIC to the respective Participants/Brokers.
3. In case of non-receipt of copy of valid CNIC and non compliance of the above mention SRO of SECP, the Shares Registrar may be constrained to withhold dispatch of Dividend warrants in future.

### شیئر ہولڈرز کے لیے اہم نوٹس

- ۱۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے تمام لسٹڈ کمپنیوں کو بذریعہ SRO No. 779 (I) 2011 بتاریخ ۱۸ اگست ۲۰۱۱ء ہدایت کی ہے کہ ڈیویڈنڈ وارنٹ پر قومی شناختی کارڈ نمبر جو رجسٹرڈ ممبر نے فراہم کیے ہیں، موجود ہونا لازمی ہیں، ماسوائے اٹھارہ سال سے کم عمر اور کارپوریٹ ممبرز کے۔
- ۲۔ اس لحاظ سے، وہ حصص یافتگان جن کے پاس کاغذی شکل میں حصص موجود ہوں، وہ ہمارے شیئر رجسٹرار THK Associates (Pvt.) Ltd.، گراؤنڈ فلور، اسٹیٹ لائف بلڈنگ نمبر ۳، ڈاکٹر ضیاء الدین احمد روڈ، کراچی۔ فون نمبر 111-000-322 پر اپنی درست قومی شناختی کارڈ کی کاپی کے ساتھ رابطہ کریں۔ وہ حصص یافتگان جنہوں نے سینٹرل ڈیپوسٹری کمپنی آف پاکستان کے پاس اپنے حصص رکھوائے ہوئے ہیں، وہ اپنے شرکاء/ بروکرز کے پاس موجود ریکارڈ کو اپ ڈیٹ کروالیں اور اپنی درست قومی شناختی کارڈ کی کاپی شرکاء/ بروکرز کو مہیا کر دیں۔
- ۳۔ درست قومی شناختی کارڈ کی نقل کی عدم وصولی اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے مندرجہ بالا SRO کی غیر تعمیل کی صورت میں، شیئر رجسٹرار مستقبل میں ڈیویڈنڈ وارنٹ کی ترسیل روکنے پر مجبور ہو جائے گا۔



**Meezan Bank**  
The Premier Islamic Bank

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