

A black tablet with a white screen. The screen displays the title 'Embracing Technology Transforming Experiences' in orange and purple text. The background of the screen is a faint, stylized map of the Middle East.

Embracing Technology Transforming Experiences

Annual Report 2014



Meezan Bank
The Premier Islamic Bank

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Embracing Technology Transforming Experiences

We are living in a time of bewildering technological advancement. Never before in human history, has technology evolved so fast as it is evolving today. These technologies have completely transformed the way we live our lives and have redefined and reinvented entire industries - be it production, services or health. These breakthroughs have also benefitted the financial sector and changed not only banking processes and methods, but brought new innovations that might not have been possible, if not for the developments in technology. This environment of continuous evolution provides us with opportunities to grow, improve and excel at a rate that was not possible before.

At Meezan Bank we have always recognized technology as a great enabler in improving the quality of the banking experience that we provide to our customers. We stay abreast of the latest developments in technology and strive for excellence in everything we do. We are continuously enhancing both the menu and quality of the services that we provide to our customers.

Over the years, Meezan Bank has been a forerunner in keeping up with new developments, and through the pages of this Annual Report, we introduce you to some of the services we provide to our customers – both internal and external – that are built on the best technologies available today. We hope you enjoy the journey.

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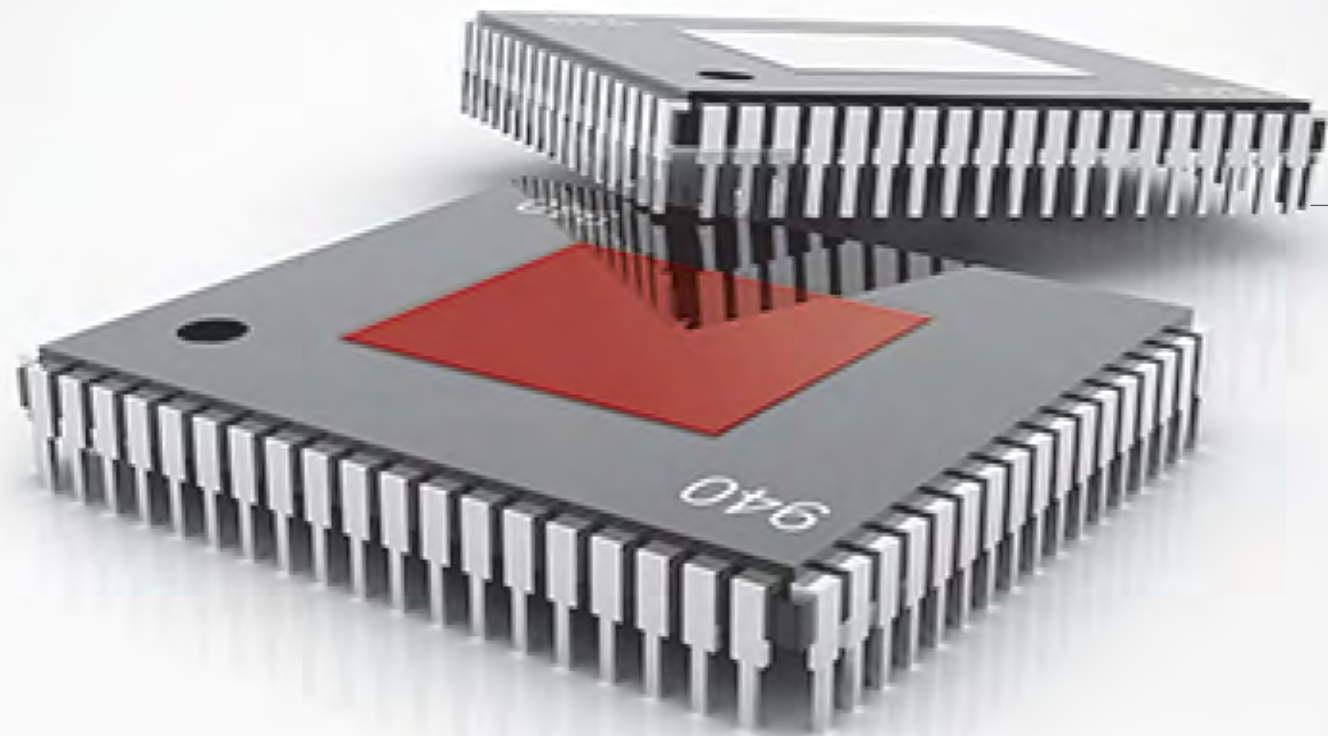
Vision

Establish Islamic banking as banking of first choice...

Mission

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

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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.



Mobile Banking Application

The Mobile Banking Application for Smartphones, available on both the Android and Apple platforms, is designed for customers on the move. The application allows customers to instantly check their account balance, view the last few transactions of each account, pay utility bills, top-up mobile phone credit and transfer funds between accounts. With over 40,000 downloads in the first four months, the application has been very well-received and is one of the most popular applications on both Android and Apple App Stores in the region.

Internet Banking

Meezan Bank's Internet Banking facility allows customers to access their accounts 24/7 from the comfort of their homes, offices or anywhere in the world. The facility is both reliable and secure – using firewall, Transport Layer Security and 128 bit EV SSL encryption, giving one the ability to manage accounts, generate account statements, pay utility bills and even request for payorders, cheque books as well as issue stop payment instructions conveniently and safely. Customers can also use this facility to invest in Al-Meezan funds and manage their investment portfolio. Registration for Internet Banking is easy and almost instantaneous through the Quick Registration page on Meezan Bank's website.



WebPay

While e-commerce has continued its unabated march across the globe, including Pakistan, some customers are understandably reluctant about using their debit cards online. The Meezan WebPay service addresses this concern. When customers wish to use their Meezan Debit Card online, all they have to do is call the Bank's phone banking service and ask for their card to be authorized for online usage. What makes WebPay so secure is that the card is only authorized for a short period of time, as required by the customer, after which it is again blocked for online use. This ensures that customers can safely use their debit card online with the convenience of being able to buy anything, anytime and anywhere – even from a retailer on the other side of the globe.



SMS Banking

The easiest way for customers to check their account balance or view the last three transactions in their accounts is the Meezan SMS Banking facility. Accessible from any cellular device – not necessarily only a smartphone – the SMS Banking service is extremely easy to use and is available free of cost to all customers. A unique feature of this service is that customers can also temporarily activate or deactivate their Meezan VISA and MasterCard Debit Cards just by sending an SMS.





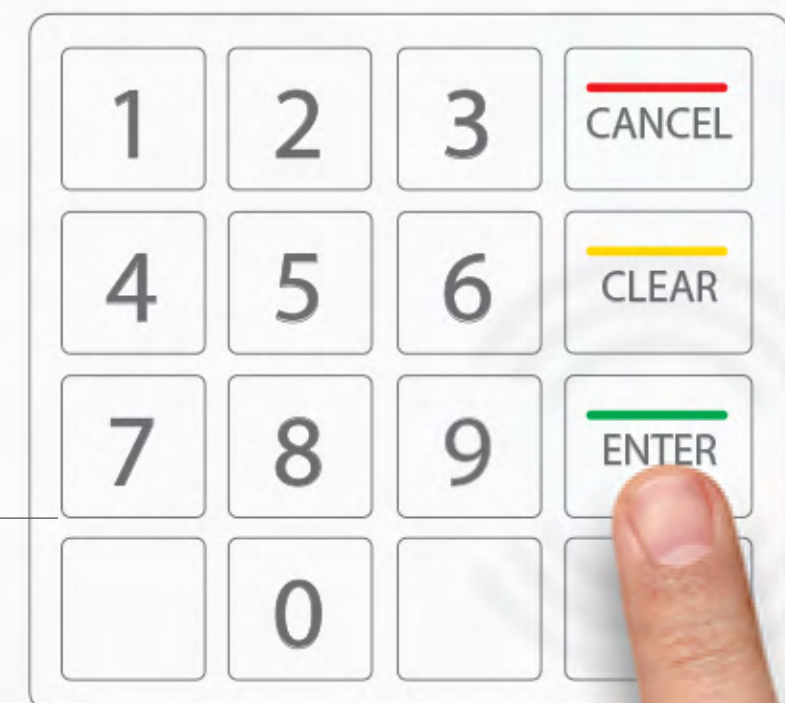
Meezan World Intranet Portal

Linking some 7000+ Meezan Bank employees together is Meezan World, a collaborative intranet portal built on the ground breaking technology of IBM Websphere and IBM Connections platform. The features of the portal go beyond those of just a data repository and news update channel. This portal allows employees to manage projects with cross functional teams and is a virtual hot desk for them, letting them work from any Meezan Office in case of an emergency. The Portal also allows users to develop workflows, greatly adding to the efficiency of business processes. Meezan Bank is first the bank to have implemented such a large scope intranet portal in Pakistan.

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ATMService

With over 350 ATMs in more than 95 cities nationwide, Meezan Bank's ATM network allows customers to withdraw cash using any 1-Link branded ATM card. These include all Visa, MasterCard, UnionPay cards issued by banks in Pakistan along with Ufone's UPaisa ATM cards. At a Meezan Bank ATM, customers can also pay their utility bills, top-up mobile phone credit, transfer funds and print mini account statements.



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The Year 2014 in numbers

Profit after Tax
Rs. **4.57**
Billion

Rs.

Deposit Growth
31%



Earning
per share
Rs. **4.56**



Deposits
Rs. **380**
Billion



Total Assets
Rs. **437**
Billion



Customers
973,000



Rating
AA
(Long Term)



Rating
A1+
(Short Term)



Employees
7000+



Branches
428



Cities
117
in Pakistan



Key Figures at a Glance

	2014	2013	2012	2011	2010	2009
Profit and Loss Account						
Return on financings, investments and placements	28,803	23,171	21,837	18,032	12,290	10,102
Return on deposits and other dues expensed	15,440	12,526	11,385	8,666	6,606	4,970
Net Spread earned before provisions	13,363	10,645	10,452	9,366	5,684	5,132
Provision against non performing Islamic financings and related assets	(551)	(126)	(395)	(1,424)	(1,450)	(1,443)
Reversal / (provision) for diminution in the value of investments and impairment	84	33	(56)	35	(47)	(89)
Net Spread after provisions	12,896	10,552	10,001	7,977	4,187	3,600
Fee, commission, forex and other income	3,322	1,962	1,413	1,347	2,056	1,332
Dividend income and capital gain / (loss) on investments	1,433	1,539	986	1,158	419	266
Income before expenses	17,651	14,053	12,400	10,482	6,662	5,198
Administrative and operating expenses	10,753	8,406	7,170	6,126	4,536	3,458
Profit before Taxation	6,898	5,647	5,230	4,356	2,126	1,740
Taxation	2,328	1,690	1,722	965	477	715
Profit after Taxation	4,570	3,957	3,508	3,391	1,649	1,025
Balance Sheet						
Islamic Financings and Related Assets	175,712	127,623	88,678	70,377	60,265	46,985
Total Assets	437,406	329,725	274,437	200,550	154,752	124,169
Total Deposits	380,422	289,811	230,426	170,030	131,070	100,333
Share Capital	10,027	10,027	9,034	8,030	6,983	6,650
Total Shareholders Equity	23,262	17,908	15,494	13,324	10,740	9,091
Market Capitalization	47,129	39,488	27,147	13,956	11,801	10,467
Number of Staff	7,429	6,248	5,953	4,900	4,364	3,669
Number of Branches	428	351	310	275	222	201
Ratios						
Break up Value (Rs.)	23.20	17.86	17.14	16.60	15.38	13.67
Market Value per Share (Rs.)	47.00	39.38	30.05	17.38	16.9	15.74
Price to Book Value Ratio	2.03	2.21	1.75	1.05	1.10	1.15
Cash Dividend (%)	27.50	20	15	10	-	-
Stock Dividend (%)	-	-	11.0	12.5	15.0	5.0
Right Shares at par (%)	-	-	-	-	-	-
Price Earning Ratio	10.3	10.0	7.7	4.1	8.2	9.2
Earning per Share (Rs.)	4.56	3.95	3.50	3.75	2.05	1.62
Net Spread to Gross Return (%)	46.39	45.94	47.86	51.94	46.25	50.80
Net Profit Before Tax to Gross Income (%)	20.56	21.17	21.57	21.21	14.40	14.87
Net Profit After Tax to Gross Income (%)	13.62	14.83	14.47	16.51	11.17	8.76
Admin Expense to Income before provisions (%)	59.35	59.41	55.97	51.60	55.59	51.38
Financing / Advances to Deposit Ratio - ADR (%)	46.2	44.0	38.5	41.4	46.0	46.8
Investment to Deposit Ratio - IDR (%)	29.99	52.31	66.21	57.92	41.94	23.21
Capital Adequacy Ratio (%)	11.88	12.48	14.08	14.89	12.41	12.77
Return on Average Assets (%)	1.19	1.31	1.48	1.91	1.18	0.98
Return on Average Equity (%)	22.20	23.69	24.34	28.18	16.64	13.29

Rupees in Million

2008	2007	2006	2005	2004
6,803	4,574	2,704	1,459	534
3,088	2,452	1,464	690	250
3,715	2,122	1,240	769	284
(428)	(435)	(122)	(69)	(17)
(289)	(1)	(1)	30	(2)
2,998	1,686	1,117	730	265
802	742	441	262	133
(95)	606	250	360	232
3,705	3,034	1,808	1,352	630
2,713	1,765	1,028	719	409
992	1,269	780	633	221
371	306	176	214	(3)
621	963	604	419	224

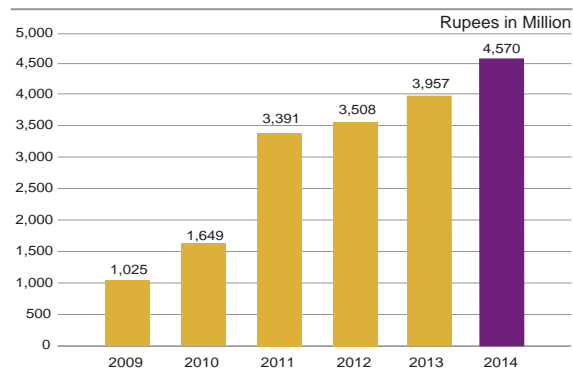
41,521	36,053	28,326	20,493	13,013
85,276	67,179	46,439	30,676	19,697
70,234	54,582	34,449	22,769	13,770
4,926	3,780	3,780	2,037	1,346
6,341	5,720	4,763	3,025	2,098
10,581	14,572	7,465	4,736	2,247
3,170	2,205	1,389	786	511
166	100	62	28	16

12.87	15.13	12.6	14.85	15.59
21.48	38.55	19.5	23.25	16.70
1.67	2.55	1.55	1.57	1.07
-	-	-	-	-
8.6	20.0	10.0	16.0	15.0
35	-	50	20	30
17.6	15.1	10.5	15.9	10.0

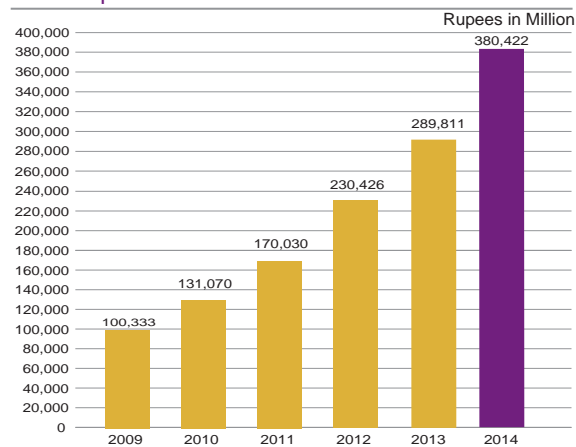
1.22	1.96	1.88	1.46	1.67
54.61	46.39	45.86	52.69	53.15
13.21	21.43	22.98	30.42	24.56
8.27	16.27	17.80	20.15	24.94
61.35	50.86	53.23	51.68	63.02

59.1	66.1	82.2	90.0	94.5
20.68	19.30	8.35	7.05	10.38
9.58	10.71	12.80	10.67	10.00
0.82	1.70	1.57	1.67	1.46
10.3	18.39	15.64	16.7	12.16

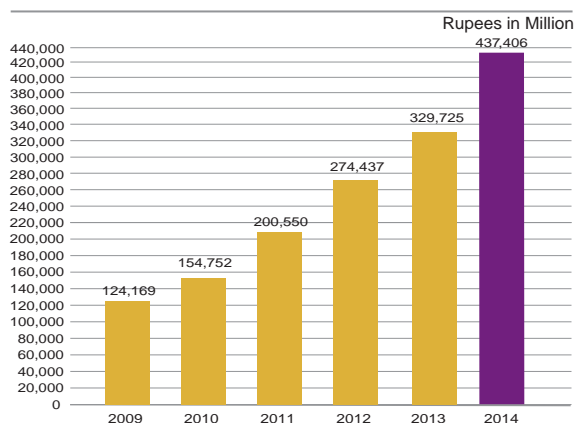
Profit After Taxation



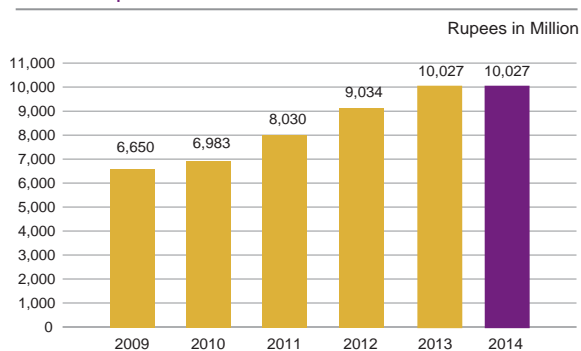
Total Deposits



Total Assets



Share Capital



Six Years' Horizontal Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
Assets	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10	2010	10 Vs 09	2009	09 Vs 08
		%		%		%		%		%		%
Cash and balances with treasury banks	29,729	4	28,583	49	19,125	15	16,641	30	12,781	52	8,387	46
Balances with other banks	5,501	55	3,554	-8	3,851	64	2,348	-76	9,940	89	5,260	291
Due from financial institutions	90,766	1,120	7,443	1,389	500	-88	4,065	-61	10,512	-70	34,487	90
Investments	114,089	-25	151,614	-1	152,460	55	98,489	79	54,967	136	23,290	60
Islamic financings and related assets	175,712	38	127,623	44	88,678	26	70,377	17	60,264	28	46,985	13
Operating fixed assets	6,273	12	5,595	14	4,898	23	3,985	30	3,066	27	2,416	28
Deferred tax asset	531	305	131	-76	546	-32	801	134	342	68	204	100
Other assets	14,805	186	5,182	18	4,379	14	3,844	33	2,880	-8	3,139	47
	437,406	33	329,725	20	274,437	37	200,550	30	154,752	25	124,168	46
Liabilities												
Bills payable	5,620	55	3,615	18	3,059	34	2,282	29	1,767	41	1,249	18
Due to financial institutions	15,465	36	11,375	-38	18,461	100	9,236	58	5,829	-31	8,468	111
Deposits and other accounts	380,422	31	289,811	26	230,426	36	170,030	30	131,070	31	100,333	43
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	12,021	100	6,011	1	5,928	14	5,220	4	5,006	1	4,934	39
	413,528	33	310,812	21	257,874	38	186,768	30	143,672	25	114,984	45
Net Assets	23,878	26	18,913	14	16,563	20	13,781	24	11,080	21	9,184	54
Represented by:												
Share capital	10,027	-	10,027	11	9,034	12	8,030	15	6,983	5	6,650	35
Reserves	7,276	105	3,551	29	2,760	34	2,058	49	1,380	31	1,050	24
Unappropriated profit	5,959	38	4,330	17	3,700	14	3,235	36	2,377	71	1,390	144
Surplus on revaluation of investments	616	-39	1,005	-6	1,069	133	458	35	340	262	94	126
	23,878	26	18,913	14	16,563	20	13,781	24	11,080	21	9,184	54
Profit & Loss Account												
	2014	14 Vs 13	2013	13 Vs 12	2012	12 Vs 11	2011	11 Vs 10	2010	10 Vs 09	2009	09 Vs 08
		%		%		%		%		%		%
Return on financings/investments and placements	28,803	24	23,171	6	21,837	21	18,032	47	12,290	22	10,102	48
Return on deposits and other dues expensed	(15,440)	23	(12,526)	10	(11,385)	31	(8,666)	31	(6,606)	33	(4,970)	61
Net spread earned	13,363	26	10,645	2	10,452	12	9,366	65	5,684	11	5,132	38
Provisions	(467)	602	(93)	-79	(451)	-68	(1,389)	-7	(1,497)	-2	(1,532)	114
Net spread after provision	12,896	22	10,552	6	10,001	25	7,977	91	4,187	16	3,600	20
Fee, commission, forex and other income	3,323	69	1,962	39	1,413	5	1,347	-34	2,056	54	1,332	66
Dividend income and capital gain	1,432	-7	1,539	56	986	-15	1,158	176	419	58	266	-380
Income before operating expenses	17,651	26	14,053	13	12,400	18	10,482	57	6,662	28	5,198	40
Administrative and operating expenses	(10,753)	28	(8,406)	17	(7,170)	17	(6,126)	35	(4,536)	31	(3,458)	27
Profit before taxation	6,898	22	5,647	8	5,230	20	4,356	105	2,126	22	1,740	75
Taxation	(2,328)	38	(1,690)	-2	(1,722)	78	(965)	102	(477)	-33	(715)	93
Profit after taxation	4,570	16	3,957	13	3,508	3	3,391	106	1,649	61	1,025	65



Six Years' Vertical Analysis

Statement of Financial Position / Profit & Loss Account

Rupees in Million

Statement of Financial Position												
Assets	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%
Cash and balances with treasury banks	29,729	7	28,583	9	19,125	7	16,641	8	12,781	8	8,387	7
Balances with other banks	5,501	1	3,554	1	3,851	1	2,348	1	9,940	6	5,260	4
Due from financial institutions	90,766	21	7,443	2	500	-	4,065	2	10,512	7	34,487	28
Investments	114,089	26	151,614	46	152,460	56	98,489	49	54,967	36	23,290	19
Islamic financings and related assets	175,712	40	127,623	39	88,678	32	70,377	34	60,264	39	46,985	39
Operating fixed assets	6,273	1	5,595	2	4,898	2	3,985	3	3,066	2	2,416	2
Deferred tax asset	531	-	131	-	546	-	801	-	342	-	204	-
Other assets	14,805	4	5,182	1	4,378	2	3,843	2	2,880	2	3,139	2
	437,406	100	329,725	100	274,437	100	200,550	100	154,752	100	124,168	100
Liabilities												
Bills payable	5,620	1	3,615	1	3,059	1	2,282	1	1,767	1	1,249	1
Due to financial institutions	15,465	4	11,375	3	18,461	7	9,236	5	5,829	4	8,468	7
Deposits and other accounts	380,422	87	289,811	88	230,426	84	170,030	84	131,070	85	100,333	81
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	12,021	3	6,011	2	5,928	2	5,220	3	5,006	3	4,934	4
	413,528	95	310,812	94	257,874	94	186,768	93	143,672	93	114,984	93
Net Assets	23,878	5	18,913	6	16,563	6	13,781	7	11,080	7	9,184	7
Represented by:												
Share capital	10,027	2	10,027	3	9,034	3	8,030	4	6,983	5	6,650	5
Reserves	7,276	2	3,551	1	2,760	1	2,058	1	1,380	1	1,050	1
Unappropriated profit	5,959	1	4,330	2	3,700	2	3,235	2	2,377	1	1,390	1
Surplus on revaluation of investments	616	-	1,005	-	1,069	-	458	-	340	-	94	-
	23,878	5	18,913	6	16,563	6	13,781	7	11,080	7	9,184	7

Profit & Loss Account												
	2014	%	2013	%	2012	%	2011	%	2010	%	2009	%
Return on financings/investments and placements	28,803	86	23,171	87	21,837	90	18,032	88	12,290	83	10,102	86
Return to deposits and other dues expensed	(15,440)	-46	(12,526)	-47	(11,385)	-47	(8,666)	-42	(6,606)	-45	(4,970)	-42
Net Spread Earned	13,363	40	10,645	40	10,452	43	9,366	46	5,684	38	5,132	44
Provisions	(467)	1	(93)	-	(451)	-2	(1,389)	-7	(1,497)	-10	(1,532)	-13
Net Spread after Provision	12,896	39	10,552	40	10,001	41	7,977	39	4,187	28	3,600	31
Fee, comminssion, forex and other income	3,323	10	1,962	7	1,413	6	1,347	6	2,056	14	1,332	12
Dividend income and capital gain	1,432	4	1,539	6	986	4	1,158	6	419	3	266	2
Income before operating expenses	17,651	53	14,053	53	12,400	51	10,482	51	6,662	46	5,198	45
Administrative and operating expenses	(10,753)	-32	(8,406)	-32	(7,170)	-30	(6,126)	-30	(4,536)	-31	(3,458)	-30
Profit before taxation	6,898	21	5,647	21	5,230	21	4,356	21	2,126	14	1,740	15
Taxation	(2,328)	-7	(1,690)	-6	(1,722)	-7	(965)	-5	(477)	-3	(715)	-6
Profit after taxation	4,570	14	3,957	15	3,508	14	3,391	16	1,649	11	1,025	9

Financial Analysis

Statement of Financial Position

Total assets of the Bank increased from Rs. 330 billion as at December 31, 2013 to Rs. 437 billion (\$ 4.3 billion) as at December 31, 2014 representing a growth of 33%.

Deposit base of the Bank grew by an impressive 31% from Rs. 290 billion to Rs. 380 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 with CASA contributing 71% to the mix as against 68% 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 31% as against 29% last year.

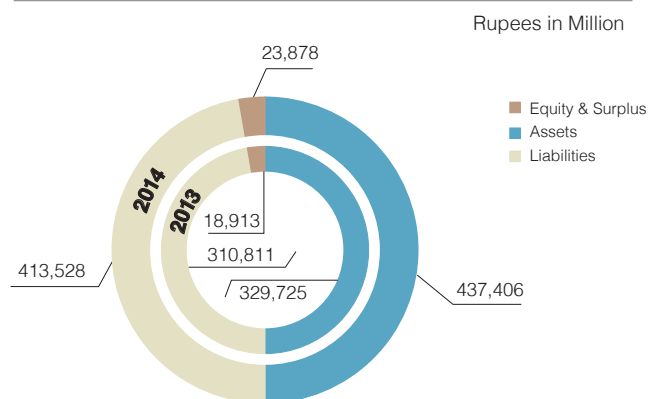
Notwithstanding low demand for financing, both short and long term, the Bank was able to increase its total financing portfolio by Rs. 48 billion to register a growth of 38% during the year, which is substantially higher than the overall banking industry financing growth of 6%. The portfolio is well diversified by sector and maturities are also comfortably balanced with 70% in short-term (upto one year) and 30% in long-term. Advances to Deposit Ratio (ADR) of the Bank now stands at 46% as against 44% last year.

Ratio of non-performing financings to total financing (NPL ratio) is 3.8% which is one of the best in the Pakistani banking industry

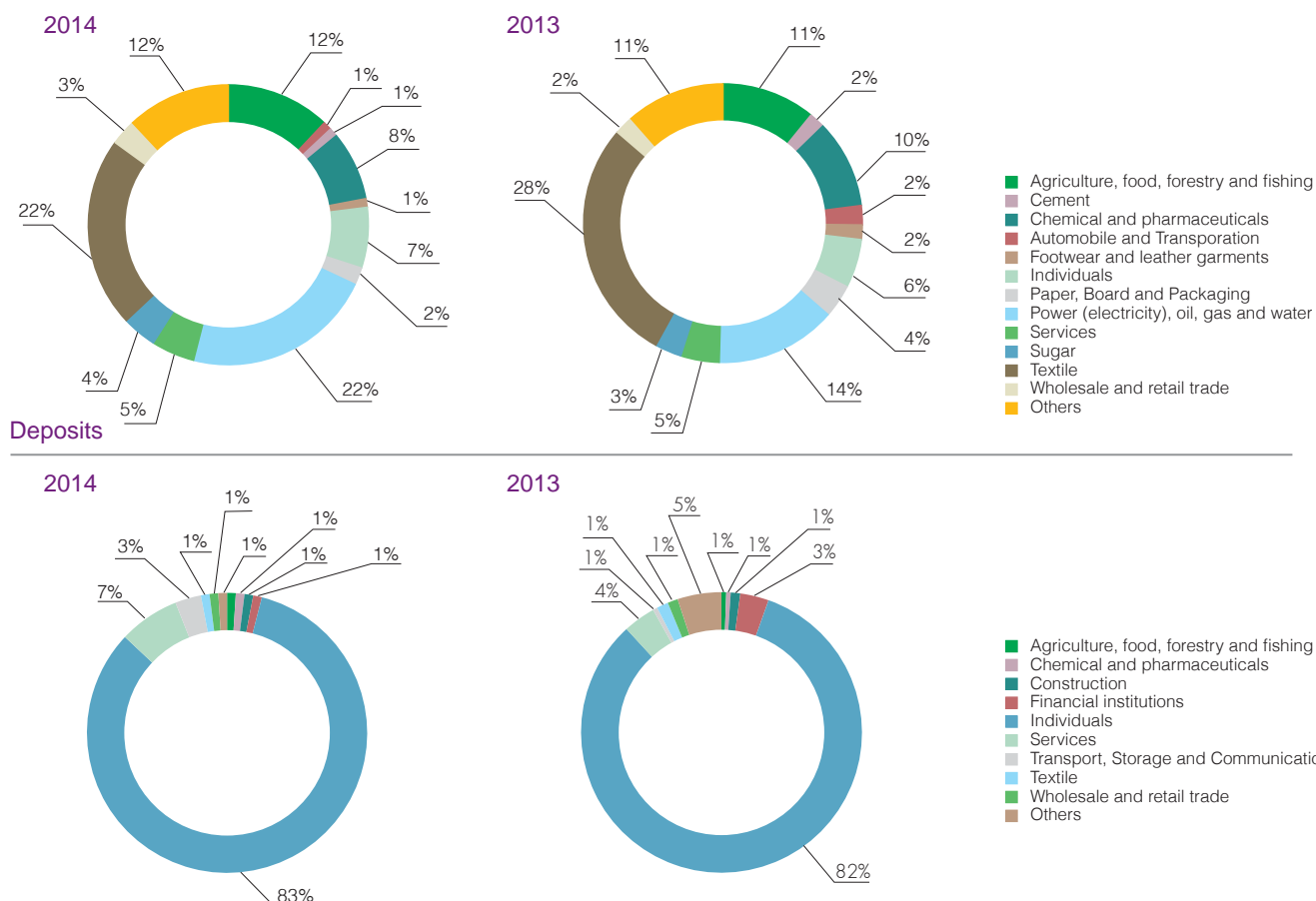
(average NPL ratio is in double digits). The NPL coverage ratio of the Bank for 2014 stood at 110% which is one of the highest in the Pakistani banking industry. The investment and due from FI portfolio increased to Rs. 205 billion from Rs. 159 billion last year, a growth of 29%.

In 2014, the Bank's equity increased to Rs. 23.3 billion from Rs. 17.9 billion a year earlier, notwithstanding the fact that a healthy cash dividend of Rs. 2 billion was paid during the year. The capital base of the Bank is also very strong with a Capital Adequacy Ratio of 11.88% compared to the minimum 10% prescribed by the regulator.

Statement of Financial Position



Islamic Financing and Related Assets (Gross)



Profit and Loss Account

The Bank posted Profit after Tax of Rs. 4.6 billion, an increase of 16% over the previous year. Earnings per share increased to Rs. 4.56 per share from Rs. 3.95 per share. Income from financings, investment and placement has increased by 24% from Rs. 23.2 billion to Rs. 28.8 billion. This increase is mainly due to incremental earning assets.

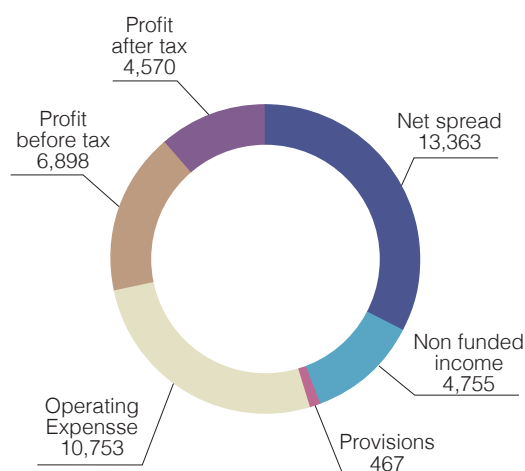
In 2014, return on deposits increased to Rs.15.4 billion from Rs.12.5 billion. The reason for this rise was increase in deposit base to Rs. 380 billion at December 31, 2014 from Rs. 290 billion as at December 31, 2013.

Non Funded income increased by 36% from Rs. 3.5 billion in 2013 to Rs. 4.8 billion in 2014. This was mainly due to higher volume of ancillary business handled during the year. Fee income increased by 25% during the year to reach Rs.1.57 billion as against Rs. 1.26 billion last year and income from dealing in foreign currency increased to Rs.1.6 billion as against Rs. 603 million last year. The Trade Finance business volume handled by the Bank grew by 19% from Rs. 315 billion in 2013 to Rs. 376 billion in 2014. The trade business is supported by the Bank's growing network of correspondent banking relationships around the world.

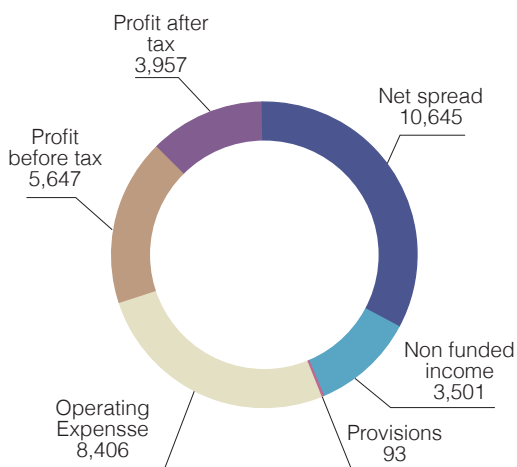
Profit and Loss

2014

Rupees in Million

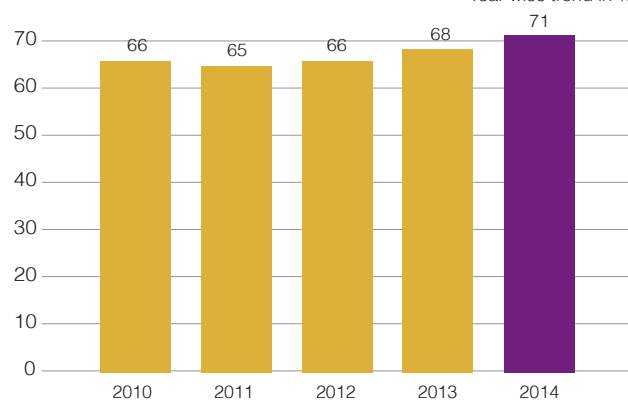


2013

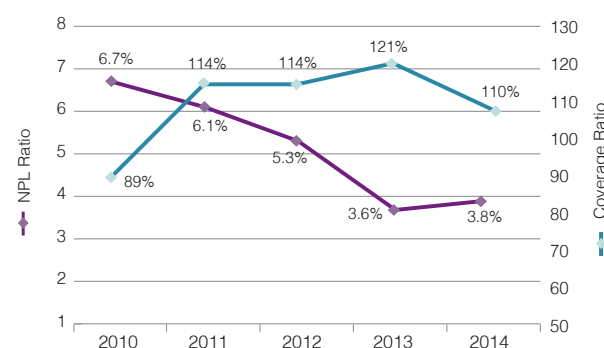


CASA to Total Deposit

Year-wise trend in %



NPL and Coverage Ratios



Administrative expenses of Rs.10.5 billion have increased by 26% during the year, mainly because of higher human resources cost due to induction of staff, salary increments and opening of new branches - 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	January 27, 1997
Commencement of Business of the Bank	September 29, 1997
Issuance of Scheduled Islamic Commercial Bank license	January 31, 2002
Commencement of Operations as Scheduled Islamic Commercial Bank	March 20, 2002

Financial Calendar

2014

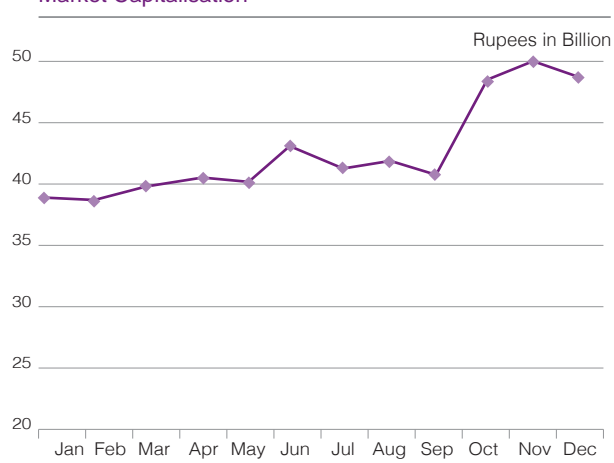
1 st Quarter Results issued on	April 24, 2014
2 nd Quarter Result issued on	July 28, 2014
3 rd Quarter Result issued on	October 21, 2014
Annual Results issued on	February 18, 2015
19 th Annual General Meeting	Scheduled on March 27, 2015

2013

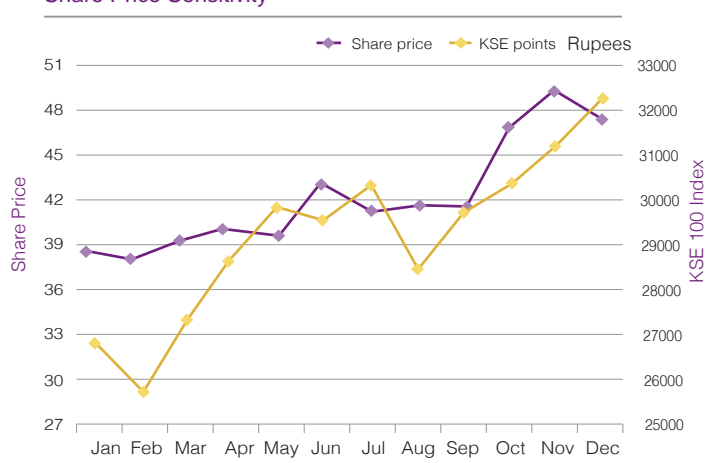
1 st Quarter Results issued on	May 02, 2013
2 nd Quarter Result issued on	July 30, 2013
3 rd Quarter Result issued on	October 30, 2013
Annual Results issued on	March 03, 2014
18 th Annual General Meeting	March 27, 2014

Monthly Market Statistics of Meezan Bank's Share during 2014

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
Paid up Capital	10,027	100.00



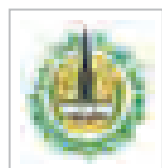
Noor Financial Investment Company is a Kuwaiti investment company engaged in investment and financial activities primarily in Kuwait, the Middle East, Asia and other emerging markets. The company was established as the financing arm of the National Industries Group (NIG), which is one of the largest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

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



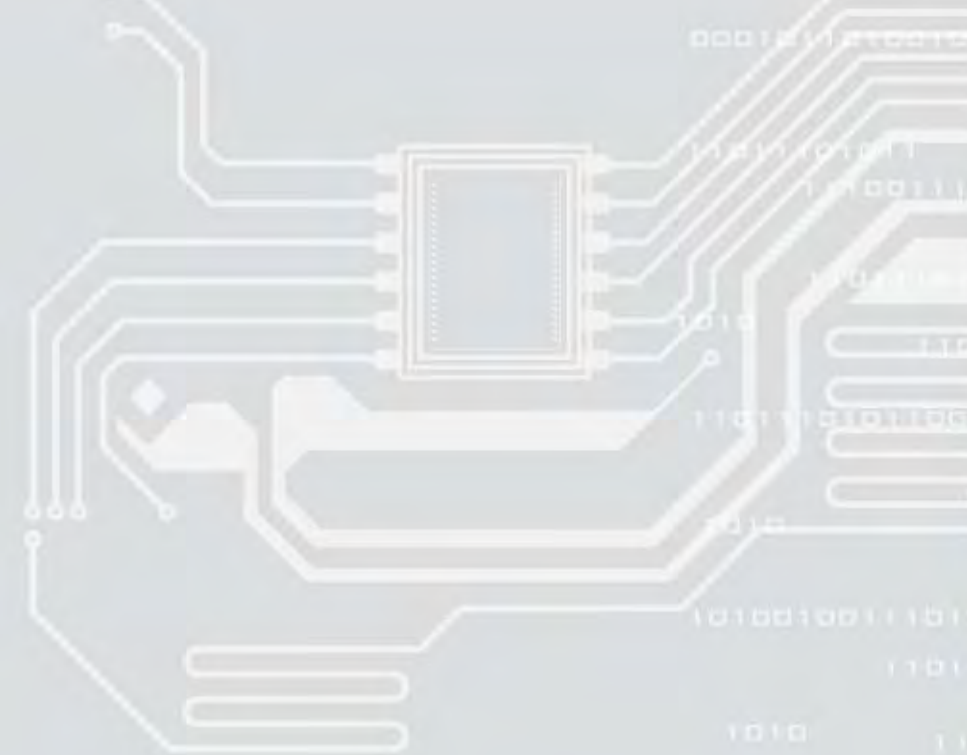
Pak Kuwait

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



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

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Our Institution

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Corporate Profile

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

Meezan Bank is a publicly listed company sponsored by leading financial institutions from Pakistan and the Middle East. The Bank offers a complete range of Islamic banking products and services through a retail banking network of 428 branches in 117 cities, making it the 8th largest banking network in Pakistan.

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

Credit Rating

	2014	2013
Long Term	AA	AA
Short Term	A1+	A1+

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





Awards and Recognition

2007

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

2008

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Best Deal of the Year

Global Finance

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

Corporate Report Award - Banking Sector

2009

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Best Deal of the Year

Global Finance

Best Islamic Financial Institution in Pakistan

ICAP & ICMAP

Corporate Report Award - Banking Sector

2010

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

AsiaMoney

Best Islamic Bank in Pakistan

Global Finance

Best Islamic Financial Institution in Pakistan

2011

CFA Association Pakistan

Islamic Bank of the Year

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Best Deal of the Year

Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Deal - Pakistan

Global Finance

Best Islamic Financial Institution in Pakistan

2012

CFA Association Pakistan

Islamic Bank of the Year

Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Deal - Pakistan

Highly Commended Deal - Pakistan

Global Finance

Best Islamic Financial Institution in Pakistan

Islamic Finance News (IFN)

Best Deals of the Year

AsiaMoney

Best Islamic Bank in Pakistan

ICAP & ICMAP

Corporate Report Award - Banking Sector

2013

AsiaMoney

Best Islamic Bank in Pakistan

CFA Society of Pakistan

Islamic Bank of the Year

Corporate Finance House of the Year
(Fixed Income)

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Ijarah Deal of the Year

Pakistan Deal of the Year

Global Islamic Finance Awards (GIFA)

Best Research and Development in Islamic Finance

Global Finance

Best Islamic Financial Institution in Pakistan

Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Highly Commended Best Islamic Deal Pakistan

2014

Islamic Finance News (IFN)

Best Islamic Bank in Pakistan

Musharakah Deal of the Year

Asiamoney

Best Islamic Bank in Pakistan

CFA Society of Pakistan

Islamic Bank of the Year

Asset AAA

Best Islamic Bank in Pakistan

Best Islamic Retail Bank in Pakistan

Best Islamic Trade Finance Bank in Pakistan

Sukuk House, Pakistan

Best Deal, Pakistan

Highly Commended - Best Islamic

Structured Trade Finance

Highly Commended Best Deal - Pakistan

The Banker

Top Islamic Bank in Pakistan

ICAP & ICMAP

Corporate Report Award - Banking Sector

South Asian Federation of Accountants (SAFA)

Best Presented Accounts Award -

Private Sector Banks

The Banker

Top Islamic Bank in Pakistan

Rozee.pk

Top Employer in the Islamic Banking Industry





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'.



Establishment of
**Al Meezan
Investment Bank**



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**



Al Meezan Investment Management Ltd. becomes a subsidiary of Meezan Bank through acquisition of majority shares

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

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



Meezan Bank wins **Best Islamic Bank in Pakistan** *Islamic Finance news Awards*

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



BANKING introduced for the first time in Pakistan

Deposit base grows to **Rs. 34 billion**

Number of branches reaches **62** in **21** cities



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**



Branch Network expands to **40 cities**

Deposit base grows to **Rs. 70 billion**

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

Dedicated Islamic Banking Training Centers established in 3 cities



Deposit base crosses **Rs.100 billion**

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



Meezan **VISA** Debit Cards launched

ASIAMONEY Best Islamic Bank in Pakistan



Islamic Bank of the Year

1997

2002

2003

2004

2005

2006

2007

2008

2009

Riba-Free Certificates of Islamic Investment launched



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



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



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

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



Corporate Report Award



Best Islamic Bank in Pakistan

Internet Banking launched



ebanking.meezanbank.com

Best Islamic Bank in Pakistan *Islamic Finance news Awards*

Introduction of Istisna financing for working capital needs of customers



Corporate Report Award

Best Islamic Financial Institution in Pakistan



Best Islamic Bank in Pakistan
Best Deal of the Year



Launch of first Government of Pakistan Ijarah Sukuk



Corporate Report Award

Best Islamic Financial Institution in Pakistan



Best Islamic Bank in Pakistan
Islamic Finance news Awards

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

launched

Implementation of new core banking application T24



TEMENOS
The Banking Software Company



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



Best Islamic Financial
Institution in Pakistan

Best Islamic Bank
in Pakistan

Islamic Finance news
Awards

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



9th largest bank
in Pakistan in terms of
branch network



Meezan House
inaugurated

Total assets cross
Rs. 200 billion

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

Launch of Laptop Case

Home remittance
service available at
all branches



Islamic Bank of the Year



Islamic Bank of the Year



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

Islamic Finance news
Awards

Best Deals of the Year - Pakistan

ASIAMONEY

Best Islamic Bank in Pakistan

Total deposits cross
Rs. 230 billion



8th largest bank
in Pakistan in terms of
branch network

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 Deals of the
Year-Pakistan



Best Islamic
Financial
Institution in Pakistan

Launch of SMS Banking

Official Page
crosses 130,000 Fans



8th largest bank
in terms of branch network



Meezan Bank acquires
HSBC Pakistan

Total deposits reach
Rs. 380 billion

ASIAMONEY
Best Islamic Bank in Pakistan



Islamic Bank of the Year

Islamic Finance news
Awards

Best Islamic Bank in Pakistan
Musharakah Deal of the Year

2010

2011

2012

2013

2014

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

Meezan
Business
Plus

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

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



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

Islamic Finance news
Awards

Best Islamic Bank
in Pakistan
Best Deal of the Year



Best Islamic
Financial
Institution in Pakistan

Technical services and
support agreement with



in Sri Lanka

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

Launch of Running
Musharakah for working
capital requirements of
corporate customers

Official Page
crosses 85,000 Fans

Batch Hiring of over
550 employees



Launch of Meezan
Visa Platinum Debit Card



Launch of Meezan
Premium Banking &
Premium Banking Centers

Launch of Mock
Branches for staff
training

Meezan
Kids Club
&
Account

Meezan
Teens Club
&
Account

Launched



Government of Pakistan
nominates
Mr. Irfan Siddiqui and
Dr. Imran Usmani as
members of
Steering Committee for
the Promotion of
Islamic Banking

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



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



Best Research and
Development in
Islamic Finance



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



Mobile Banking
App Launched

Launch of



Corporate Internet banking



Launched

Launch of
Meezan
Rashni
Generator Financing



Meezan Titanium MasterCard
Debit Card Launched

Profiles of the Directors

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

His Excellency Sheikh Ebrahim Bin Khalifa Al-Khalifa carries with him 35 years of professional experience in different areas. He has been involved with many global and regional organizations. He is serving as the Chairman of Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI), which is the apex standard setting global body for Islamic Financial Institutions.

In addition, he is also serving as:

- Chairman of board of Trustees of Arab International Center for Entrepreneurship and Investment Training in United Nations Industrial Development Organization, in Bahrain.
- Chairman of EBDAA Bank-Bahrain.
- Member of the Board of Darul Mal Islami and Faysal Bank (Egypt).

He has also held a number of key positions in past, including:

- Minister for Housing - Kingdom of Bahrain.
- Undersecretary of Ministry of Finance and National Economy - Kingdom of Bahrain.
- Deputy Governor - Central Bank of Bahrain.
- Chairman of Finance Committee of Bahrain Petroleum Company.
- Chairman of Gulf International Bank.
- Chairman & MD of GARMCO.
- Chairman of the Finance Committee of ALBA.

Riyadh S. A. A. Edrees Vice Chairman

Mr. Riyadh S. A. A. Edrees, is the Vice Chief Executive Officer-Investments and Mega Projects at National Industries Group (Holding) - Kuwait, where he has been associated with the group since 1999 holding the positions of Executive Manager-responsible for the overall management of the company at the executive level, 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.

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 the Board of Trustees of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the world's apex standard-setting organization in the field of Islamic Finance. He is also a member of the Government of Pakistan's Steering Committee for Promotion of Islamic banking in Pakistan.

Ariful Islam Deputy CEO

Mr. Ariful Islam is a senior banker with over 30 years experience with various banks in Bahrain and Pakistan. He 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 and subsequently elevated to the position of Deputy CEO of the Bank. 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 the Chairman of the Board of Al Meezan Investment Management Limited, the Bank's asset management subsidiary and a director on the Board of Atlas Battery Limited.

Rana Ahmed Humayun

Mr. Rana Ahmed Humayun, Deputy General Manager/Chief Financial Officer at PKIC, is Chartered Accountant and Master of Business Administration. He has over 37 years professional career experience in leading financial institutions and banks in Pakistan and abroad, in senior leadership positions. The organizations he served include Faysal Bank, Deutsche Bank A.G., Muslim Commercial Bank, Standard Chartered Bank and Orix leasing Oman. Mr. Humayun has been representing PKIC on various forums, and boards as nominee director.



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 and Kuwait 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 in addition to many courses, conferences and seminars, local and overseas.

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. Mr. Aleem has also served as Director of Pakistan Institute of Corporate Governance. 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 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 AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions). He is currently a Board Member and Chairman of Board Audit and Compliance Committee of Kuwait Finance House, the largest Islamic Bank in Kuwait.

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 also served 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.

Syeda Azra Mujtaba

Mrs. Azra Mujtaba is presently working as Additional Secretary, Finance Division, Ministry of Finance, Islamabad. She is an M.Sc from Quaid-e-Azam University and Bachelors from St. Joseph's College, University of Karachi. Mrs. Azra Mujtaba has worked as Member (SP&S) in FBR (HQ) - Islamabad, Member Directing Staff in National Defence University - Islamabad, Chief (HRM Wing) Federal Board of Revenue - Islamabad, Commissioner (TFC/IP) in large Taxpayer Unit, FBR - Islamabad, Chief in Federal Board of Revenue (Hq), Commercial Counselor, Embassy of Pakistan - Italy, Deputy Secretary, Prime Minister's Secretariat - Islamabad and Additional Director, Central Board of Revenue - Islamabad. She has also worked as Deputy Commissioner and Income Tax Officer in different regions and cities of Pakistan. She has also served as Director of Sui Southern Gas Company Limited and Pakistan Steel Mills.

Corporate Information

Board of Directors

H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa
Riyadh S. A. A. Edrees
Rana Ahmed Humayun
Syeda Azra Mujtaba (inducted on 21st January, 2015)
Alaa A. Al-Sarawi
Mohammad Abdul Aleem
Noorur Rehman Abid
Mohammed Azzaroog Rajab (inducted on 14th January, 2015)
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

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.
2nd Floor, State Life Building-3,
Dr. Ziauddin Ahmed Road,
Karachi-75530, Pakistan.
Ph: (92-21) 111-000-322,
Fax: (92-21) 35655595

Contacts

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



Board Committees

Human Resource and Remuneration Committee

Mr. Riyadh S. A. A. Edrees (Chairman)
Mr. Noorur Rehman Abid
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. Mohammad Abdul Aleem (Chairman)
Mr. Noorur Rehman Abid
Syeda Azra Mujtaba

Terms of Reference

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

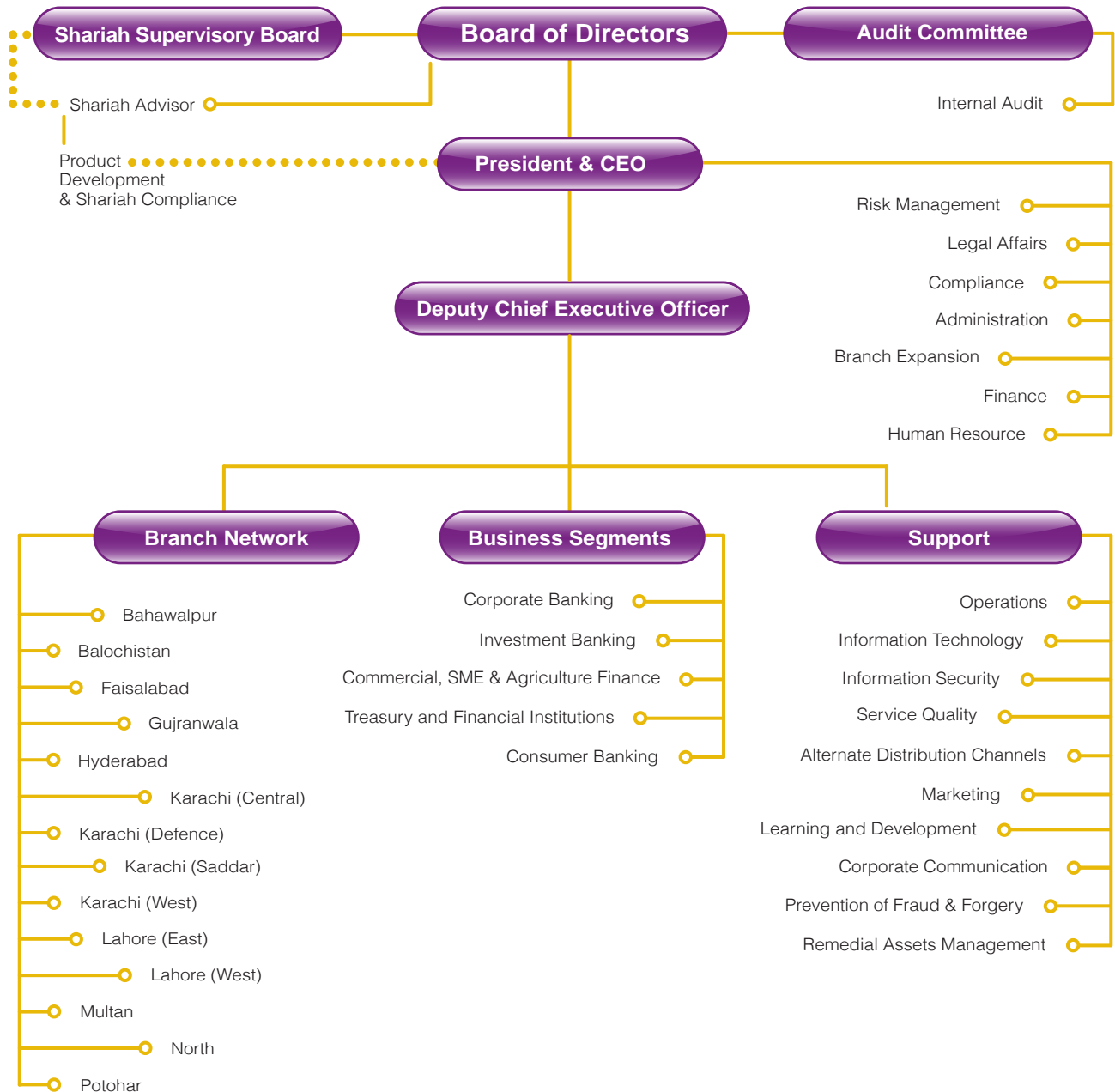
Dates and Attendance of Board Committees during 2014

Name of Director	No. of Meetings Attended	Risk Management Committee				Human Resource and Remuneration Committee			Audit Committee			
		1 Mar. 14	22 Apr. 14	24 Jul. 14	20 Oct. 14	1 Mar. 14	22 Apr. 14	21 Oct. 14	1 Mar. 14	22 Apr. 14	23 Jul. 14	15 Oct. 14
Mr. Riyadh S. A. A. Edrees	4/4	P	P	P	P							
Mr. Alaa A. Al-Sarawi	4/4	P	P	P	P							
Mr. Arif ul Islam	3/4	P	A	P	P							
Mr. Noorur Rehman Abid	3/3					P	P	P				
Mr. Abdullateef A. Al-Asfour*	3/3					P	P	P				
Mr. Irfan Siddiqui	3/3					P	P	P				
Mr. Mohammad Abdul Aleem	4/4								P	P	P	P
Mr. Noorur Rehman Abid	4/4								P	P	P	P
Mr. Mazhar Sharif**	2/2								N/A	N/A	P	P

*Mr. Abdullateef A. Al-Asfour resigned from the Board of the Bank which was accepted on December 11, 2014.

**Mr. Mazhar Sharif was appointed as Director in place of Mr. Shaharyar Ahmad on June 23, 2014 and resigned on October 24, 2014 from the directorship of Meezan Bank Limited. Syeda Azra Mujtaba was appointed in place of Mr. Mazhar Sharif subject to approval from State Bank of Pakistan which was granted on January 21, 2015.

Organization Structure





Management Team

Head Office

Irfan Siddiqui	President & CEO
Ariful Islam	Deputy CEO
Arshad Majeed	Operations
Ijaz Farooq	Branch Banking, Commercial, SME & Agriculture Finance
Muhammad Shoaib Qureshi	Risk Management
Shabbir Hamza Khandwala	Finance
Faiz Ur Rehman	Information Technology
Muhammad Abdullah Ahmed	Treasury and Financial Institutions
Muhammad Raza	Consumer Banking & Marketing
Syed Amir Ali	Corporate & Investment Banking
Zia Ul Hassan	Internal Audit & Business Risk Review
Ahmed Ali Siddiqui	Product Development & Shariah Compliance
Irfan Ali Hyder	Human Resource
Kazi Muhammad Aamir	Commercial Banking, SME & Agriculture Finance
Muhammad Sohail Khan	Learning & Development and Corporate Communication
Munawar Rizvi	Administration, Branch Expansion, Remedial Asset Management & Prevention of Fraud & Forgery
Saleem Wafai	Compliance
Tasnim ul Haq Farooqui	Legal Affairs
Omer Salimullah	Alternate Distribution Channels
Muhammad Asadullah	Service Quality

Regions

Khalid Masood	Regional Manager - Bahawalpur Region
Sher Afsar Khan	Regional Manager - Balochistan Region
Anwar Ul Haq	General Manager - Faisalabad Region
Moazzam Saeed Khan	Regional Manager - Gujranwala Region
Rahim Bux Memon	Regional Manager - Hyderabad Region
Tariq Mehboob	General Manager - Karachi (Central) Region
Mashkoo A.G. Khan	Regional Manager - Karachi (Defence) Region
Mateen Mahmood	Regional Manager - Karachi (Saddar) Region
Muhammad Abid	General Manager - Karachi (West) Region
Aasim Salim	General Manager - Lahore (East) Region
Syed Salman Ahmed	Regional Manager - Lahore (West) Region
Muhammad Tufail	Regional Manager - Multan Region
Muhammad Saleem Khan	General Manager - North Region
Nisar Ahmed Kiani	Regional Manager - Potohar Region

Shariah Advisor

Dr. Muhammad Imran Usmani

Management Committees

Asset Liability Management Committee

President & CEO – Chairman
Deputy CEO – Alternate Chair
Chief Financial Officer & Group Head Finance
Group Head Branch Banking, Commercial,
SME & Agriculture Finance
Group Head Consumer Banking
Group Head Corporate & Investment Banking
Group Head Risk Management
Group Head 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
Group Head Risk Management
Group Head Operations
Group Head Branch Banking, Commercial,
SME & Agriculture Finance
Head of Administration
Head of Compliance
Manager IT Disaster Recovery
BCM 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 arise during its implementation.

Business Review Committee

President & CEO – Chairman
Deputy CEO – Alternate Chair
Shariah Advisor
Group Head Branch Banking, Commercial,
SME & Agriculture Finance
Group Head Consumer Banking & Marketing
Group Head Corporate & Investment Banking
Chief Financial Officer & Group Head Finance
Group Head Information Technology
Group Head Operations
Group Head Treasury
Group Head Risk Management
Group Head Internal Audit & BRR

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 Risk Management Committee

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

Terms of Reference

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



Management Committees

Disciplinary Action Committee

Group Head Risk Management – Chairman
Head of Administration, Branch Expansion, Remedial
Asset Management & Prevention of Fraud & Forgery
Head of Human Resource
Group Head Internal Audit & BRR

Terms of Reference

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

Disciplinary Action Review Committee

Deputy CEO – Chairman
Head of Learning & 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
Group Head Risk Management
Chief Financial Officer & Group Head Finance
Group Head Branch Banking, Commercial,
SME & Agriculture Finance
Group Head Operations
Group Head Corporate & Investment Banking
Group Head Information Technology
Group Head Internal Audit & BRR
Head of Compliance

Terms of Reference

The key functions of ICORC include reviewing 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
Group Head Branch Banking, Commercial,
SME & Agriculture Finance
Group Head Corporate & Investment Banking
Group Head Information Technology
Group Head 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
Group Head Internal Audit & BRR
Group Head 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:





Risk and Opportunity Report

Backed by strong support of its shareholders, the Bank continued to explore opportunities to achieve its strategic objectives while ensuring that it has proper risk mitigates in place. Under the overall supervision of the Board of Directors and Shariah Supervisory Board, various business units of the Bank continued to explore new business opportunities in close coordination with Risk Management, Compliance, PDSC, Information Technology and Operations departments, keeping in mind the relevant risk-reward trade-off.

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. 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 Risk Management and Policy Framework established by the Board of Directors encompasses Board and Management Committees, policies, procedural manuals, systems, tools and techniques, management information system and necessary organizational structure. It helps the Bank in identification, assessment, reporting and management of both conventional risks and risks peculiar to Meezan Bank being an Islamic Bank. Risk Management strategies for various risk types and business continuity plan and IT disaster recovery arrangements are in place to mitigate actual and potential risks.

The Bank comfortably meets the minimum regulatory capital adequacy requirements. The Bank defines its risk appetite as the level of risk it is prepared to take while pursuing its business strategy recognizing a range of possible outcomes as business plans are implemented. Meezan Bank's risk appetite is expressed both in qualitative and quantitative terms to allow tracking of performance in line with strategic plan, business environment and stakeholder requirements. Periodic stress tests are conducted to ascertain the level of resilience against various risks and level of shocks. Application of four eye principle in financing approvals, limit structuring in establishing lines, segregation of duties, whistle blowing measures, strengthening of systems and internal controls, transparent hiring process, business line accountability, training and awareness programmes and enhanced level of disclosures are one of the tools and techniques the Bank has applied to mitigate various types of risks.

Introduction of new products is all done while ensuring that proper policies, procedures, systems and controls are in place. The Bank follows a rigorous process of review and consent by all stakeholders to ensure that the relevant business and operational risks have been evaluated and properly mitigated before launch of products and services. The Bank lays special emphasis on quality assurance for products and services by having rigorous users' acceptance tests, gap analysis and their fixation, system improvements, soft launches, mystery shopping and awareness sessions.

Considering the level of opportunities and the complexity of the risks involved, the Bank continued developing 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 enhancing the scope of business continuity plan. The Bank further expanded its Alternate Distribution Channels and outreach to its customers while enhancing service quality standards. The Bank emphasized on diversified risk assessment tools and techniques and risk mitigates to better deal with the opportunities that it comes across. These actions have helped the Bank in significantly expanding its deposit base, financing portfolio and branch network without exposing itself to unwarranted risks.

Business Continuity Plan

Organizations need to be prepared for any potential calamity. The Business Continuity Plan (BCP) of an organization enables it to take a proactive approach by developing strategies, policies, procedures and assigning specific responsibilities for the recovery of Mission Critical Activities (MCAs) in case of a mishap that could disrupt normal business operations.

Meezan Bank has in place a comprehensive BCP framework with the overall objective to ensure continuity of mission critical activities under various disaster scenarios, resources required to support MCAs and tested and effective business continuity measures are in place.

Having a BCM framework in place helps the Bank to ensure safety of human resources and resumption of Mission Critical Activities from an Alternate Processing Site in case the Primary Site is not accessible or available. It also enables to minimize potential loss of revenue, ensures compliance with regulatory/legal/contractual requirements and minimizes the impact that a disaster or interruption can have on customer goodwill.

Products and Services

Meezan Bank offers a diverse range of Shariah-compliant deposit products through its 428 branches across 117 cities in Pakistan. All products of the Bank are approved by the Shariah Supervisory Board and are completely Riba-Free.

In addition to SMS banking, VISA Debit cards (Silver, Gold Platinum and Premium), free online banking, free internet banking, free pay order & free chequebook, the Bank also provides free accidental death and permanent disability coverage to all its deposit customers (current and saving account) maintaining a monthly average balance of Rs. 10,000/- or more from 1st February, 2015.

Meezan Rupee Current Account

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



Karobari Munafa Account

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



Meezan Rupee Savings Account

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



Meezan Business Plus Account

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



Meezan Bachat Account

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



Meezan Kids Club Account

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



Meezan Teens Club Account

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



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.



Meezan Kafalah

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



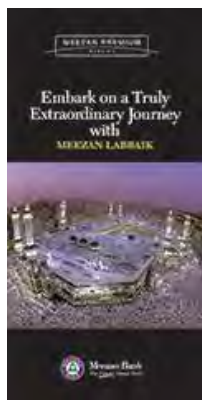
Certificates of Islamic Investment

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



Meezan Labbaik

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



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.



Foreign Currency Current Account

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



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

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



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 428 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.



Easy Home

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



Meezan VISA Debit Card

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



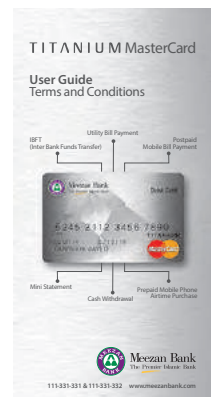
Laptop Ease

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.



Meezan MasterCard Titanium Debit Card

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



Meezan Roshni

Meezan Roshni is Meezan Bank's Shariah-compliant Generator financing facility through which one can purchase renowned brands generator on easy installment in a Riba free way. The product is based on Shariah concept of Musawamah, which is general and regular kind of sale in which all rules of Shariah applicable to sale transaction are followed.



Meezan WebPay

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



Mobile Banking App

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



Meezan ATM Network

Meezan Bank offers a nationwide network of over 352 ATMs located at its branches and at prominent off-site locations across the country. The Bank also offers access to more than 7,000 ATM locations country-wide via 1-Link and MNET networks.



Internet Banking

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



Meezan QuickPay

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



SMS Banking

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



Meezan 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



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.



Corporate Products

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

Murabaha

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

Istisna

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

Tijarah

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

Ijarah

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

Running Musharakah

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

Diminishing Musharakah

This is a medium and long term financing product, where the Bank and the customer jointly purchase an asset and creates joint ownership in the asset. The Bank then leases

its share in the asset to the customer while the customer purchases units of ownership in the asset from the Bank at periodic intervals. Upon purchase of all the units the customer becomes the owner of the asset. This mode is used for financing of fixed assets such as land, factory, building etc.

Structured Finance Solutions

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

Shariah-compliant range of Trade Financing Solutions

Import Financing

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

Letter of Credit Services

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

Short-term Import Financing

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

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

Hedging Facilities

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

Long term Import Financing

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



Export Financing

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

Hedging Facilities

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

Salam & Murabaha as alternative to Export Bill Discounting

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

Guarantee Services:

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

Meezan eBiz

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



Meezan eBiz+

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



- Managing collections i.e. e-collections, cheques and cash
- Managing payment such as funds transfer, Pay-order issuance, RTGS, Corporate cheques issuance as well as dividends issuance.
- Advance level customized reports and e-alerts (email and sms)

Why settle for second best, when you can have the best?

The first Islamic Bank in Pakistan

Meezan Bank
RIBA SEY
AZAADI
Since 2002



The largest Islamic banking branch network in the country



Consistently awarded the 'Best Islamic Bank in Pakistan',

Islamic Finance news
Awards



CFA
ASSOCIATION
PAKISTAN



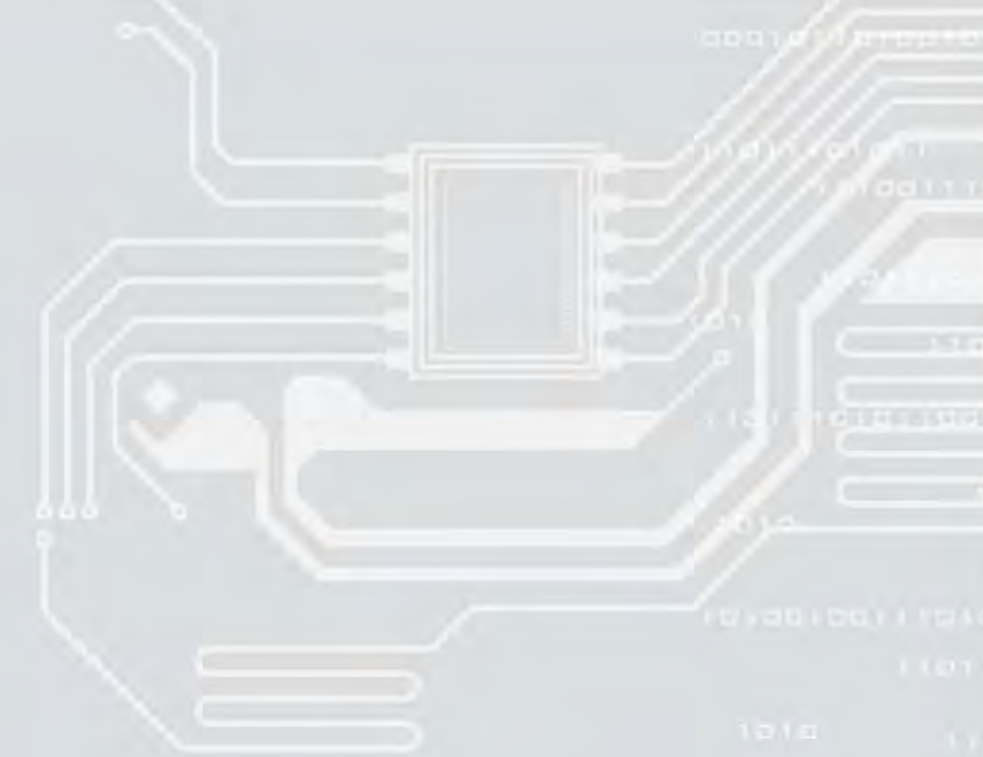
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“I am happy to share with you that the Board of Directors of the Bank recently reaffirmed their faith and commitment to Pakistan by approving the most aggressive branch expansion plan in the history of the Bank.”

Chairman's Review

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Alhamdulillah, it gives me great pleasure to present the Annual Report of Meezan Bank for the year 2014.

The Bank completed 12 successful years of Islamic Commercial banking in Pakistan, and during this period, has maintained its position as the leading Islamic bank of the country. As always, the Bank also achieved excellent business results this year with its deposits and after-tax profit growing by 31% and 16% respectively.

A significant achievement of the year was the successful acquisition of HSBC Pakistan and conversion of all its assets and liabilities into Islamic modes. I would like to thank the management of the Bank for the hard work, focus and commitment with which they completed this transaction in a very short time-frame. I am also very grateful to the Shariah Supervisory Board and the Shariah Advisor for their support and guidance in converting a conventional banking operation into Islamic – by no means an easy task.

I am happy to share with you that the Board of Directors of the Bank recently reaffirmed their faith and commitment to Pakistan by approving the most aggressive branch expansion plan in the history of the Bank – a total of 122 new branches in the year 2015, more than double the highest number of 67 achieved last year. This will take the total branch network of the Bank to 550 and provide easy access to Islamic banking to people in more than 130 cities and small towns across the country.

The Bank is focused on building a strong technology infrastructure with the help of the latest hardware and software to ensure that its customers can conduct their financial transactions in an efficient and secure manner. We are also excited about the key new strategic initiative, which is awaiting regulatory approvals, to launch branchless banking services in collaboration with major service providers. This will enable thousands of people, who otherwise do not have access to regulated financial services, to open mobile banking accounts and conduct financial transactions through an Islamic banking platform.

Meezan Bank will Insha'Allah continue to lead the way in introducing new and innovative Islamic banking products through its research and development efforts. To support this initiative, the Bank has in place a team of over 40 very well qualified and experienced professionals that are dedicated to research and product development. This team is also responsible for Shariah-compliance and audit - so as to ensure that all activities of the Bank are in accordance with the procedures and processes laid down by the Shariah Supervisory Board and the Shariah Advisor.

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 sincerely appreciate the efforts being taken by the Government of Pakistan to increase the usage and awareness of Islamic Banking in the country. Following

from my review in last year's Annual Report, I am also delighted to note that Government of Pakistan's Steering Committee for the Promotion of Islamic Banking in Pakistan has done sterling work and the first report of the Committee has been submitted to the Government. I would like to take this opportunity to thank the State Bank of Pakistan for their efforts to address the issues being facing by Islamic banks. Also worthy of special note is the implementation of a new product by the State Bank of Pakistan to help Islamic Banks manage their excess liquidity.

I would like to thank all members of the Meezan team across Pakistan for their hard work and dedication that made it possible for the Bank to achieve such commendable results.

Establishment and growth of Islamic banking in Pakistan has been possible only because of the trust and support of the millions of people of Pakistan. My sincere thanks to the people of this country for supporting the cause of Islamic banking and making it a success.

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

February 18, 2015

Directors' Report to the Members

On behalf of the Board of Directors, we are pleased to present the eighteenth Annual Report and audited financial statements, setting out the detailed financial results of the Bank for the financial year ended December 31, 2014.

Meezan Bank has completed twelve years as a full-fledged Islamic commercial bank. During this period the Bank has the distinction of being the fastest growing bank in the industry and we are grateful for the blessings of Allah ﷻ and the commendable team effort that has allowed us to become the dominant leader of the Islamic Banking industry. With a network of 428 branches in 117 cities and a total deposit of Rs. 380 billion, Meezan now represents over 50% of the total deposits of the dedicated Islamic banks operating in the Country. Throughout this journey the Bank has remained committed to its Vision of establishing 'Islamic banking as banking of first choice'.

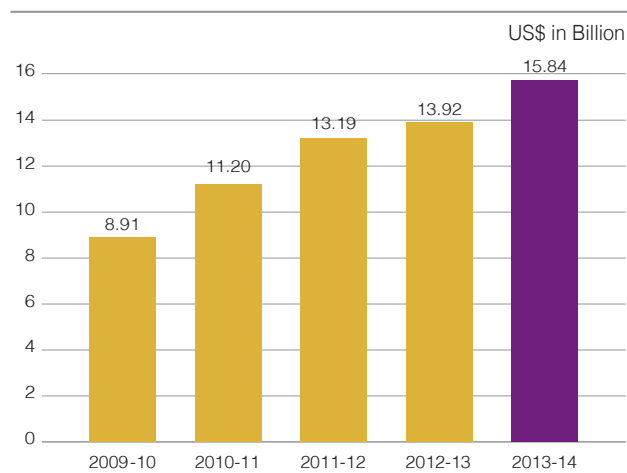
A significant achievement during the year was the successful acquisition of the Pakistan operations of HSBC Bank, one of the leading retail banks in the world. All assets and liabilities stands amalgamated into Meezan Bank and these have now been converted into Shariah compliant products. 10 branches were added to our network and 324 employees of HSBC became part of the Meezan family as a result of this acquisition.

This is the second acquisition for Meezan Bank. Previously in 2002, we acquired and successfully converted the banking operations of Societe Generale in Pakistan into Islamic banking through a very similar transaction.

Economic Overview

The year 2014 started on a high note with European Union granting GSP plus status to Pakistani Exports in January 2014. The economy started to take a turnaround with GDP growth of 4.14% for 2013-2014 as against 3.7% in 2012-2013. Stabilization of foreign exchange reserves, appreciation of rupee, exceptional increase in home remittances, by Pakistani workers abroad, to \$15.84 billion in 2013-2014 from \$13.92 billion in the previous year paved the way for economic recovery and growth. This was supplemented by successful launching of Euro Bonds worth \$2 billion, foreign currency Sukuks worth \$ 1 billion in the international market and auction of 3G/4G licenses for \$1.1 billion. Stock Market witnessed a bullish trend with KSE Index crossing 32,000 points.

Home Remittance

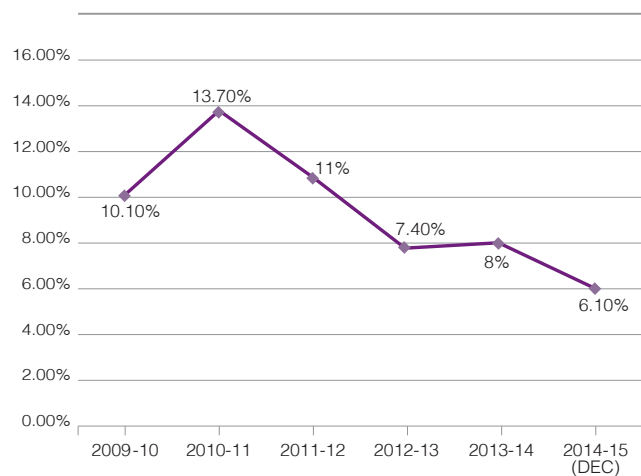


Agriculture sector grew by 2.12% as against 2.88% last year. Industrial sector expanded by 5.84% against the growth of 1.37% last year while large scale manufacturing posted a growth of 5.31% against the growth of 4.08% last year.

Internationally, oil and global commodity prices witnessed a significant decline. Oil prices have fallen to less than \$50 a barrel. The same is being passed on to consumers gradually by the Government which would reduce the cost of doing business. The current low oil prices could salvage some of the lost growth momentum. Broadly, however, growth in large-scale manufacturing would remain constrained due to energy bottlenecks.

Inflation is also substantially lower at 6.1% from a high of 13.7% in 2010. Low inflation and other monetary measures has allowed the Government to curtail budgetary imbalances and cut interest rates. The benchmark policy rate, the Discount Rate, has been cut by 150 bps (50 bps in Nov 2014 and 100 bps in Jan 2015). These measures are expected to boost corporate earnings and improve the competitiveness of Pakistan's exports. Foreign exchange inflows are expected to remain on track. Further, government intends to revive the economy and boost investment in the country.

Inflation



Our Performance

Alhamdulillah, Meezan Bank recorded commendable all round results for the year ended December 31, 2014. The Bank's profit after tax increased to Rs.4.57 billion from Rs. 3.96 billion earned in the previous year, reflecting an increase of Rs. 613 million while the Bank's total assets reached Rs.437 billion, up 33% from Rs. 330 billion in 2013.

The Bank's branch network grew from 351 branches in 103 cities to 428 branches in 117 cities, opening of 67 new branches and acquisition of 10 branches from HSBC. Meezan Bank is now the 8th largest bank in the country.

Deposits increased by 31%, closing the year at Rs. 380 billion from Rs. 290 billion a year ago; almost three times higher than the banking industry average deposit growth rate of 11% during 2014. This performance is especially impressive in light of the fact that the current account in the mix improved from 28% in 2013 to 31% in the 2014. Bank's CASA deposits were 71% in the mix as against 68% last year.



Extra focus and resources were deployed to aggressively grow the Bank's financing portfolio, which jumped by 38% to Rs. 176 billion from Rs.128 billion last year. This growth is significantly higher than the banking industry's financing growth of 10%. The Bank has achieved this growth despite challenging economic circumstances and crowding out of private sector financing due to Government borrowing. It is also heartening to note that the ratio of non-performing financing to total financing (NPL ratio) is 3.8% which is one of the best in the Pakistani banking industry (average NPL ratio is in double digits). The Bank maintains a comfortable level of provision against its non-performing financing with coverage ratio of 110%. The focus is to build a high quality and well diversified portfolio.

We are happy to report that the State Bank of Pakistan (SBP) started Open Market Operations (OMO) for Islamic banks in November 2014 and this has helped address the chronic excess liquidity management problem faced by Islamic banks. The OMO uses a Bai Muajjal structure that has been approved by both the Shariah Board of the SBP and also the Meezan Bank's Shariah Supervisory Board. As at December 31, 2014 Meezan Bank has been able to deploy Rs. 51.6 billion with SBP at rates very close to the T-Bill rate. We are confident that these positive measures will be a big help to all Islamic banks.

Total trade (import and export business) handled by the Bank also grew by 19% to Rs. 376 billion in 2014. An extensive network of correspondent banks and significant foreign exchange lines with international banks has allowed the Bank to compete aggressively for trade business.

Administrative and operating expenses of the Bank increased to Rs.10.8 billion from Rs.8.4 billion, a rise of 28%. The rise in expenses is primarily due to increase in staff expenses, rent and costs as a result of new branches opened. Aggressive investment in building the branch network is expected to continue during the year as well.

The Bank's equity increased to Rs.23.3 billion in the year 2014 from Rs. 17.9 billion a year earlier, notwithstanding the fact that a healthy cash dividend of Rs.2 billion was paid during the year. The acquisition of HSBC Bank Middle East Ltd, Pakistan branches resulted in recording of gain on bargain purchase on the transaction amounting to Rs. 2.8 billion through Statement of Changes in Equity as per the directives of State Bank of Pakistan. The capital base of the Bank is also strong with a Capital Adequacy Ratio of 11.88% compared to the minimum 10% prescribed by SBP.

The key business results achieved in 2014 are as under:

	2014	2013	Growth
Branch Network	428 Branches	351 Branches	22% ↑
Presence	117 Cities	103 Cities	14% ↑
Deposits	Rs. 380 Billion	Rs. 290 Billion	31% ↑
Total Assets	Rs. 437 Billion	Rs. 330 Billion	33% ↑
Profit After Tax	Rs. 4.57 Billion	Rs. 3.96 Billion	16% ↑
Equity	Rs. 23.3 Billion	Rs. 17.9 Billion	30% ↑
Trade Business (Import and Export)	Rs. 376 Billion	Rs. 315 Billion	19% ↑

Financial Results

Rs. in Million

PROFIT AND LOSS ACCOUNT	2014	2013
Profit / return earned on financings, investments and placements	28,803	23,171
Return on deposits and other dues expensed	(15,440)	(12,526)
Net spread before provisions	13,363	10,645
Provision against non-performing financings and investments	467	93
Net spread after provisions	12,896	10,552
Fee, commission and brokerage income	1,569	1,258
Dividend income	284	309
Income from dealing in foreign currencies	1,626	603
Capital gain on investments	1,149	1,230
Other income	127	101
Income before expenses	17,651	14,053
Administrative and other expenses	(10,753)	(8,406)
Profit before taxation	6,898	5,647
Taxation	(2,328)	(1,690)
Profit after taxation	4,570	3,957

The Islamic Banking industry continues to grow with five full-fledged Islamic banks and seventeen Islamic windows of conventional banks presently operating in Pakistan. Islamic banks now account for almost 11% (2013: 10%) of the total banking industry in terms of deposits. This augurs well for the Islamic Banking sector and we are confident that the existing Islamic banks and 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. 3.95 to Rs. 4.56 per share reflecting an increase of 16%.

Dividend

The Board has now recommended the cash dividend of Rs. 1.25 per share (12.50%) for the year 2014. This declaration, together with the earlier interim cash dividend of 15% paid in August 2014, brings the total payout for the year to Rs.2.75 per share (27.50%). Last year cash dividend payout was 20% and thus the Bank maintained its unbroken payout record since the date of listing on the Stock Exchange.

Credit Rating

The JCR-VIS Credit Rating Company Limited, an affiliate of Japan Credit Rating Agency, Japan has reaffirmed the Bank's long-term entity rating of AA (Double A) and short-term rating at A1+ (A One Plus) with stable outlook. The short-term rating of A1+ is the highest standard in short-term rating. The rating indicates 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' by **CFA Society of Pakistan**
- 'Best Islamic Bank in Pakistan', 'Best Islamic Retail Bank in Pakistan', 'Best Islamic Trade Finance Bank in Pakistan', 'Best Sukuk House in Pakistan', 'Best Islamic Structured Trade Finance' by **Asset Triple A**
- 'Best Islamic Bank in Pakistan' and 'Musharakah Deal of the Year' by **Islamic Finance News (IFN)**
- 'Best Islamic Financial Institution in Pakistan' by **Global Finance magazine**
- 'Top Employer in the Islamic Banking Industry' by **Rozee.pk**
- 'Best Corporate Report Award – Banking Sector' by **ICAP and ICMAP** securing 3rd position

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. The accounting estimates are based on reasonable and prudent judgement.
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 control 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 control 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, 2014 are as under:

- Staff Provident Fund	Rs. 1,296.71 million
- Staff Gratuity Fund	Rs. 459.37 million
10. As at December 31, 2014, two directors have completed directors' training as per the criteria specified by the SECP.
11. The purchase and sale of shares by the Directors, Chief Executive, Chief Financial Officer, Head of Internal Audit and Company Secretary during the year and pattern of shareholding is included in the report.

Compliance with Code of Corporate Governance

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its listing regulation relevant for the year ended December 31, 2014 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, tools and reporting structure closely aligned with the Bank's strategy. Risk Management activities broadly takes 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 and it has constituted Risk Management Committee comprising of Board members with clear terms of reference.

Under the guidance of the Board, the scope of Risk Management Department (RMD) has been widened over the period, mainly focusing on development/ updating of policies, procedures, limit structure, enhanced monitoring, reporting and increase level of 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 Risk Management Committee (CRMC)**
2. **Asset Liability Management Committee (ALCO)**
3. **Internal Controls & Operational Risk Management Committee (ICORC)**

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

Asset quality is being ensured through well-defined financing policies and procedural manuals, appropriately delegated financing approval authorities, proper risk-reward trade off, avoidance of concentration, adequate documentation and periodic reviews. The Bank applies stress testing and value at risk techniques for market risk assessment. Day-to-day liquidity management is done through cash flow matching and liquid assets. 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 and disaster recovery plans. A defined Risk Appetite Statement guides in achieving business objectives without compromising on risk profile.

Under RMD, full-fledged credit risk function caters 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 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 has been 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. Awareness sessions on risk management are also an on-going process. A comprehensive training program will be implemented to further enhance the level of implementation of the 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, 2014 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. Rana Ahmed Humayun	4	3
Mr. Mohammed Azzaroog Rajab**	1	0
Mr. Alaa A. Al-Sarawi	4	4
Mr. Mohammad Abdul Aleem	4	4
Mr. Riyadh S.A.A. Edrees	4	4
Mr. Mazhar Sharif***	2	2
Mr. Noorur Rehman Abid	4	4
Mr. Irfan Siddiqui - President & CEO	4	4
Mr. Ariful Islam - Deputy CEO	4	3

* Mr. Abdullateef A. Al-Asfour resigned on December 11, 2014.

**Ceasing of office due to change in nominee director by Islamic Development Bank Jeddah on April 23, 2014.

***Mr. Mazhar Sharif was appointed as Director in place of Mr. Shaharyar Ahmad on June 23, 2014 and resigned on October 24, 2014 from the directorship of Meezan Bank Limited.

The Board welcomes the new Directors and wishes to place on record its appreciation for the valuable services rendered by Mr. Abdullateef A. Al-Asfour and Mr. Shaharyar Ahmad during their association with the Bank.

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

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

Auditors

The present auditors A.F. Ferguson & Co., Chartered Accountants (a member firm of the PwC Network) retire and being eligible offer themselves for reappointment. As required under Code of Corporate Governance, the Audit Committee has recommended the appointment of A.F. Ferguson & Co., Chartered Accountants as auditors of the Bank for the year ending December 31, 2015.

Future Outlook and Strategy

2015 will be a challenging year for the banking industry in the backdrop of lower interest rates and falling oil and commodity prices. The Government's refocus on economic reforms - power, public sector enterprises performance, infrastructure investment - would help to sustain Pakistan's long-term growth prospects. Complementing the Government's efforts, lower oil prices is a blessing and will help ease the Current Account deficit and meet IMF conditionalities. Cumulatively, these factors may become visible in the medium term. Further, these factors would improve the domestic currency and inflationary outlook and would provide an opportunity to further extend the private sector credit. 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.

Despite the challenging external environment, the Bank intends to continue its aggressive branch growth strategy and will add 122 new branches during the year, bringing the total branch network to 550 branches in 137 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.

As the Bank expands, sourcing and retaining the right quality of human resource is an increasingly significant challenge. Accordingly, the Bank has enhanced the physical infrastructure of its learning and development facilities. The Learning and Development department is focused to produce highly professional video training content in 2015. Moreover, Bank-wide Training Needs Analysis activity is also being carried out. A comprehensive course catalog is under development.

Islamic banking has a good future in Pakistan and its share in the Country's banking industry is increasing every year. Meezan Bank continues to play its pioneering role in Islamic banking and would contribute to the growth of Islamic banking in Pakistan. We welcome new players to this segment as this would bring more representation and help further evolve the Islamic banking industry.

Acknowledgement

The 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. In particular, we acknowledge the untiring efforts of our entire team in the amalgamation and conversion process of HSBC Pakistan and also welcome our new colleagues who joined Meezan Bank from HSBC. We wish them all the success in Meezan Bank and look forward to their contribution towards Islamic Banking. May Allah Almighty bestow His blessings on our entire team and their families.

We would like to express our gratitude to the State Bank of Pakistan, Ministry of Finance and the Securities and Exchange Commission of Pakistan for their continuous commitment to establish a viable Islamic financial system in the Country. We would also like to thank our Board members, shareholders and the members of the Shariah Supervisory Board for their unrelenting efforts towards establishing Meezan Bank as the premier Islamic bank.

On behalf of the Board.



Ebrahim Bin Khalifa Al-Khalifa
Chairman



Irfan Siddiqui
President & CEO

February 18, 2015



Annexure to the Directors' Report

For the year ended December 31, 2014

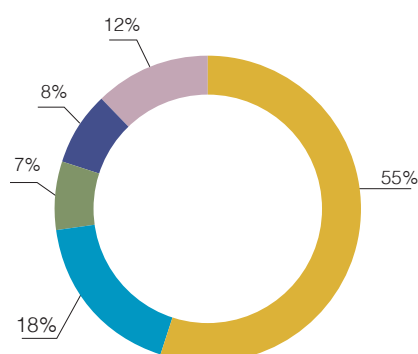
The purchase and sale of shares by the Directors, Chief Executive, Chief Financial Officer (CFO) and Company Secretary, their spouses and minor children during the year are given below:

	Number of Shares as at Jan. 01, 2014	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, 2014
NAME OF DIRECTORS					
H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa	6,705,981	-	-	-	6,705,981
Mr. Mohammad Abdul Aleem	184,325	-	-	-	184,325
Mr. Noorur Rehman Abid	1,857,683	-	-	-	1,857,683
Mr. Irfan Siddiqui	3,218,067	-	-	-	3,218,067
Mr. Ariful Islam	1,798,393	-	-	-	1,798,393
CHIEF FINANCIAL OFFICER					
Mr. Shabbir Hamza Khandwala	554,131	-	-	-	554,131
HEAD OF INTERNAL AUDIT					
Mr. Ziaul Hassan	2,220	-	(2,220)	-	-
COMPANY SECRETARY					
Mr. Tasnimul Haq Farooqui	-	-	-	-	-

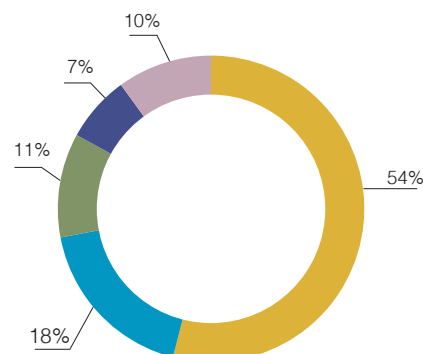
Statement of Value Added and Distributed

Value Added	2014 Rupees in '000	%	2013 Rupees in '000	%
Profit / return on financings, investments and placements - net of provision	28,336,555	100.2%	23,077,636	100.3%
Fee, commission and brokerage income	1,569,327	5.5%	1,258,234	5.5%
Dividend income	283,633	1.0%	309,285	1.3%
Income from dealing in foreign currency	1,626,363	5.8%	603,352	2.6%
Capital gain on sale of securities and other income	1,275,561	4.5%	1,330,579	5.8%
	33,091,439		26,579,086	
Administrative and other expenses	(4,808,397)	(17.0%)	(3,572,398)	(15.5%)
	28,283,042	100%	23,006,688	100%
Value allocated as follows:				
To Depositors / Financial Institutions Return on deposits and other dues expensed	15,440,250	55%	12,526,169	54%
To Employees Salaries, allowances & other benefits	5,017,273	18%	4,081,439	18%
To Shareholders Dividend - Bonus Shares	-	0%	993,704	4%
Dividend - Cash	2,005,476	7%	1,504,107	7%
	2,005,476	7%	2,497,811	11%
To Government Income tax	2,328,448	8%	1,689,888	7%
To Expansion Depreciation & Amortisation	926,985	3%	752,416	3%
Retained in Business	2,564,610	9%	1,458,965	7%
	3,491,595	12%	2,211,381	10%
	28,283,042	100%	23,006,688	100%

Statement of Value Added & Distributed 2014



Statement of Value Added & Distributed 2013



■ 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, 2014



	2014	2013
	Rupees in '000	
Income from financing activities	11,182,696	8,203,813
Income from investments	10,221,741	14,151,702
Income from placements with financial institutions	6,170,411	351,759
Other income attributable to pools	1,758,015	909,349
Total Income	29,332,863	23,616,623
Less: Administrative Expenses / other charges directly attributable to pools (Note)	(348,991)	(280,277)
Less: Profit distributed to other special pools (including IERS and special musharakah pool)	(2,674,909)	(2,705,750)
Gross distributable Income	26,308,963	20,630,596
Mudarib (Bank) share of profit before Hiba	9,479,334	8,195,125
Less: Hiba from Mudarib (Bank) share	(3,608,825)	(3,549,276)
Net Mudarib (Bank) share of profit	5,870,509	4,645,849
Rab-ul-Maal share of profit	20,438,454	15,984,747
Rab-ul-Maal share of profit is distributed as follows:		
Remunerative depositors' profit share in mudarabah pools	14,733,780	11,691,231
Bank's equity in mudarabah pool	5,704,674	4,293,516
	20,438,454	15,984,747

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
2014 Rupees in '000					
Rupee deposit pool	25,807,915	9,246,054	3,608,825	5,637,229	20,170,686
Dollar deposit pool	440,444	204,129	-	204,129	236,315
Pound deposit pool	35,070	17,972	-	17,972	17,098
Euro deposit pool	25,534	11,179	-	11,179	14,355
	26,308,963	9,479,334	3,608,825	5,870,509	20,438,454
2013 Rupees in '000					
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
	20,630,596	8,195,125	3,549,276	4,645,849	15,984,747

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

Business and Operations Review

Business Review

Alhamdulillah, Meezan Bank achieved a number of significant milestones during 2014. These included:

- Acquisition of the Pakistan operations of HSBC, one the best and most recognized banking brands in the world.
- Branch network of the Bank crossed the 425 mark.
- Deposit base of the Bank grew by an impressive 31%.
- Financing portfolio of the Bank increased by 38% against overall banking industry financing growth of 6%.

Total assets of the Bank increased from Rs. 330 billion (\$ 3.1 billion) as at December 31, 2013 to Rs. 437 billion as at December 31, 2014 representing a growth of 33%. Despite this substantial increase in the asset base, the Capital Adequacy Ratio of the Bank has been maintained at a very healthy level of 11.88%, compared to the minimum level of 10% prescribed by the Regulator. Total equity of the Bank now stands at Rs. 23.3 billion, up from Rs. 17.9 billion a year earlier, an increase of 30%. Deposit base of the Bank also grew by an impressive 31% from Rs. 290 billion to Rs 380 billion. The extensive branch network, quality of service and excellent brand image of the Bank were the key contributing factors behind this growth.

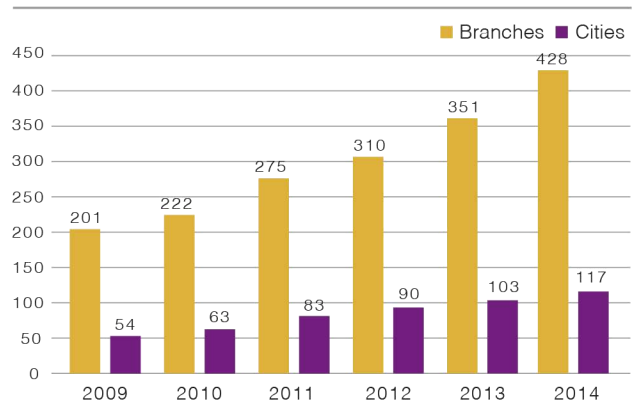
Increased focus on building the Bank's financing portfolio, while maintaining high quality and portfolio diversification, yielded positive results. The financing portfolio grew by Rs. 48 billion, an increase of 38%, to close at a total of Rs. 176 billion. This growth is substantially higher than the overall banking industry financing growth of 6% and was achieved despite low demand for private sector credit due to challenging economic circumstances. The portfolio is well diversified by sector, and maturities are also comfortably balanced with 70% in short-term (upto one year) and 30% in long-term. Advances to Deposit Ratio (ADR) of the Bank now stands at 46% as against 44% last year. Portfolio infection at 3.8% (NPL ratio) is one of the best in the Pakistani Banking industry and reflects the Bank's prudent lending strategy backed by a sound risk infrastructure and rigorous remedial and recovery efforts. Notwithstanding the low NPL, the Board, in keeping with its very prudent approach, maintained a coverage ratio above 100% (110% in 2014) which is also one of the highest in the banking industry.

Retail Banking

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

The Bank remained committed to its strategy of expanding its geographic outreach and added 67 new branches to its network, thus organically growing the network to 418 branches. Furthermore, the acquisition of Pakistan operations of HSBC Bank added another 10 branches to the Bank's network, increasing the total size of the network to 428 branches spread across 117 cities in the country. Meezan Bank now has the 8th largest banking network in Pakistan. 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'.

Branch Network

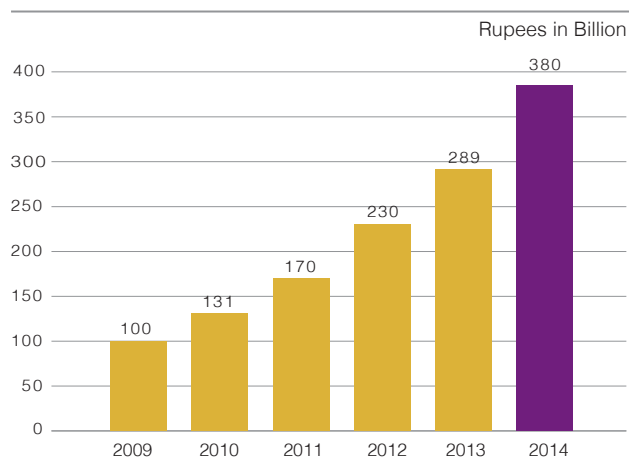


Alhamdulillah,
Our numbers speak less of our success
and more of your satisfaction



One of the key objectives of the Bank's branch expansion plan for 2014 was to strategically expand its footprint so as to attract deposits while simultaneously facilitating the existing customer base by increasing the number of branches in areas with high customer transaction volumes. This strategy has worked very well and the overall deposit base of the Bank registered an impressive growth of 31%, from Rs. 289.8 billion to Rs. 380 billion. Total customer base (number of accounts) also increased by 20% from 770,000 to 973,000.

Deposits



The focus for 2015 will remain on increasing the Bank's footprint by opening more branches, offering simple yet innovative Shariah-compliant products and further improving its service standards.

Wealth Management

The Wealth Management unit was established in 2013 with the aim of providing value added products and services to the Bank's customers. This unit manages the Premium Banking product of Meezan Bank and also provides retail investment solutions to customers.

Meezan Premium Banking

Meezan Bank also offers a Shariah-compliant Premium Banking product to cater to the needs of its high net worth customers. Meezan Premium Banking customers enjoy exclusive services and value added benefits; from personalized banking services to discounts and privileges tailored to suit their lifestyle.

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

- Personalized service at any Meezan Bank branch in Pakistan
- Access to the Bank's Premium Banking Centers across Pakistan
- Discounts and privileges at selected retail outlets, restaurants and hotels
- Private conference rooms for short business meetings at our Premium Banking Centers
- Free-of-charge Meezan Visa Platinum Debit Card
- Access to International CIP lounges at Karachi, Lahore and Islamabad airports
- Premium Phone Banking available 24/7
- Fee waivers on selected banking services

Due to the acquisition of HSBC's Pakistan operations, the Bank increased its Premium Banking Centers to 10 by adding 5 ex-HSBC Premier Centers.

Meezan Kafalah

Meezan Kafalah, a Shariah compliant alternative to Bancassurance, which is another first from the platform of Meezan Bank, has received overwhelming acceptance by retail customers as this unique product meets the needs of all those customers who are seeking financial protection for their family.

By the end of 2014, the Bank had provided Takaful coverage of a total amount of Rs. 5 billion through more than 14,000 policies since the launch of the product.



Meezan Kafalah
A Savings Plan with Takaful Benefits

Give your
Dreams the
Protection
of Savings
and Takaful

Branchless Banking

Financial inclusion has become one of the key pillars for financial sector development and macro-economic stability in developing countries. Digital financial services play a major role in providing rapid access to financial resources to the un-banked markets. There are over 130 million Mobile phones subscribers in Pakistan whereas the total number of bank accounts is only about 20 million. Enabling Mobile phone subscribers to conduct banking transactions will give banks access to a very large, hitherto untapped market.

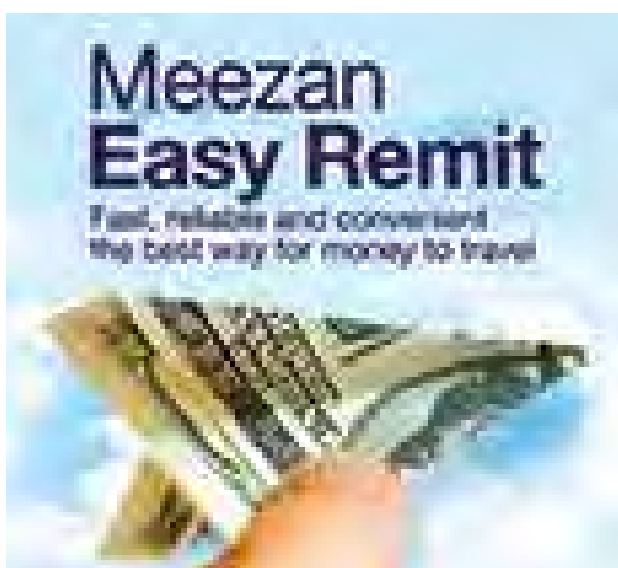
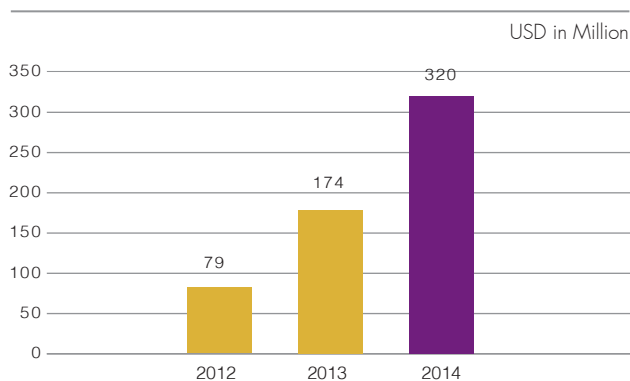
As per State Bank of Pakistan's quarterly Newsletter for the third quarter of 2014, Branchless Banking has been growing on almost all fronts. The numbers show a strong upward trend with more than 66 million transactions worth Rs.375 billion done during the 3rd Quarter of 2014 alone. On a cumulative basis, 4.7 million mobile banking accounts have been registered and usage level of these accounts has also been growing. Agents network has also grown to 186,000 spread across almost 90% districts of Pakistan.

As a part of its efforts to provide Riba-free financial services to every segment of the economy, the Bank is investing in alternate technologies with strategic partners to build its branchless banking infrastructure. This will enable it to provide Islamic banking to a large segment of the population that may not otherwise have access to banking services.

Home Remittance

The Home Remittance Unit plays an active role in the nationwide drive of stimulating and formalizing home remittance through banking channels under PRI and non-PRI arrangements. Significant rise in the overall volume was registered in 2014 with a growth of 84%.

Remittance Volume



Corporate Banking

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

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

In order to capitalize on its growing countrywide branch network and diverse product repertoire, the Bank took the initiative of setting-up a dedicated Transaction Banking Department to facilitate the Cash Management

and Trade-related needs of its clients. Cash Management offers two products:

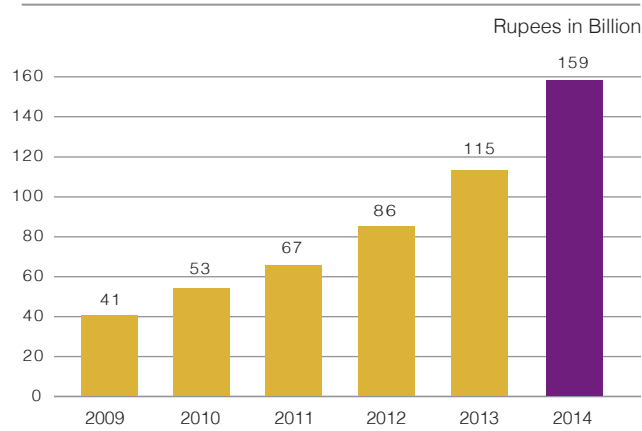
- eBiz, an internet banking portal that allows business customers to manage their accounts, transfer funds and interact with the Bank using a secure electronic platform, and
- eBiz+, a versatile solution to deliver customized cash collection and payment services for enhancing operational & analytical efficiency of customers' cash management process.



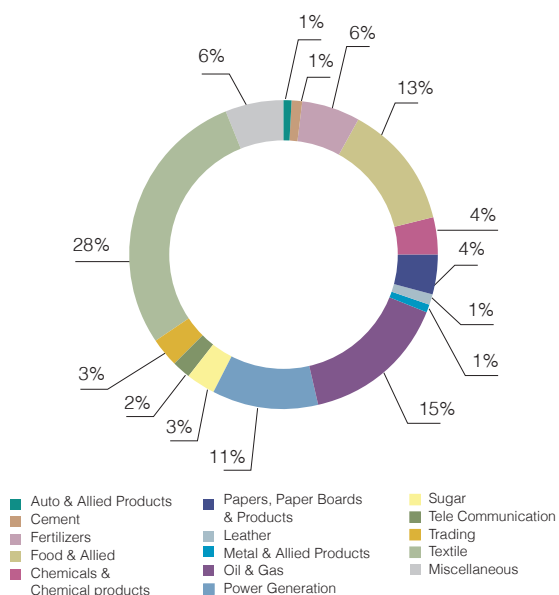
Corporate Assets

The Bank successfully grew its corporate financing portfolio to Rs. 159 billion in 2014 against Rs. 115 billion in 2013, registering a stellar growth of 38%. The focused development strategy adopted by the Bank to vigilantly build a healthy and well diversified portfolio has resulted in the corporate assets book of the Bank growing at a CAGR of 31% since 2008.

Corporate Assets



Corporate Banking Portfolio

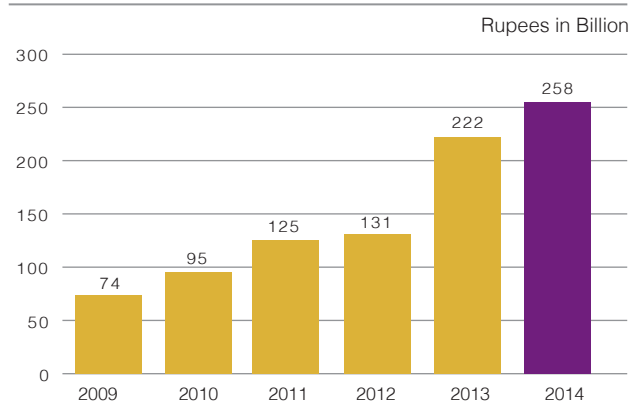


Corporate Trade Business

Over two third of the Bank's trade business originates from its corporate clients. The corporate trade business of the Bank performed very well in 2014 and grew to an all-time high of Rs. 258 billion against Rs. 222 billion in 2013.

The Bank's corporate trade business has grown at a CAGR of 28% during the last 5 years and with the introduction of a Trade Sales Unit, the Bank is well poised to further accelerate this growth.

Corporate Trade Business



Investment Banking

The Bank provides a wide range of advisory services and financing solutions including on & off Balance Sheet structured finance, project finance, syndications and Sukuks to cater to short and long term financing needs of its clientele through Shariah-compliant modes.

The Bank acted as an Advisor and Arranger for Investment Banking deals of over Rs. 200 billion during the last 9 years and has clearly established itself as a market leader in providing Islamic advisory and arrangement services. During 2014, acting as Lead Manager or Joint Lead Manager, the Bank successfully delivered syndicated financing transactions of over Rs. 56 billion for a diverse range of clients including Fatima Energy Limited (Rs. 20.95 billion) and Cherat Cement Company Limited (Rs.9.50 billion). Another key achievement during 2014 was the structuring and arrangement of Rs. 4 billion listed retail Sukuk ('Engro Islamic Rupiya') for Engro Corporation Limited. The Bank also continued playing its role as financial advisor to the Government of Pakistan and provided advisory services for issuance of another series of Sovereign Sukuks amounting to Rs.49 billion.

During 2014, the Investment Banking unit of Meezan Bank also worked as a key contributor in the acquisition transaction of HSBC Pakistan by Meezan Bank. This deal, involving detailed due diligence, valuation and extensive negotiation of amalgamation agreement, was concluded in a record time of approximately three and a half months from the date of invitation-to-bid.


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

The Bank will continue to leverage its deal structuring & placement capability and its relationship with corporate customers & financial institutions to maintain its position of having one of the leading Investment Banking teams in Pakistan.

Investment Banking Awards 2014





Major Investment Banking Transactions




Fatima Energy Limited
A Fatima Group Company


Fatima Energy Limited
Syndicated Project Finance Facility
Rs. 20,950 Million
Joint Lead Arranger & Shariah Advisor







Government of Pakistan
Ijarah Sukuk
Rs. 49,537 million
Joint Financial Advisor







Engro Foods Limited
Structured Trade Financing
Rs. 1,500 million
Advisor






Lalpir Power Limited
Short-term Sukuk
Rs. 2,000 million
Lead Arranger





Engro Corporation Limited
Engro Islamic Rupiya
Rs. 4,000 million
Financial and Shariah Structuring Advisor





Certificates of Leasing
Rs. 6,000 million
Joint Lead Arranger &
Shariah Advisor



Cherat Cement Company Limited

Syndicated Finance Facility
Rs. 9,500 million
Joint Lead Arranger
& Shariah Advisor



engro fertilizers

Engro Fertilizer Limited

Short Term Sukuk
Rs. 3,200 million
Financial and Shariah Advisor
and Lead Arranger



CENTURY PAPER & BOARD MILLS LIMITED

Century Paper and Board Mills Limited

Syndicated Finance facility
Rs. 2,250 million
Joint Lead Advisor and Arranger

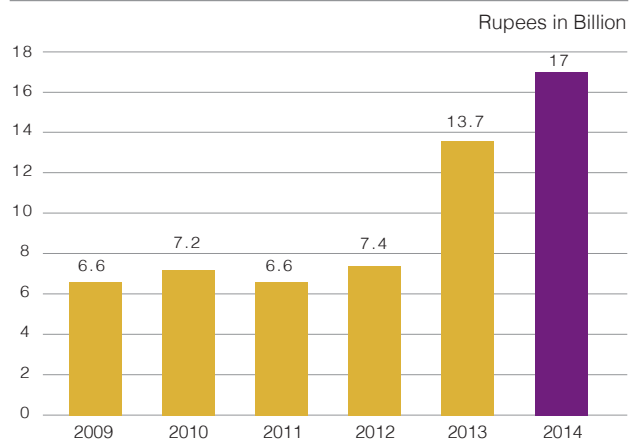


Commercial Banking (Including Small & Medium Enterprises and Agriculture Finance)

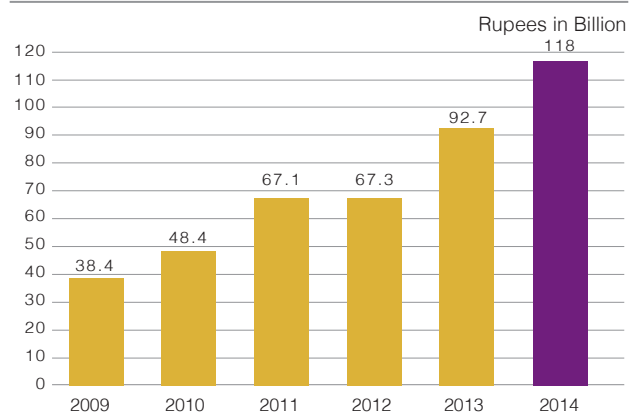
The Bank's Small and Medium Enterprises (SME) department targets customers with sales turnover of up to Rs. 400 million and financing requirements of up to Rs. 100 million while the Commercial Banking department targets the 'middle-market' segment of customers with sales turnover of up to Rs. 1.0 billion.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

Commercial Banking business grew by 35% in 2014, bringing the year-end portfolio to Rs.18.5 billion and surpassing the Bank's year-end targets. The Trade finance business generated by this segment also increased by 26% to Rs. 118 billion despite bearish conditions in international oil markets since June 2014. The new-to-bank business also showed a healthy trend and the Bank entered into relationships with several new clients.

Commercial Banking Assets



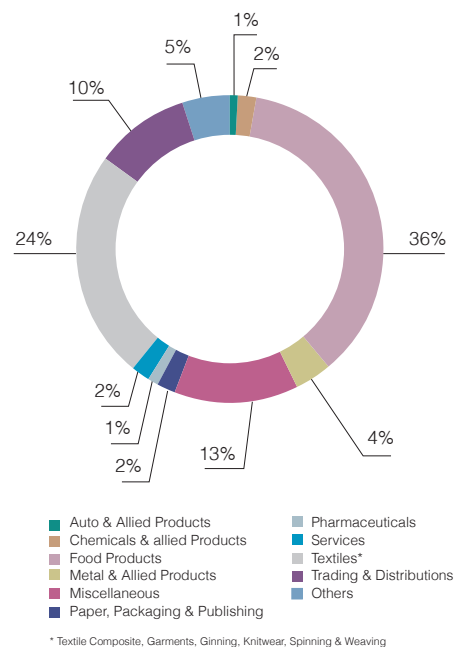
Commercial Banking Trade Business



The Bank's SME & Commercial Banking portfolio is well-diversified, with exposures in sectors as diverse as Wheat, Sugar, Rice, Cotton & Yarn, Iron & Steel, Edible Oil, Food and Beverages. The Bank also made significant inroads into the Ship-breaking industry this

year and several big-ticket transactions were executed with ease because of the Bank's experience in this field of financing.

Commercial Banking Portfolio



The non-performing financing (NPL) of this portfolio remained under strict vigilance. NPL ratio has shown a declining trend and improved to 5.8% in 2014 from 15% in 2011 as a result of enhanced risk management processes deployed by the Bank and robust recovery efforts.

Consumer Finance

Meezan Bank's Consumer Finance team is responsible for managing the consumer financing products and Wealth Management segment of the Bank. Meezan Bank is the pioneer in providing Shariah-compliant consumer financing products in the country and offers five products to its customers - Car Ijarah (auto finance), Easy Home (housing finance), Laptop Ease (laptop finance), Meezan Roshni (generator finance) and Meezan Labbaik (Hajj & Umrah finance facility).

Car Ijarah (auto finance)



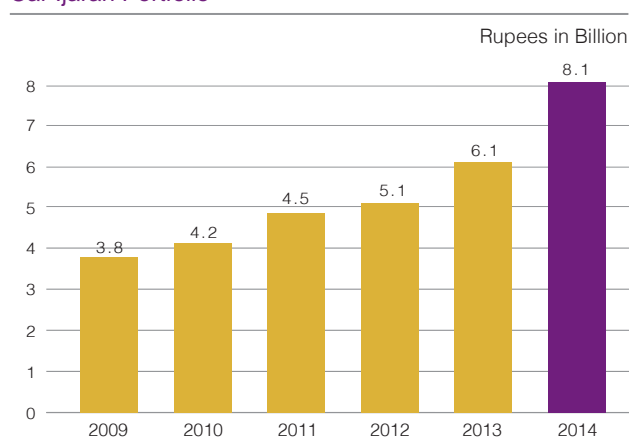
The automobile industry witnessed a marginal growth of 2.4% in 2014 with car sales standing at 141,418 units compared to 138,002 units last year. Key industry players remained Pak Suzuki, Indus Motors and Honda. It is pertinent to mention here that cash sales declined from 85% to 76% with more customers availing Ijarah (leasing) facilities from banks and this trend is expected to grow, especially as interest rates continue to decline.

Meezan Bank has remained active during the year in devising and implementing a number of changes and improvements in its Consumer Banking

infrastructure, product features as well as management of the Car Ijarah business. This has allowed the Bank to become one of the market leaders in the car leasing business and build a high quality portfolio.

The Bank's auto finance business, 13 years after its launch, stands at Rs. 8.1 billion with over 10,000 active vehicle contracts.

Car Ijarah Portfolio

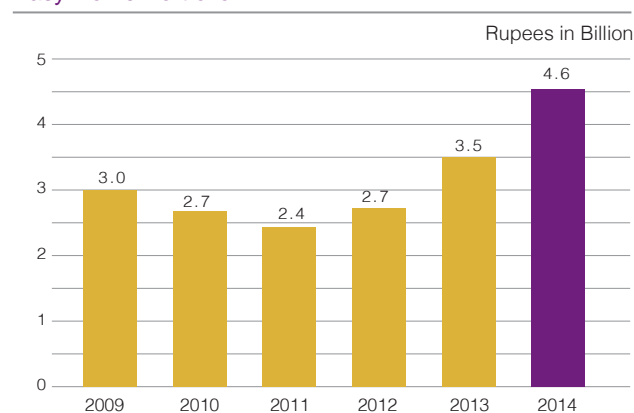


Easy Home (Housing finance)



In 2014, Meezan Bank completed eleven years of uninterrupted operations in the home mortgage business. During the period of 2004 – 2014, the Bank has disbursed an aggregate amount of Rs. 12.524 billion to over 3,200 customers and is now among the leading housing finance providers in the country. At December 31, 2014 the total portfolio stood at Rs. 4.6 billion.

Easy Home Portfolio



Laptop Ease (laptop finance)



The Laptop Ease business of the Bank has been growing at a steady pace and the Bank has financed more than 4,300 laptops to individual customers to date. This product was initially offered in five major cities but during 2014 the Bank also enhanced the outreach of Laptop Ease to several other cities.

Meezan Roshni (Generator finance)



Meezan Bank launched a new generator financing product 'Meezan Roshni' during the year. The product has received an overwhelming response from consumers. Meezan Roshni is a Riba Free generator financing facility based on the concept of 'Musawamah' whereby Meezan Bank, through authorized vendors, provides generators to customers on monthly installments over periods ranging from 3 months to 24 months. Currently, the Bank is offering two well established brands - Honda and Orient Power.

Meezan Labbaik (Hajj & Umrah finance)



Meezan Labbaik Hajj & Umrah completed its 6th year of operations in 2014. To date more than 3,000 pilgrims have been facilitated through this platform. Meezan Labbaik is now a popular product with both existing and walk-in Customers.

Meezan Labbaik facilitates customers who wish to perform Hajj or Umrah through carefully selected packages of renowned Travel Agents on the Bank's panel. The Bank's role in Labbaik is that of a sales and funds collection agent.

Meezan Labbaik provides the following 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 make a down-payment and travel immediately after completion of all travel arrangements. The remaining price is to be paid in 12 equal monthly installments with no additional charges

The Bank's partner agents for 2014 were Dar Al Eiman Pakistan, Universal Express and Universal Brothers. During the year, 232 customers performed Umrah and 138 customers performed Hajj through Meezan Labbaik.

Treasury & Financial Institutions

Meezan Bank has one of the most well equipped Treasuries in the country, both in terms of people and systems. The Bank offers a wide range of Shariah compliant products that not only serves the foreign exchange needs of its clients but also makes effective utilization of excess liquidity to generate profits that are paid as return to depositors. Treasury managed over Rs. 200 billion of liquidity in addition to facilitating trade turnover amounting to over Rs. 350 billion during 2014.

Meezan Bank's Foreign Exchange Trading desk is responsible for effective management of the Bank's foreign exchange risk. The Bank's Treasury is an active market maker known for providing foreign exchange liquidity and stability in the volatile inter-bank market. The Bank is the forerunner in the development of the Islamic Outright market, which allows effective cash flow management in a Shariah compliant manner. FX

trading desk's activity enables the Treasury Marketing Unit with competitive pricing which in turn results in generating generous foreign exchange flows. Competitive pricing is also one of the major reasons Meezan Bank has been so successful in boosting its overall trade business. With the rapid growth of the Bank, its trading desk has started facilitating other inter-bank counterparts in hedging their G7 exposure. The year 2014 was an excellent year for the Bank's Treasury Marketing Unit (TMU), owing to its consistently aggressive pricing and product development initiatives. The Bank was successful in bringing new corporate clients on board, as well as generating additional Treasury business from existing clients. Moreover, the trade turnover increased with big tickets items from OMCs and the Telecom sector, as market fluctuations prompted hedging tools to come into play. The Treasury and product development teams jointly developed new products such as Euro-Linked Bai Salam, Bai Salam against Forward Promise, and Forward Cover against Foreign Currency Private Loans. Furthermore, concerted discussions with the Central Bank led to standardized guidelines of Bai Salam transactions for the industry.

The Asset and Liability Management desk of the Bank is responsible for managing the Bank's liquidity as well as asset and liability mismatches. This year was a difficult one keeping in view the excess liquidity of Islamic Banks due to maturing GOP Ijara Sukuk of Rs. 92 billion in 2014 and Rs. 84 billion in 2013 and the issuance of only one GOP Ijarah Sukuk that did not suffice to fulfill the market's appetite. The Bank's Treasury and PDSC departments were instrumental in introducing the Bai-Muajjal product in the market which was later adopted by the State Bank of Pakistan as a medium to deploy the excess liquidity of Islamic Banks.

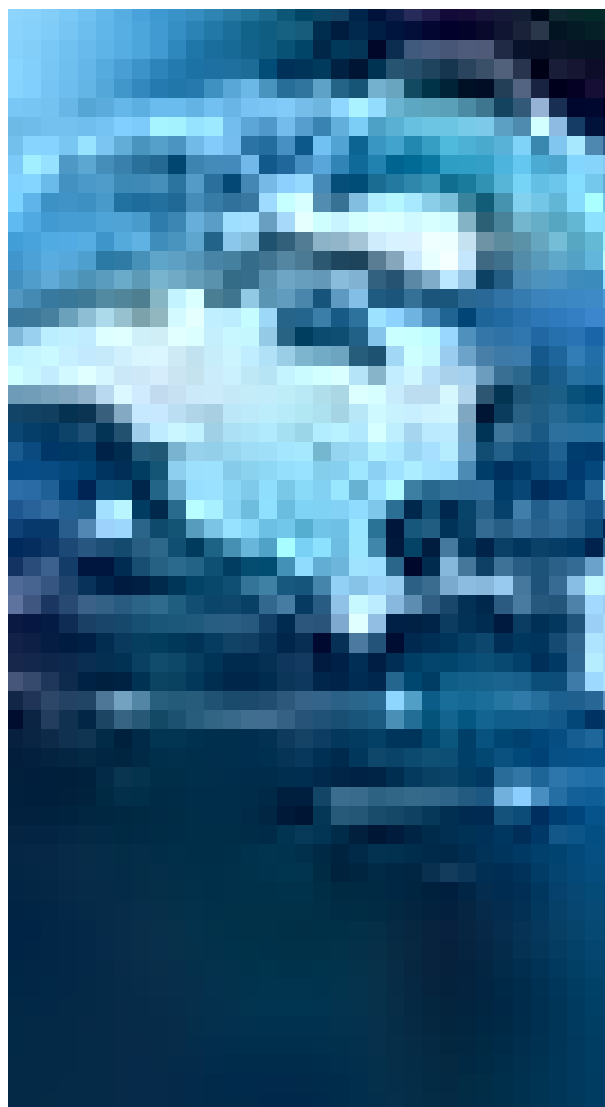
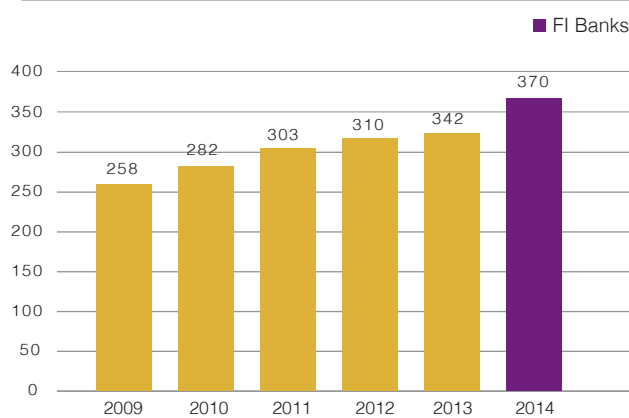
The Bank's Financial Institutions and Correspondent Banking department had many remarkable achievements this year. Building on the success of last year, the Bank was able to facilitate Crude Oil Letters of Credit and other big ticket L/Cs during 2014. The Bank also developed relationships with some of the prime banks in UAE that were able to confirm big ticket LCs for Meezan Bank and hence enabled the Bank to route oil business successfully. This reinforced Meezan's position in the international market as a strong, robust and leading financial institution.

A major breakthrough in 2014 was the start of ACU Dollar clearing service whereby FI department brought onboard major vostro from SAARC countries and hence expanded the scope of Meezan's services to other FIs. This year the Bank successfully tapped into the service side of correspondent banking and continued efforts in this area will enable it to increase its market share in the ensuing years.

In 2014 new nostro accounts were opened with top regional banks like Bank of Tokyo Mitsubishi in Japan, Canadian Imperial Bank of Commerce in Canada and Industrial and Commercial Bank of China (Malaysia) Berhad in Malaysia, in order to facilitate remittances, trade and treasury transactions. This bolstered Meezan

Bank's relationship with the aforementioned banks and expanded its outreach further into the international market.

Correspondent Banking Network





AI Meezan Investment Management Limited

Asset Management

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

As the only asset management company exclusively offering Shariah compliant investment products in Pakistan, the franchise of AI Meezan has continued to strengthen over time, as manifested in assets under management (AUM) of over Rs. 52 billion as at December 31, 2014, making it the largest private sector asset management company of the country. Its AUMs represent around 12% of the total mutual funds industry and 64% of the Shariah-compliant mutual funds industry. AI Meezan is also managing the largest private sector equity fund and the largest Voluntary Pension Fund.

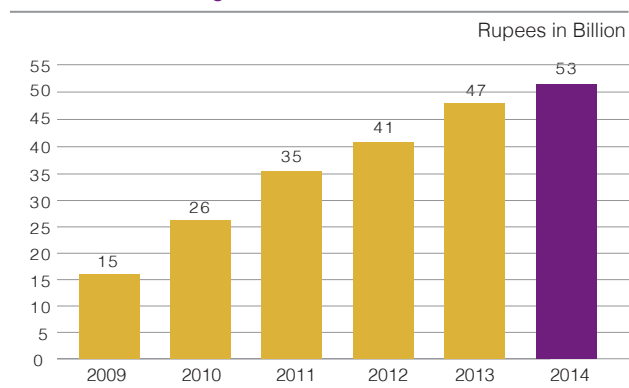
AI Meezan won multiple awards in 2014 as given below:

- 'Best Islamic Asset Management House of the Year 2014' award by Asset AAA Awards
- 'Meezan Islamic Income Fund' won best Fund performance over 1, 2, 3, and 5 years by Lipper Fund Awards
- 'Best Regional Fund Performance' by IFN Islamic Investors Awards
- 'Investment Advisory Firm Award in Pakistan award" by 2014 Finance Awards

In light of AI Meezan's performance, it has been assigned the highest Management Quality Rating in the industry of AM2+ by JCR-VIS Credit Rating Company, denoting High Management Quality.

The AUMs of AI Meezan have recorded an average annual growth of (28%) during the last five years, as shown below:

Funds under Management of AI Meezan



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

During the year, AI Meezan successfully launched various Capital Preservation Products in line with market needs. These products utilize an internationally recognized asset allocation strategy which aims at providing high potential returns while preserving the initial capital. The cumulative fund size of capital preservation products is one of the largest in the Islamic industry, standing at over Rs. 7 billion as of December 31, 2014. An upcoming addition to the product portfolio shall be multiple Savings Plans with built in Takaful cover to be launched in the first quarter of 2015.

The fund-wise break up of assets under management along with return on these funds since inception and for calendar year 2014 (CY14), are as under:

Islamic Mutual Funds	Type	Net Assets - Rs. million (December 31, 2014)	Annualized Return since Inception till December 31, 2014	CY14
Equity				
AI Meezan Mutual Fund (AMMF)	Equity	3,316	18%	27%
Meezan Islamic Fund (MIF)	Equity	21,161	22%	25%
KSE Meezan Index Fund (KMIF)	Equity Index Tracker	1,257	29%	17%
Fixed Income				
Meezan Islamic Income Fund (MIIF)	Income	6,213	10%	11%
Meezan Cash Fund (MCF)	Money Market	4,348	9%	7%
Meezan Sovereign Fund (MSF)	Income	10,674	10%	7%
Balanced				
Meezan Balanced Fund (MBF)	Balanced	2,358	17%	18%
Capital Preservation* (Fund of Funds)				
Meezan Capital Protected Fund - II	Capital Protected	2,170	6%	-
Meezan Capital Protected Fund - III	Capital Protected	3,275	13%	-
Fund of Fund Scheme				
Meezan Financial Planning Fund of Fund	Fund of Fund	2,735		
Aggressive		344	23%	18%
Moderate		334	18%	14%
Conservative		430	12%	10%
MCPP-I*		1,561		
MCPP-II*		66		
Pension Fund Scheme				
Meezan Tahaffuz Pension Fund Scheme	Voluntary Pension	3,411		
Equity Sub fund		1,879	19%	32%
Debt Sub Fund		1,207	12%	6%
Money Market sub fund		325	12%	6%
Total		52,763		

* 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. At Meezan Bank, the support functions work together to ensure that all business and transactions undertaken by the Bank are in accordance with the directives of its Shariah Advisor and the Shariah Supervisory Board (SSB) as well as with the Bank's Policies and Procedures. Some of the key support units are:

Service Quality

The Bank has a dedicated Service Quality department 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, Customer Satisfaction Surveys as well as surprise visits by the Service Quality department. These activities are carried out to obtain an unbiased picture of the Bank's overall performance and provide feedback for improving the Bank's service culture to ensure that the standards of service that have been defined internally are being met.

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

Performance of all the departments is reflected in the Service Accountability Report which is issued by the Service Quality department on monthly basis. This report shares the service standing of all departments and is an indicator of overall service performance of the Bank.



Information Technology (IT)

Meezan Bank has a continuous focus on using technology to improve operating efficiencies, reduce its operational costs and improve the customers' banking experience. During 2014, the Bank's Information Technology department partnered with different business units in the launch of several new services and products such as eBiz, eBiz+ and the Mobile Banking App. Various technology initiatives were also taken to reduce the system's vulnerability and ensure a very high degree of system availability. A few prominent technology-related initiatives are mentioned below:

Oracle upgrade

Meezan Bank has recently upgraded its core database from Oracle 10g to Oracle 11g to pave the way for following enhancements:

- Reduced storage needs
- Stronger Data Security
- Faster Performance
- Maximum availability
- Advanced Database Management Capabilities such as automatic performance diagnostics and monitoring and application tuning

Launch of Intranet Portal

Successful implementation of IBM Websphere portal has enabled the Bank to provide its employees a robust platform to collaborate, share and access information and business applications in the most efficient, secure and reliable way. The platform provides increased employees engagement and peer-to-peer interaction through built-in social media tools, surveys, blogs etc. The Portal also provides discussion forums to enable staff to share knowledge and work in a collaborative manner.

Project Management Office

A new strategic initiative of establishing a Project Management Office (PMO) was rolled out during the year. The PMO will be geared towards implementing structured project management practices in initiatives that involve development of complex processes engaging several departments. The PMO is envisioned to become a trusted central resource for bridging cross-departmental silos and completing complex projects within targeted budgets and timelines.

New Datacenter at Meezan House

To complement its rapid growth strategy, the Bank is in the process of building a new state-of-the-art Data Center at its Head Office. The Data Center adheres to very high technical standards and will comply to Tier III level. This facility features its own dual on-site power generation in addition to dedicated PMT from K-Electric and fiber connectivity through multiple telecommunication vendors. Laden with most sophisticated and latest technologies such as Data Center Infrastructure Management System (DCIM), this cutting-edge, next generation investment will Insha'Allah aid Meezan Bank maintain its leading position in the industry by providing maximum uptime of its services to customers.

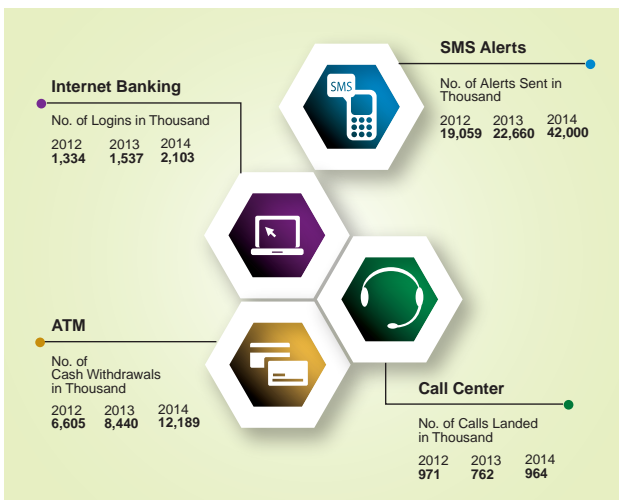
MeezanWorld
Working better through collaboration

Alternate Distribution Channels

Meezan Bank offers an alternative 'brick and mortar' branch banking through its ATMs, Call Centre, Internet Banking, Mobile Banking, SMS Alerts and Debit Cards. During 2014, the overall customer base for these Alternate Distribution Channels' (ADC) products and services grew with the addition of over 200,000 subscribers conducting 24 million more transactions than were conducted in 2013.

Meezan Bank is continuously working to improve the quality of its customer experience and to enhance the menu of its ADC products; a new Mobile App was launched during the year (see further details below); 69 new ATMs were added taking the total number ATMs to 350 Inter-Bank Funds Transfer and Third-Party Funds Transfer features are now available at all ATMs of Meezan Bank along with free Utility Bill payments and Mobile top-ups, offering round-the-clock convenience.

Meezan Bank's 24/7 Call Centre handled more than 960,000 calls during the year. The Call Centre facilitates customers in accessing their account information and conducting banking transactions such as requisition of pay orders and cheque books as well as handing product-related inquiries. The Bank's Call Centre successfully maintained its targeted Service Levels.



In July 2014, the Bank launched the first MasterCard's Titanium Debit Card in Pakistan. The Card carries several value-added features such as increased withdrawal limits, free access to all Middle-east airport lounges, and discounts at a wide array of restaurants, retailers, and various attractive international offers.



Meezan Bank's Gold and Silver Visa Debit Cards continued to gain popularity among customers with the number of cards growing to over 550,000 with a 41% increase in POS transactions over 2013.

The Bank's internet banking facility offers reliable and convenient ways of banking from home or on the go. Customers using this facility can avail a number of value-added services including Third-Party Funds Transfer, Utility Bill payments, Mobile Top-ups and manage their mutual fund investments with the Bank's Asset Management subsidiary Al-Meezan Investment Management Limited.

The Bank launched its Mobile Banking Application in October 2014. The App, designed for customers on the move, enables funds transfer, bill payments of over 16 utility companies, top-up mobile phone credit and viewing account balance and activity. The App has a very user-friendly interface that offers both convenience and the security of leading industry safety standards. With over 25,000 downloads in the first three months, the App has been amongst the most popular applications on both GooglePlay and Apple App Stores in its category.



SMS Alerts is a very popular service that added over 100,000 new customers during the year, taking the total to over 350,000 registered users, an increase of 40% in subscription. This service plays a vital role in instantly updating customers on any activity in their account, which also serves as a useful security tool by allowing customers to identify any possible fraudulent activity.

Product Development & Shariah Compliance (PDSC)

The Product Development & Shariah Compliance (PDSC) department was formally established in 2005 to ensure that all activities at Meezan Bank are completely 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 & compliance. This function works under the guidance and direct supervision of the Bank's Shariah Advisor – Dr. Muhammad Imran Ashraf Usmani and the Shariah Supervisory Board (SSB) of the Bank and conducts the following diversified activities:

- Facilitating new research and product development activities,
- Refining existing products and procedures,

- Providing Islamic banking trainings to new and existing staff members,
- Facilitating learning programmes of Islamic banking at universities and business schools,
- Conducting regular Shariah audit & reviews of branches & departments,
- Coordinating with the Bank's Shariah Supervisory Board and,
- Providing Islamic banking advisory services to both local and foreign institutions.

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

Product Development and Structuring

The Product Development and structuring team works with clients, Shariah scholars, lawyers / law firms and accountants to develop client-specific tailor made solutions to enable clients to obtain Shariah-compliant financing facilities from the Bank. More than 1,000 such cases were structured and processed during the year by the Bank.

A major task undertaken during the year was the conversion of HSBC Pakistan, a banking entity acquired during the year, in Shariah complaint modes. Comprehensive conversion plans, together with individual client wise conversion strategies, were developed and implemented.

Innovative and unique solutions like Services Running Musharakah and FCY Running Musharkah were also developed to enable the service industry clients and export oriented clients to meet their financing requirement in an efficient & Shariah-compliant manner.

Meezan Bank had already developed a unique product for providing Salam based alternate to Bill discounting for the needs of the Exporters. Further enhancing the features of the product, two more variants of this product were added for catering the Forward Discounting and Euro Discounting needs of customers.

On the corporate products offerings, the Bank continued with its focus on increasing the Shirkatul Aqd based financings as the quantum of Running Musharakah transactions continued to rise with more than 48 blue chip companies opting funding through this mode. The total Running Musharakah financing at year end stood at Rs. 21.7 billion (Approx 13.8% of the total financing portfolio). The Bank structured a short term Musharakah Sukuk for LALPIR Power which proved to be a very useful solution for the Energy sector as it was also used by other companies such as HUBCO & KAPCO. The Bank also developed an innovative solution based on a hybrid model of investment in pool of DM and Istisna/Murabaha assets for EngroRupiyah Sukuk along with Engro Fertilizer's investment. Financing was also provided to Punjab

Food Department through a tailor made solution based on the principles of Bai Salam.

The Bank continued to hold its position as the premier Islamic bank in Investment Banking and syndicated transactions and worked on more than 15 syndicated structured transactions involving hybrids of various structures such as Ijarah, Diminishing Musharkah and Shirkat ul Aqd.

For the SME and Commercial banking segments, the usage of a unique structure for financing the Ship breaking industry has increased significantly. This year the model was further refined to give more flexibility to the customers regarding conversion of full or partial facility from FCY into PKR, based upon market rate fluctuations, anytime during the term of financing. In order to improve the level of Shariah-compliance by various segments of the Bank, detailed Shariah guidelines for various areas such as Sight and Usance LCs, Import and Export Close Out, advising of NOCs, Standard Product Names etc were issued.

At the national level, both the Bank's Shariah Advisor and President & CEO, being members of the Government of Pakistan's Steering Committee for the Promotion of Islamic Banking in Pakistan, played an important role in suggesting strategies and action points for development and improvement of the Industry. Meezan Bank has always strived to develop the Islamic banking industry in the country. The Bank was directly involved with State Bank of Pakistan for the development, structuring and launch of the first Open Market Operations for Islamic banking Industry. The OMO was the first of its kind which helped the industry overcome its excess liquidity challenge. The Bank was also directly involved with State Bank of Pakistan in structuring and documentation for launch of M3 Government of Pakistan Sukuk.

Apart from the above mentioned special projects, Meezan Bank continued to play an active role in working with State Bank of Pakistan on various matters 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, Shariah governance framework, revised scheme for Islamic Export Refinance etc. The Bank was also engaged with SBP in arranging of knowledge sharing session conducted by a senior professor of INCIEF.

Retail Banking Products

To cater the deposit requirements of Islamic Financial Institutions falling in non Banking category, the Bank launched a Takaful MIIDA-NBFI (Meezan Islamic Institutional Deposit Account for Non Financial Institutions).

Renewal of complementary Takaful coverage in Meezan Kids and Teens Account was announced and effected whereby customers maintaining an average balance of Rs. 10,000 or more were offered free accidental death Takaful coverage worth Rs 600,000/-.

The complimentary renewal of Takaful received a warm welcome by the customers.

Internal Training

To enhance staff knowledge and skills related to Islamic Financial products, Meezan Bank runs a rigorous training plan for its employees at all levels including basic orientation for all new staff, specialized functional modules, Certificate programs as well as product related trainings and refresher programs. During the year, 74 sessions were held where knowledge pertaining to Islamic banking was extended to more than 2,100 employees of the Bank. Apart from the routine training sessions such as Islamic banking certification, Six Days Advance level courses and Refreshers the Bank also arranged special sessions for its Area Managers, Control Cluster teams and HSBC Pakistan staff to further strengthen the operation excellence by these key segments.

The Bank has also started an initiative of circulating the news and developments in the Islamic banking Industry worldwide through an electronic newsletter. The first issue was circulated in the month of December 2014 and is an important tool in keeping the staff abreast with the latest developments in the Industry.

External Training, Customer & Public Awareness Initiatives

As per its usual practice of arranging public awareness events across various cities and institutes of Pakistan, Meezan Bank conducted more than 40 knowledge disseminating sessions in more than 25 different cities, benefitting more than 5,500 individuals. The Bank continued its support to institutions including SBP, National Institute of Banking and Finance (NIBAF) and Centre for Islamic Economics (CIE) in conducting Islamic banking training sessions. The Bank also supported various Islamic banking courses, sessions and degree programs in different institutes and organizations including IBA – Karachi, Mohammad Ali Jinnah University, Greenwich University, COMSATS (Lahore), DHA Suffah University and many more.

The Bank also continued its support to Journal of Islamic Banking and Finance to revamp the journal's positioning as one of the most referred journal of Islamic Finance in the world and is actively involved in improvement of quality in all publications of the Journal during the Year.

Shariah Audit & Compliance Review

Shari'ah Audit function at Meezan Bank primarily ensures that all operations of the Bank are carried out in compliance with Shariah rules & principles as prescribed by the Shariah Supervisory Board, Shariah Advisor & State Bank of Pakistan. It also ensures that the system of internal Shariah controls are conceptually sound and efficiently implemented. To ensure effectiveness of Shariah controls, the Shariah audit function focuses on the following areas:

- Evaluation and assessment of Shariah Control Systems that are in place.
- Eradication of non Shariah-compliant income and identification of Shariah-compliant returns.
- Assess employees' understanding of general Islamic banking principles as well as of the Bank's products.
- Conduct on-site Islamic banking knowledge-sharing sessions with staff of the Bank.
- Ensure that the various financing products being offered to various types of customers are consistent with their actual business processes.
- Ongoing evaluation of Treasury operations in order to assist the department in maintaining Shariah-compliance in their day to day operations.
- Monthly reviews of pool management, profit calculation & distribution process, in order to achieve Shariah-compliance in the execution of the process.

Islamic Banking & Shariah Advisory Services

The Islamic Financial Advisory Services (IFAS) arm of Meezan Bank facilitates banking as well as non-banking financial institutions, including mutual funds, stock exchanges, Takaful companies and other corporate entities in developing Shari'ah compliant alternatives to their business needs that are presently being served through the conventional banking process, by sharing its accumulated research, knowledge and experience, both locally and globally. IFAS also provides training on the subject of Islamic banking and finance to business and technical consultants and professionals from financial as well as non-financial sectors. IFAS strengthened its client portfolio by entering into several new relationships during the year and deepening its existing relationships.

Further, IIIB entered into a strategic collaboration with Chartered Institute of Management Accountants (CIMA) UK with the objective of providing professional education on the subject of Islamic Finance. IIIB and CIMA Pakistan jointly organized a workshop on the topic 'Shari'ah Audit Framework for Islamic Financial Institutions'. The workshop received an overwhelming response from the industry with participants from over 10 leading financial institutions of the country. As a part of the collaboration, IIIB and CIMA Pakistan would also conduct seminars and training workshops covering different aspects of Islamic Finance.

International Institute of Islamic Bankers (IIIB)

International Institute of Islamic Bankers (IIIB) has come a long way since its formation at the beginning of the year. The institute launched its first external program 'Certification in Islamic Banking and Finance' which is a four-month e-learning certification program comprising of a practical case-study based interactive course, designed by experienced industry professionals and endorsed and supervised by Dr. Imran Ashraf Usmani. So far, the institution has received 80 registrations. The

institute plans to introduce further courses on Shariah Audit and Islamic Capital Markets in the near future which would add to the technical knowledge and capabilities of the students and would pave the way for further growth and development of the Islamic financial system in Pakistan.

Human Resource

Meezan Bank is one of the fastest growing banks in the history of the country's banking sector. The challenge that accompanies this growth is to have the right number and quality of people that can deliver quality services to both internal and external customers, that would give the customer a superior Banking experience and thereby help establish Islamic banking as 'Banking of first choice'.

The Bank inducted approximately 2,000 employees during 2014. Its 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.

The Bank successfully completed the amalgamation of HSBC Bank's Pakistan operations, and the process of evaluating, soliciting, on-boarding, and placement of former 324+ HSBC employees in Meezan Bank was completed seamlessly.



The Bank also fine-tuned its organizational structure to further improve the internal synergies needed for achieving the exponential growth targets for 2015 and beyond. The number of Regions grew from seven to fourteen and Areas grew from twenty-seven to fifty-four, offering career growth opportunities to numerous employees and employment prospects to promising youth in Pakistan.

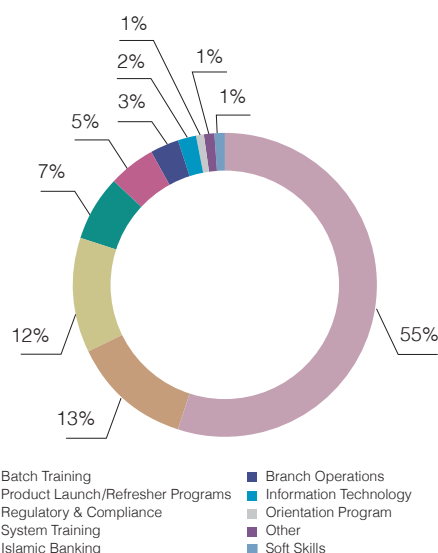
Learning & Development

The Bank plans and conducts in-house, external and international training programs to improve the knowledge and skill level of its staff at all levels. The Bank has four dedicated learning centers located at Karachi, Lahore, Islamabad and Multan where learning sessions are conducted around the year under an organized learning calendar developed to address the learning needs of the staff at each region. In addition to learning halls, the Bank has mock branches at Karachi, Lahore and Islamabad where technical training programs are conducted on a regular basis. The Learning facilities are also equipped with a library and an helps employees stay abreast of professional developments.

During the year a total of 679 in-house learning programs were conducted, benefiting 27,215 learning participants encompassing 702 learning days. Similarly, 96 external local and international learning opportunities were provided to the Bank's staff, benefiting 217 participants encompassing 292 learning days.

Both the internal and external learning programs were organized in a wide range of areas including Orientation Learning Program, Branch Banking Operations, Shariah & Islamic Banking, regulatory compliance including SBP Prudential Regulations, AML/CFT and KYC, as well as soft skills. The learning programs are aimed at developing the Bank's staff into true Islamic banking professionals.

Learning Volume - Subject wise



During the current year, the Bank implemented its first ever Distance Learning System. The purpose of this initiative is to supplement classroom training programs with short e-learning courses. The Distance Learning System is accessible 24/7 from home and office as well as from mobile phones. Comprehensive e-learning courses on Account Opening Procedures, Alternate Distribution Channels and Information Security Awareness have been completed by a large number of staff. The system is also being used for testing of staff on AML/CFT, which is a regulatory requirement.

In order to keep pace with the Bank's exponential growth rate, the need to hire and train fresh graduates in line with the best global and local practices has been a high priority for the Bank. Two major categories of Batch hiring and Training initiatives – Trainee Banking Officers and Trainee Cash Officers were organized through which more than 600 trainees were hired, trained through rigorous classroom and on-the-job learning programs and placed at branches across the country as well as in departments at the Bank's Head Office.

The Bank also rolled out the second program of its Summer Internship initiative in which students from reputable universities are given specific, project-based assignments at Meezan Bank as a part of the internship program of their respective universities. All interns were assigned specific projects to handle during their Internship. The program received very encouraging feedback from all departments.

Operations

The Operations department at Meezan Bank works as a partner of all business units and is responsible for end-to-end operations of Branch Banking, Trade Finance, Credit Administration, Home Remittances, Cash Management, 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 Bank's internal policies, procedures and SOPs as well as Shariah guidelines, SBP regulations and all related legal requirements.

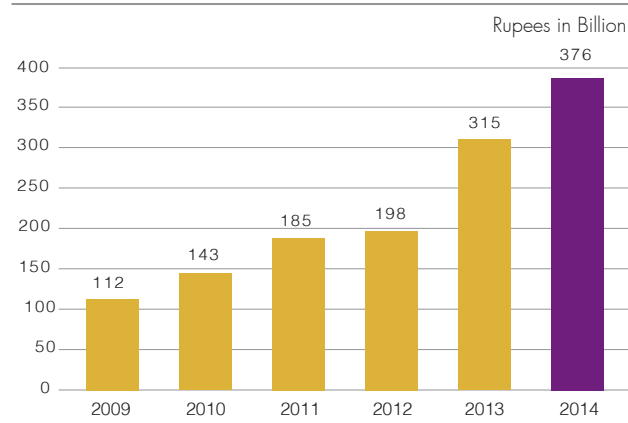
The increasing challenges in the banking industry have highlighted the importance of a well developed and structured Operations strategy. Proper alignment of operations capabilities with the overall organizational goals and objectives has a significant impact on business performance and consequently on competitive strength. Cognizant of this fact, Meezan Bank has developed its Operations function into a strong, resilient and effective business partner for revenue generating functions, thus, providing the needed impetus to its effort of establishing Islamic Banking as banking of first choice.

Some of the notable highlights and key milestones of 2014 were:

Trade Business

Trade volume and income registered a YoY growth of 18% and 13% respectively. Trade business of over Rs. 376 billion was routed through the Bank.

Trade Finance Business



Transfer Agency Services

The Bank offers Transfer Agency services to its subsidiary Al-Meezan Investment Management Limited, which is the largest private sector fund manager in the Mutual Funds industry. The Bank has been managing 33,000 customers with investments worth more than Rs 60 billion.



Meezan Bank has been able to come this far on its journey to establish Islamic Banking in Pakistan with your support. The Bank greatly values your relationship and would love to hear your feedback and suggestions about our products and services. You may reach out to us through the following means:

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

www.meezanbank.com

Email: info@meezanbank.com



www.facebook.com/MeezanBank



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



www.twitter.com/MeezanBankLtd

Marketing & Corporate Communication

During 2014, the Bank launched several initiatives that focused on enhancing Meezan Bank's brand image, increasing its visibility and highlighting the various milestones that the bank has achieved.

Sponsoring the T20 World Cup on PTV Sports

Meezan Bank sponsored the T20 World Cup coverage on PTV Sports in a 360 degree marketing campaign that included TV, Radio and Print media. This was the first-ever product TVC aired for Meezan Bank. The campaign increased the awareness, recall and brand equity of Meezan Bank as the best in the Islamic banking industry.

Other Major Marketing Campaigns which utilized various media including Print, Radio and Social Media were:

- *Riba Se Azaadi Campaign*, an annual thematic campaign completed its fourth year and educated customers about getting free from Riba during the holy month of Ramazan.
- *Corporate Campaigns* highlighting the performance of 2013 and achievement of 400 branches nationwide.
- *Product Launches*: Meezan Kafalah, Meezan Mobile Banking Application, MasterCard Titanium Debit Card and Meezan eBiz, Internet Banking Services for the Bank's corporate customers.
- *Product/Service Recall Campaigns*: Current Account, VISA/MasterCard Debit Card, Remittance.
- *Co-branding Campaigns*: VISA Debit Cards Merchant Discount and Pak Suzuki Motor Company for Suzuki Wagon R.



Corporate and Sponsored Events & Activities

The Bank sponsored and participated in over 30 public events nationwide that offered excellent marketing mileage and increased the brand visibility of the organization in general public. Some major events sponsored by the Bank were:

- Karachi Youth to Business Forum '14 by AIESEC
- 5th International Marketing Congress, MARCON 2014 by Marketing Association of Pakistan (MAP)
- 2nd Global Forum in Islamic Finance (GFIF) by COMSATS Institute of Information Technology (CIIT)
- CFO Conference by Institute of Chartered Accountants of Pakistan (ICAP)
- 3-day Educators Development Union (EDU) by School of Leadership (SoL)
- 7th & 8th CEO Summit Asia & CEO of the Year Award 2014 by CEO Club Pakistan & Manager Today Magazine

- 11th 'My Karachi – Oasis of Harmony' exhibition by Karachi Chamber of Commerce and Industry (KCCI)
- 13th Young Leader's Conference

Keeping Internal & External Audience Well-Informed



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 with the help of its official newsletter – PAGES.

The Bank's Annual Report is also a comprehensive document which comprises of financial highlights and accomplishments of the past year. The reporting format complies with the guidelines laid down by Institute of Chartered Accountants Pakistan (ICAP) and Institute of Cost and Management Accountants Pakistan (ICMAP).

Meezan Bank has become the first bank in the banking industry of the country to launch a comprehensive and collaborative Intranet Portal – 'Meezan World' based on the latest platform of IBM WebSphere & IBM Connections.

Calendars & Ramadan Greeting Cards

Keeping in view the appreciation and excellent feedback by the clients, the Bank continued its initiatives of developing:

- Informative Desk and Wall Calendars on topics of interest that are relevant to Islam.
- Ramadan greeting cards with a special religious message.



Social and Digital Media Presence

The introduction of social and digital media has changed the way, organizations interact with their stakeholders. As the Premier Islamic Bank, Meezan Bank also has significant brand presence primarily on Facebook, Linked In, Twitter and Youtube. Using these mediums, the Bank actively engages with users to increase awareness about Islamic Banking, Meezan Bank and its product and service offerings. These mediums allow customers to directly reach out to the Bank with their queries and complaints.



Corporate Social Responsibility

Keeping the Islamic principles of Ihsan in mind, Corporate Social Responsibility is an integral element of Meezan Bank's value system. As a socially responsible organization, the Bank recognizes that we are part of the community at large and that there is a strong need to contribute to the society and support those in need, be it on financial or non financial basis. Thus throughout 2014, the Bank partnered with various organizations to design and implement initiatives, primarily in the healthcare and educational sectors, benefitting the underprivileged section of the society. Meezan Bank's CSR efforts fall under three categories: Healthcare, Education and Fundraising.

Healthcare

At Meezan Bank, we strongly believe that access to quality healthcare is the right of all individuals regardless of income levels. The Bank has partnered with the several not-for-profit health organizations, which work towards delivering healthcare solutions to the underprivileged classes. Through these partnerships, the Bank aims to play a role in providing healthcare access to all.

The Indus Hospital

Since its inception in 2005, the Indus Hospital has been running an unparalleled and unique health care business model, whereby it provides premium healthcare at no cost at all to low income populations. Meezan Bank has supported The Indus Hospital by holding a voluntary Blood Donation Drive at Meezan House, the Head Office, whereby staff stationed at the Head Office and the branches donated blood for the patients of The Indus Hospital.

Additionally, in order to help their financial donation drive, the Bank is now the custodian for their donation deposit boxes which have been placed at major Meezan Branches. The amount collected from these collection boxes is directly deposited to these organizations' main collection accounts through Meezan Bank's free online banking service.

Sind Institute of Urology Transplant

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

Shaukat Khanum Memorial Cancer Hospital

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

Education

Education is the key for progress, for both individuals and the country. A good quality and sound education lays the foundation of success for future generation and enables them to take themselves and the country forward. In order to support the cause of education in Pakistan, Meezan Bank partnered with multiple organizations to push their educational agendas. Two key initiatives are mentioned below:



Donation of Computers to Underprivileged Educational Institutes

Knowledge of IT has gained immense importance in today's world. In order to give students from under privileged areas learning opportunities, Meezan Bank donated refurbished computers to a number of schools that are specifically catering to the low income groups. This activity was undertaken with the primary aim to support the children who are the future of the country, and thus need to be equipped with knowledge of the latest technologies. Schools that benefitted from these computers were Idara Al Khair, Kiran School Liyari, Britannica School, Sharmeen Foundation and Intellect School.

National Talent Hunt Program in collaboration with Institute of Business Administration - IBA Karachi

Meezan Bank's partnership with Institute of Business Administration (IBA) for National Talent Hunt Program to select meritorious, yet needy, students of the various Intermediate Boards of the country since 2014, entered its sixth successive year in 2014. Meezan Bank facilitated IBA in the selection process by providing its Branches as well as its Talent management resources (HR) for interviews at provincial and federal capitals of the country. Around 20 students were selected and given admission in IBA out of the 40 students who were shortlisted following the Orientation Program and Admission Test.

Fundraising Events



Golf Tournament for The Citizens Foundation (TCF)

Set up in 1995, TCF is a professionally managed, non-profit organization run by a group of citizens concerned with the dismal state of education in Pakistan. It has now become one of Pakistan's leading organizations in the field of formal education and as of 2014 has built 1,000 schools across the country.

In order to support TCF, Meezan Bank participated in the 9th Annual Golf Tournament organized by them to raise funds for the education of the underprivileged children in Pakistan. Attended by more than 1,000 golf enthusiasts and spectators, the event was a major success for TCF and it collected record amount of funds at the event.

Funfair for Behbud Association Karachi

In 1970, Behbud Association Karachi was set up by a group of ladies compassionate basis for the needy in just two room rented premises in the PECHS area. It started with only a tailoring business and informal literacy classes for a few children, but now has grown to span an entire home industry in Pakistan employing a large number of women.

Meezan Bank facilitated Behbud Association financially to organize a fund raising activity at the Carlton Hotel, Karachi. The carnival had been very successful in collecting funds for the association and greatly raised awareness about Behbud's aim to improve the lives of the underprivileged sections of our society, particularly women and children.

Sustainability Report

Meezan Bank is cognizant of its responsibility for developing and implementing sustainable business practices that fully meet 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:



Stakeholder Engagement

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

Institutional Investors

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

Shareholders

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

Customers & Public

Meezan Bank's customers include individual and corporate depositors, large corporations as well as Small & Medium Enterprises. The Bank ensures that all customer segments are engaged 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, local get-togethers on new branch openings and occasion based activities.

- **Islamic Banking Seminars & workshops** are conducted across the country on a regular basis in order to enhance awareness and dispel common confusions about Islamic banking. 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. 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. In 2014, around 40 Islamic banking seminars and workshops were conducted nationwide that were attended by 5,500 participants.
- **Branch Opening Events** offer another opportunity where all staff of a new branch 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.
- **Independence Day Celebrations** - Meezan Bank hosted a series of Independence Day Celebrations across the country, including its Head Office, Branches and Regional offices. The interiors and exteriors of bank buildings were beautifully decorated with flags and lights. Senior Citizen account holders were cordially invited and were requested to lead cake cutting ceremonies at various branches. Customers were also 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.

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 ongoing 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 these achievements are recognized via internal email circulations 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. Additionally, the Bank distributes service awards on yearly basis to staff members who complete 5 and 10 years of service.

■ **Staff get-togethers:**

The Bank 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 2014, 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.



The Consumer Business units of Easy Home and Car Ijarah organized the second Consumer Conference to celebrate its achievements and gear up for the next year with more zeal and fervor.

■ **Bank's Intranet Portal**

In order to improve work productivity through collaboration between the employees across the country, Meezan Bank has become the first bank in Pakistan's banking industry to launch a comprehensive intranet portal-Meezan World, based on the latest platform of IBM WebSphere and IBM Connections. The Portal has the capacity to build workflows, do project & document management, initiate discussions and also serve as Business Continuity Planning tool allowing employees to work from any Meezan office, in case of any emergency.

MeezanWorld
Working better through collaboration

Internal & External Communication Channels:

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

Recruitment & Succession Planning

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 and managing human capital at the Bank.

The recruitment process is transparent and is detailed in the Human Resource Manual accessible to all staff via the Intranet. Meezan Bank uses, where applicable, all available media for job advertisement as part of its recruitment process, including the Bank's corporate website, social media channels: Facebook



& LinkedIn, and print advertising in prominent local newspapers. The Bank's management encourages existing employees to apply for vacant positions to allow staff to grow professionally. Towards this end, the Human Resource Department conducts internal searches as well.

In 2014, the Bank recruited staff through batch hiring across the country for Branch Operations Officers, Personal Bankers, Business Development Officers and Cash Officers. All the batches were hired under a transparent and merit-driven process.

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

Employment of Special Persons

Meezan Bank fully realizes its societal responsibilities as a Corporate Citizen. One such responsibility is provision of livelihood to special persons. The Bank has hired people who face challenges such as lack of speech, inadequate or no hearing, and physical deformity. These persons have been placed in jobs where they can be productive despite the challenges they face.

Learning & Development

Staff Training

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

- The internal learning programs are managed under an organized learning calendar through a large pool of internal trainers whereas externally offered opportunities are used for developing and enhancing specialized technical as well as soft skills.
- The Bank has created Mock Branches at Karachi, Lahore and Islamabad for providing training on the T24 Core Banking system. 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 pleasant 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.



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.
- Fire and evacuation 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 428 branches in 117 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 in place to review and report branch activity and results and to support branch staff in ensuring delivery of a pleasant and professional banking experience to its customers. Furthermore, branches are incentivised to enhance their Service Quality and Shariah-compliance delivery through Service Champion Awards and Shariah Audit Rating Awards. These are mentioned and highlighted via MIS, internal announcements 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 428 branches across Pakistan; this contributes significantly in reducing the overall energy consumption by the Bank.



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

The Bank has installed 45 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.

Implementation of Centralized Account Opening Workflow

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

Consumer Protection Measures

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

- To provide financial support to customers at the time of adversity, Meezan Bank offers Free Takaful Coverage for 'Accidental Death and Permanent Disability' and 'ATM Cash Withdrawal Theft' to all deposit account holders maintaining an average monthly balance of Rs. 10,000 or more. This facility is valid from February 01, 2015.
- 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, acts of fraud & forgery, breaches of discipline and code of conduct, ethics & business practices, law of the land and any statutory regulations by an employee. Appeals of the staff against whom DAC takes disciplinary 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

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

BAC has been proactively focusing on effectiveness of internal controls, risk management and governance processes. During year 2014, four BAC meetings were held and following major activities were performed by BAC in accordance with its approved terms of reference.

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

A handwritten signature in blue ink, appearing to read "M. A. Aleem", written over a horizontal line.

Mohammad Abdul Aleem
Chairman-BAC

Shariah Advisor's Report - 2014

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 thirteenth 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) reviewed 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

During the year the Bank successfully completed the amalgamation transaction of HSBC Pakistan's operations with Meezan Bank in a Shariah compliant manner. The whole activity of amalgamation, starting from the Amalgamation Agreement till Product Mapping and execution was conducted according to the guidelines of the Shariah Supervisory Board and under my direct supervision.

On the new product development side, since providing Shariah Compliant financing solutions to the service industry was an issue. Alhamdulillah, the Bank developed two solutions based on Running Musharakah to cater the financing requirement of this segment.

The Bank's Salam based financing to Punjab Food Department is a major step towards providing solutions for converting the Government Borrowing into Shariah Compliant financing, which is an encouraging sign.

During the year the Bank remained focus on increasing the ratio of Shirkat ul Aqd based financing which is commendable while Bank launched foreign currency (FCY) based Running Musharakah to increase the scope of Shirkat ul Aqd.

In order to further strengthen the level of Shariah Compliance while executing various transactions, the Bank issued detailed Shariah Compliance Guidelines for Sight and Usance LC, Import and Export Close out in FX Transactions and guidelines for giving NOC to other Banks.

During the year the structuring and documentation of more than 15 syndicated transactions were reviewed under my supervision most prominent of them were Engro Rupiyah Retail Sukuk, Engro Fertilizer Sukuk, LalPir Short term Shirkat ul Aqd Sukuk and project financing transactions for Power sector. The Bank was also successful in providing off-balance sheet solutions to various clients based on the model of Agency and Operating Lease.

Being a leading Islamic Bank, Meezan Bank had the privilege of working closely with State Bank of Pakistan for bringing in Industry reformatations on various industry issues such as Open Market Operations, Lender of Last Resort, Islamic LTTF Financing, Shariah Governance Framework, Structuring and Documentation of M2 Sukuk transaction and recommending ways to make Prime Minister's Youth Financing Scheme Shariah-compliant.

Alongside this as members of Government of Pakistan's Steering Committee for the Promotion of Islamic Banking in Pakistan, we are actively contributing in the committee with our Vision of establishing Islamic banking as banking of first choice.

Training & Development

During the year 74 Islamic banking training sessions were held which also included Orientation and Product training sessions for HSBC staff, special Product training for Control Group of MBL and purposefully designed training program for Area Managers of Meezan Bank Limited.

During the year Meezan Bank successfully completed the 7th batch of Islamic Banking Certification course Level 1 and also completed 3rd batch of Islamic Banking Certification course Level 2 which is an advanced-level certification program consisting of case studies, assignments, projects etc designed to enhance the Islamic banking expertise of the Bank's employees. Besides this, the Bank also conducted comprehensive six days advance-level Islamic banking courses for Branch Managers, Operation Managers and senior front-end employees at Karachi, Lahore and Multan Regions. Deposit Refreshers and new deposit product-specific training sessions were also held on regular basis throughout the year.

Meezan Bank organized 39 awareness seminars which were attended by more than 8500 participants representing customers, general public and professionals.

Shariah Advisory

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

In the international market, the Bank is in the process of certifying Temenos banking software in compliance with recognized Shariah standards such as AAOIFI. The Bank also received the mandate of assisting a global rating agency in assigning Shariah Governance ratings to leading Islamic Financial Institutions in the world.

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 advised AMIM under my supervision on the management of eleven funds. Further the Bank facilitated the launch of two capital preservation funds and two capital preservation plans; whereas two funds and one plan are currently in the pre-launch phase. The Bank also advised NAFA on the management of six funds including the launch of two capital protected funds and one savings plan.

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 the re-composition of KMI-30 Index. The Bank is also assisting KSE in launching a new index named KMI All Shares Index which would include all Shariah compliant stocks.

During the year, the advisory team organized a workshop in collaboration with Chartered Institute of Management Accountants (CIMA) UK on the topic 'Shari'ah Audit Framework for Islamic Financial Institutions'. The workshop had representation from leading Islamic financial institutions of the country.

Meezan Bank achieved a milestone this year by introducing Shariah advisory services for Takaful companies. Meezan Bank will assist companies in strategic business plans, Shariah supervisory framework, Waqf deed and rules, Product development, Capacity building, Manual, Policies, Investments guidelines and Shariah audit services.

The Bank also received the mandate of structuring a Term Finance Certificate as per Shariah guidelines to be issued by Treet Corporation. This perpetual Sukuk has been structured based on Shirkat-ul-Aqd basis with uncapped profit ratio along with the options of conversion and redemption at specific intervals. It is encouraging that this would be the first time that any company has issued a Sukuk based on pure Musharakah.

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.

Review of Assets

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

It is 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 Bank's financing portfolio. In this context it is extremely encouraging to experience a significant growth of 8% (approx) in Musharakah & Running Musharakah share in total financing portfolio. Share of Istisna increased by 2%, while the share of Diminishing Musharakah, Murabaha and Ijarah remained at 25%, 15% and 6% of the total financing portfolio respectively. The Bank's total financing portfolio reached Rs.183.3 billion (gross) as of December 31, 2014. All these transactions were executed

using Shariah-compliant financing agreements.

Financing Modes	2013 %	2014 %	Growth/(Decline) %
Diminishing Musharakah	29	25	(4)
Murabaha	28	15	(13)
Istisna	20	22	2
Musharakah & Running Musharakah	8	16	8
Ijarah	7	6	(1)
Salam-Bill	4	3.6	(0.4)
Tijarah	2	1	(1)
Salam-Commodity	0	6	6

* Figures are rounded off to the nearest.

Review of Liabilities

On the liability side, the Bank offered different Shariah-compliant deposit products based on the mode of 'Mudarah' & 'Qard'. Total deposits of the Bank increased by 31% and reached a sum of Rs.380 billion as at December 31, 2014. During the year, the Bank also 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 Mudarah-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 388 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 effort 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.

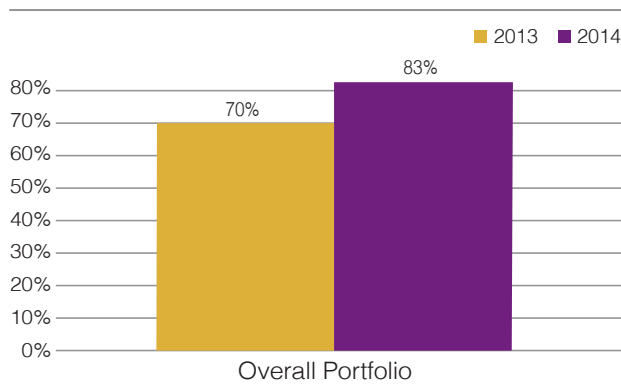
During the year, credit approvals, restructuring of financing facilities, customer-specific transaction process flows, text of LGs and security documents were reviewed to ensure Shariah compliance while offering financing products to the customers.

As 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 were ensured by conducting 100% physical inspections at the time of taking delivery of the goods.

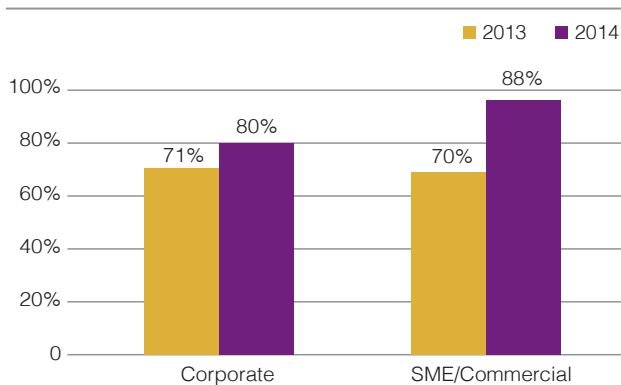
I am pleased to highlight that during the year 2014, direct payments for Murabaha financings to Corporate and SME/commercial customers increased by 13% while overall the percentage of direct payment increased to 83% against 70% in the previous year. It is highly recommended that efforts be continued to increase, or at least maintain, this percentage of direct payment of Murabaha transaction.

Summary of Direct Payment in Murabaha Financing for Meezan Bank

Overall Direct Murabaha Financing Year-wise Trends in %



Customer-wise Segregation Year-wise Trends in %



(The percentages above are rounded off)

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 Shariah Audit & Compliance reviews.

The audit covered overall Shariah-compliance of the Bank's operation 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, Running 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.
- Review of day to day treasury operations and execution of products.
- Other related documents and procedures followed by different functional areas.
- Profit-sharing ratio, profit weightages, pool working, asset & deposit allocation for deposit products.

Charity

During the year, an amount of Rs. 31.06 million was transferred to the Charity Payable Account, this includes Rs. 1.78 million to eliminate the non-compliant income portion identified during Shariah audit, Rs 2.65 million to purify the dividend income earned from the investment made in the Shariah-compliant stocks by the Bank and Rs. 26.62 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.73.21 million was disbursed from the Charity Account after approval of the Shariah Advisor. Details of Charity are available in note # 19.4.

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.
- Bank IT department should immediately focus on establishing an automated system/mechanism for monthly profit calculations and distribution.
- 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.
- The Bank should reduce its share of Bai Muajjal transactions and focus more on further increasing its Asset base through direct financing to businesses and individuals through the use of approved Shariah compliant modes.

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: 7th Rabi-ul-thani-1436 H / January 28, 2015

تجاریز

متعدد حقوق کا جائزہ لینے کی بنیاد پر میں درج ذیل امور تجویز کرتا ہوں:

- بینک کو اپنی سروسز اور پروڈکٹس بین الاقوامی سطح پر سکمز کو آفر کرنے کے لیے تجزیہ کرانا چاہئے تاکہ مزید لوگ اسلامی بینکاری سے مستفید ہوں۔
- بینک IT ڈیپارٹمنٹ کو فوری طور پر ایک ایسا خود کار نظام متعارف کروانا چاہئے جو ماہانہ نفع کا حساب اور اس کی تقسیم کرے۔
- 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 میزان بینک میں رفتہ رفتہ کی اسلامی بینکاری سے متعلق معلومات کو جاننے کے لئے جو نظام رائج ہے اس کے دائرہ کار میں مزید وسعت پیدا کی جائے جس سے نئے پرائیج و آپریشن منیجر سے لے کر ایمر یا منیجر شعبوں کے سربراہوں اور سینئرز کی اسلامی بینکاری سے متعلق معلومات کو جاننے 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 بیع موبل میں اپنی سرمایہ کاری کم کرے اور تجارتی اداروں اور سکمز کو شرعی اصولوں پر مبنی طریقہ موئل کے مطابق براہ راست سرمایہ فراہم کرنے پر مزید توجہ دے۔

خلاصہ کلام

بینک کے چارٹر کے تحت تمام انتظامیہ اور ملازمین کے لیے ضروری ہے کہ وہ شرعیہ سپروائزر اور شرعیہ ایڈوائزر کی طرف سے جاری کردہ بینک کے تمام معاملات سے متعلق ہدایات پر عمل درآمد کو یقینی بنائیں۔ بینک کے معاملات کے شرعیہ کے مطابق ہونے کی بنیادی ذمہ داری بینک کی انتظامیہ پر عائد ہوتی ہے۔

بینک کی طرف سے انجام کردہ مختلف حقوق، ان کے متعلقہ دستاویزات، اس کے طریقہ کار، ڈیپازٹرز کو تقسیم ہونے والے نفع 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 شرعیہ کے ان اصولوں اور ہدایات کے مطابق ہیں جو میزان بینک کے شرعیہ سپروائزر اور شرعیہ ایڈوائزر اور اسٹیٹ بینک آف پاکستان کی طرف سے جاری کی گئی ہیں۔ اس جائزہ کے دوران جو غیر شرعی آمدنی پائی گئی وہ جیری 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 شرعیہ سپروائزر اور شرعیہ ایڈوائزر
مورخہ: ۲۸ ربیع الثانی ۱۴۳۶ھ / ۲۸ جنوری ۲۰۱۵ء

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

بینک کی مجموعی طور پر شرعی قوانین کی مطابقت اور شریعہ ایڈوائزرز اور شریعہ سپروائزرز کی بورڈ کی طرف سے دی گئی ہدایات پر عمل کو جانچنے کے لیے 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 بھی تصدیق کی گئی ہو۔
- مراہجہ کے عقود کی جانچ پڑتال کرنے میں گاہکوں کے اپنے ریکارڈز کو بھی چیک کیا گیا تاکہ اس بات کی یقین دہانی کی جاسکے کہ دستاویزات عقود حقائق کی درست نمائندگی کرتے ہیں۔
- عقد مراہجہ کی انجام دہی کے وقت اصلی ثبوت خریداری فراہم کئے گئے ہوں، تاکہ سپلائر کی سابقہ واجب الادا رقم کی ادائیگی مراہجہ کی تحویل سے نہ کی جائے۔
- مراہجہ، اجارہ، مشارکہ متناقصہ، استصناع، تجارت اور بیع سلم کے معاہدات کا جائزہ لیا گیا۔
- ڈیفیکریشن، 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 جانچا گیا تاکہ جعلی معاملات سے بچا جاسکے۔
- مراہجہ موثرنگ شیٹس اور تاخیر سے موصول ہونے والی مراہجہ ٹرانزیکشن کے لیے (Delayed Declaration Report) کا طریقہ کار وضع کیا گیا۔
- پرنسپل ڈیفیکریشن (رسید خریداری)، ملکیت سے متعلق اخراجات کی تفصیلات، عقود اجارہ میں اجرتیں وصول کرنے کے طریقہ کار کا جائزہ لیا گیا۔
- مشارکہ متناقصہ کی بنیاد پر کی گئی تحویل عتقاری (House Financing) میں ملکیت کا تناسب اور وقت پر خریداری کی رسیدوں کا اجراء مراہجہ کیا گیا۔
- شرعی اسکریننگ کے مطابق اسٹاکس میں جو سرمایہ کاری کی گئی تھی اس کا جائزہ لیا گیا۔
- امپورٹ فنانس ٹرانزیکشنز اور متعلقہ دستاویزات کا جائزہ لیا گیا۔
- گاہکوں کی ادائیگیوں، پرنسپل سائیکل اور گاہک کے طریقہ تحویل کا وقتاً فوقتاً مراہجہ کیا گیا۔
- خریداری کے مختلف معاملات کی وقتاً فوقتاً جانچ پڑتال کی گئی۔
- نفع کی شرح کا تناسب، نفع کے اوزان، پوز کا طریقہ کار، ڈیپازٹ پروڈکٹس کیلئے اثاثوں اور ڈیپازٹس کا تعین کیا گیا۔

چیرینی/صدقات وغیرہات

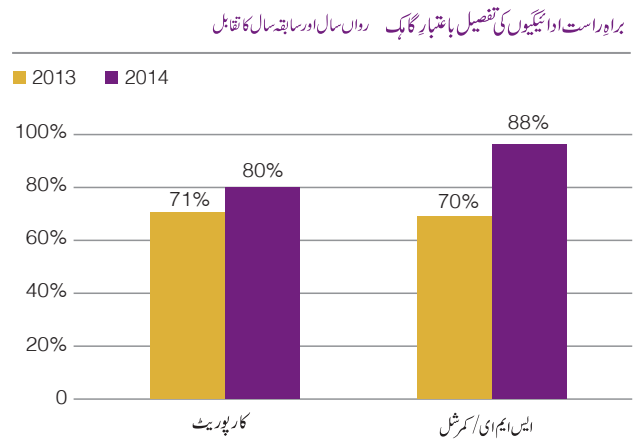
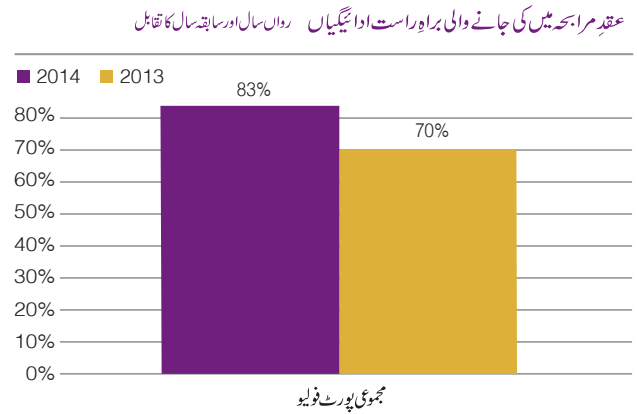
رواں سال کل 31.06 ملین روپے چیرینی واجب الادا اکاؤنٹ میں منتقل کئے گئے۔ اس میں 1.78 ملین روپے کی مشتبہ آمدنی کی شناخت شریعہ آڈٹ کے دوران ہوئی اور 2.65 ملین روپے کی چیرینی اسٹاک ایکسچینج میں گئی شریعہ کمپلائنس آفٹنسنٹ سے حاصل شدہ آمدنی کو Purify کرنے کیلئے کی گئی اور 26.62 ملین روپے چیرینی واجب الادا اکاؤنٹ میں ٹرانسفر کئے گئے جو ورمہ کے تحویل معاملات میں کسٹمرز کی جانب سے ادائیگی میں تاخیر کی بنیاد پر وصول کئے گئے تھے۔ کل 73.21 ملین روپے شریعہ ایڈوائزرز سے منظوری کے بعد چیرینی سیونگز اکاؤنٹ سے ادا کئے گئے۔ چیرینی سے متعلق تفصیلات نوٹ نمبر 19.4 میں مذکور ہیں۔

رواں سال میں تحویل کی منظوریاں، تحویل سہولیات کی از سر نو تجدید، ہر گاہک کیلئے عقود کی تنفیذ کا الگ الگ طریقہ کار اور منہائی دستاویزات کا شرعی اعتبار سے جائزہ لیا گیا تاکہ گاہکوں کو دی جانے والی تحویل سہولیات شرعی اعتبار سے درست ہوں۔

بینک کے پروڈکٹ ڈیولپمنٹ اور شریعہ کمپلائنس ڈیپارٹمنٹ نے 1000 سے زائد عقود کے پروسفلوز (مالی معاملات کی انجام دہی کا تفصیلی طریقہ کار) منظور کئے۔ بینک کی طرف سے دی جانے والی تحویل کا طریقہ کار یہی شعبہ بناتا اور منظور کرتا ہے۔ نیز مختلف صارفین بینک کے وکیل کے طور پر جو اشیاء خریدتے ہیں ان کی انوائس اور سپڈ خریداری کی تحقیق کے لئے کئی مقامات پر بینک کی طرف سے باقاعدہ نمائندے نے جا کر معائنہ بھی کیا تاکہ اندرونی کنٹرول میں مزید تقویت آسکے۔ استصناع اور تجارت میں جب تیار شدہ اشیاء کا بینک نے قبضہ کیا تو 100 فیصد معاملات میں دورہ کر کے یہ معائنہ کیا گیا۔

مجھے یہ بات بتانے میں بڑی خوشی محسوس ہو رہی ہے کہ سن 2014 کے دوران مراہجہ کے عقود کی براہ راست ادائیگیوں کے تناسب میں 13 فیصد اضافہ ہوا اور براہ راست ادائیگیوں کا مجموعی تناسب 83 فیصد رہا جبکہ پچھلے سال یہ تناسب 70 فیصد تھا۔ اس بات پر انتہائی زور دیا جاتا ہے کہ براہ راست ادائیگیوں کے تناسب میں اضافہ کیا جائے یا کم از کم اس سال کے تناسب کو برقرار رکھا جائے۔

عقد مراہجہ میں براہ راست ادائیگیوں کا خلاصہ



مندرجہ بالا فیصد شخصیات کی مکمل عدد میں تبدیلی کی کمی ہے۔

2 فیصد، جبکہ مشارکہ متناقصہ، مراہجہ اور اجارہ بالترتیب 25، 15 اور 6 فیصد تمولی سرگرمیوں کا حصہ رہے۔ بینک کا مجموعی تمولی پورٹ فولیو (بمطابق 31 دسمبر، 2014) 183.3 ارب تک پہنچ چکا ہے۔ بینک کے یہ تمام تمولی عقود ان معاہدات کو استعمال کرتے ہوئے کئے گئے جو شرعی اعتبار سے درست ہیں۔

شرعی طریقہ تمول	2013 %	2014 %	شرح ترقی فیصد
مشارکہ متناقصہ	29	25	(4)
مراہجہ	28	15	(13)
استحصان	20	22	2
مشارکہ اور رنگ مشارکہ	8	16	8
اجارہ	7	6	(1)
سلم - بل	4	3.6	(0.4)
تجارہ	2	1	(1)
سلم - کموڈٹی	0	6	6

مندرجہ بالا فیصد میں نزو کی مکمل عدد میں تبدیلی کردہ گئی ہیں۔

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 2014ء بینک کے ڈیپازٹس میں 31 فیصد اضافہ ہوا ہے اور بینک کا مجموعی ڈیپازٹ 380 ارب روپے تک پہنچ چکا ہے۔ اس سال بینک نے دیگر بینکوں اور کارپوریٹ گاہکوں سے مشارکہ کی بنیاد پر قلیل المیعاد مدت کے لیے رقم وصول کی ہیں۔

رواں سال بینک میں 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 رقم کے مجموعی نفع کے تناسب کا اعلان کرنا، ماہانہ Weightages متعین کرنا، سرمایہ داروں اور ڈیپازٹرز کے درمیان منافع کی تقسیم کرنا، منافع کی صحیح تقسیم کی گمرانی اور اس کا تجزیہ کرنا وغیرہ۔

شرعی آڈٹ اور کمپلائنس

بینک کا شرعی 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 انتہاء ڈیپازٹرز کو نفع کی تقسیم تک کے تمام معاملات کی شرعی حیثیت پر شرعی آڈٹ فنکشن بدستور نظر رکھتا ہے۔

اس سال میزان بینک کی کل 388 برانچوں کا آڈٹ کیا گیا۔ اس آڈٹ میں نہ صرف عقود 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 تمولی ضروریات پورا کرنے کے لیے طریقہ کار وضع کرتی ہے۔ کسٹمرز کے ساتھ وقتاً فوقتاً ملاقاتیں کی جاتی ہیں، فیکٹریوں کے دورے اور تجارتی طریقہ کار و عقود کے جائزے کیے جاتے ہیں تاکہ اس بات کی یقین دہانی کی جاتی رہے کہ جو بولت 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 اصول شریعت کی خلاف ورزی نہ ہونے کی یقین دہانی ہو۔

اسلامی کینٹینل مارکیٹ کے میدان میں میزان بینک بدستور المیزان ان انوینٹ منجمنٹ لمیٹڈ (AMIM) کے تمام اسلامی میوچل فنڈز، NBP نیشنل قرضن لمیٹڈ منجمنٹ کمپنی لمیٹڈ (NAFA)، کو مختلف الانواع شریعہ کمپلائنٹ میوچل فنڈز کے لئے مشاورت فراہم کرتا رہا۔ دوران سال بینک نے AMIM کو میری زیر نگرانی 11 فنڈز کے انتظام اور مالی معاملات میں مشاورت فراہم کی۔ مزید برآں بینک نے المیزان کو 2 کینٹینل پریزرویشن فنڈز اور 2 کینٹینل پریزرویشن پلان کے اجراء میں تعاون کیا۔ جب کہ 2 فنڈز اور 1 پلان ابھی تحقیقی مراحل میں ہیں۔ اس کے ساتھ ساتھ بینک نے NAFA کو میری زیر نگرانی 6 فنڈز کے انتظام اور مالی معاملات میں مشاورت فراہم کی جن میں 2 کینٹینل پروڈیکٹس فنڈز اور 1 سیونگ پلان کا اجراء شامل ہے۔

میزان بینک نے KMI-30 انڈیکس (KSE Meezan Islamic Index) جو کہ پاکستان کا پہلا شریعہ کمپلائنٹ 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 شریعہ اسکریننگ وغیرہ میں شرعی رہنمائی فراہم کرتا رہا ہے۔ بینک کراچی اسٹاک ایکسچینج کے ساتھ بھی نئے انڈیکس جاری کرنے کے سلسلے میں تعاون کر رہا ہے جس کا نام KMI All shares Index ہے جس میں وہ تمام اسٹاکس شامل ہوں گے جن کی تجارت شرعی نقطہ نظر سے درست ہے۔

میزان بینک کی اسلامک فائنانشل ایڈوائزری ٹیم نے چارٹرڈ انشٹیٹیوٹ آف منجمنٹ اکاؤنٹس (CIMA) کے ساتھ ایک خصوصی تربیتی نشست بھی منعقد کی جس کا موضوع ”شرعی آڈٹ فریم ورک فار اسلامک فائنانشل انسٹیٹیوٹس“ تھا۔ جس میں ملک کے نامور اسلامی مالیاتی اداروں کے نمائندوں نے شرکت کی۔

میزان بینک نے کچھ فلیکسیبلز کے لئے شریعہ ایڈوائزری خدمات کو متعارف کرا کے ایک اہم سب مل عبور کیا۔ میزان بینک مختلف کمپنیوں کے ساتھ اس کے مختلف تجارتی منصوبوں، شریعہ سپروائزری فریم ورک کی تیاری، وقف کے عمل اور اس کے اصولوں کی طرف راہنمائی، پروڈکٹس کی تیاری، عملہ کی تربیت، مینولز، تفصیلی ہدایات، سرمایہ کاری کے لیے لائحہ عمل اور شریعہ آڈٹ سروسز کے اجراء میں تعاون کرے گا۔

بینک کو شریعت کے مطابق خرم فنانس سٹرکچر کے اجراء کا ہدف بھی دیا گیا ہے جس کو شریعت کارپوریشن کے ذریعے جاری کیا جائے گا۔ ان داغی حکوک کو شریعت الحکمہ کی بنیاد پر ڈھالا گیا ہے جس میں حقیقی نفع کی تقسیم کیا جائے گا، مزید یہ کہ اس میں تبدیلی اور عقد کا اختتام کا اختیار بھی متعین وقتوں کے بعد ہوگا۔ یہ بات واقعاً حوصلہ افزا ہے کہ پہلی بار کسی کمپنی نے خلاصاً مشارکہ کی بنیاد پر حکوک جاری کئے ہیں۔

بینک کی شرعی خدمات یونائیٹڈ سٹیز لمیٹڈ کو دیانت فنانسنگ کے تحت جاری رہیں، جو کہ ڈاؤنلینس گروپ کی ایک ذیلی کمپنی ہے۔

اثاثوں کا جائزہ

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

یہ بات حوصلہ افزا ہے کہ بینک نے مراہجہ پر انحصار کرنے کے بجائے کئی دیگر طریق تمول کو اختیار کیا، جیسا کہ تمولی تناسب سے بھی واضح ہے۔ یہ صورت حال واقعاً حوصلہ کن ہے کہ مشارکہ اور رنگ مشارکہ کے تناسب میں کل تمولی سرگرمیوں کا 8 فیصد اضافہ ہوا، استحصان کے تناسب میں

شریہ ایڈوائزری رپورٹ

الحمد لله رب العالمین، و الصلاة و السلام
على خاتم الأنبياء والمرسلین، محمد المصطفی
الأمین، و علی آلہ و أصحابہ أجمعین، و بعد:

دوران سال، پندرہ سے زائد قبول اجتماعی (Syndicated Financing) کے معاملات کو
شرعی ڈھانچے میں ڈالنے کا کام اور ان کی کاغذی کارروائی میری زیر نگرانی کی گئی۔ جن میں اینگرو
روپیئر ریشیل صکوک، اینگرو فریڈلینڈرز صکوک، لعل پیر مختصر المیعاد شرکتیہ عقد صکوک اور پاور سیکٹر کے
مالیاتی منصوبے قابل ذکر ہیں۔ اس کے علاوہ بینک نے مختلف کلائنٹس کو آف بیلنس شیٹ کے مسائل
کا حل بھی کامیابی سے مہیا کیا جس کی بنیاد وکالہ اور اجارہ پر ہے۔

ایک معتمد اسلامی بینک ہونے کے ناطے میزان بینک نے اسٹیٹ بینک آف پاکستان کے ساتھ مل
کر کاروباری مسائل کی درستی پر نمایاں خدمات انجام دیں۔ مثلاً اوپن مارکیٹ آپریشنز، لینڈ آف
لاسٹ رزورٹ، اسلامک ایل ٹی ٹی ایف فائنانسنگ، شریعہ گورنس فریم ورک، M-2 صکوک کی
دستاویز کاری اور عملی طریقہ کار، پرائم سٹریٹجی لون اسکیم کے شرعی تبادلے کے لیے تجاویز وغیرہ۔

اسی طرح Steering Committee کے ممبر ہونے کی حیثیت سے جو حکومت پاکستان نے
اسلامک بینکنگ اور فائنانس کی ترقی اور ترویج کے لیے قائم کی گئی ہے، ہمارا مکمل تعاون شامل رہا
ہے۔ یہی ہمارا منجائے مقصود ہے کہ اسلامی بینکاری کو بینکنگ کے پہلے انتخاب کے طور پر نافذ
کیا جائے۔

ٹریڈنگ اور ڈیولپمنٹ

دوران سال بینک نے کل 74 تربیتی مجالس منعقد کیں جن میں HSBC کے اسٹاف کے لئے
پروڈکٹ ٹریڈنگ مجالس کا انعقاد بھی کیا گیا، نیز کنٹرول گروپ آف میزان بینک کے لیے اسٹیل
پروڈکٹ ٹریڈنگ بھی منعقد کی گئی اور اس کے ساتھ ساتھ میزان بینک کے ایریا منیجرز کے لئے بھی
تربیتی نشستوں کا انعقاد کیا گیا۔

اس سال بینک میں اسلامک بینکنگ لیول 1 کا ساتواں اور اسلامک بینکنگ لیول 2 کا تیسرا ایچ
مکمل ہوا۔ یہ میزان بینک کے ملازمین کے لئے 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 براچ فینچرز،
آپریشنز فینچرز، اور سینئر فنانس اینڈ ملازمین کے لیے کراچی، لاہور اور ملتان میں چھ روزہ کورس منعقد
کرائے۔ ڈپازٹ ریفریشرز اور ڈپازٹ کی نئی پروڈکٹس کے تربیتی کورسز بھی پورے سال پابندی
کے ساتھ ہوتے رہے۔

مزید یہ کہ دوران سال بینک نے اسلامی بینکاری سے آگاہی کے سلسلے میں 39 سیمینار منعقد کرائے
جس میں 8500 سے زائد افراد بشمول کسٹمرز، پیشہ ور افراد اور عام لوگوں نے شرکت کی۔

شریہ ایڈوائزری

الحمد لله میزان بینک کے اسلامک فائنانسل ایڈوائزری سروسز کے شعبہ نے اپنے کلائنٹس کے ساتھ
قومی اور بین الاقوامی سطح پر اپنی خدمات کو جاری رکھا اور اپنے تجربات، معلومات، مہارت اور
داستان کامیابی میں اپنے گاہکوں کو بھی شریک کیا۔

بین الاقوامی سطح پر بینک میمنوس سافٹ ویئر (Temenos) کے ساتھ ایک معاہدہ کر رہا ہے 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 کر رہا ہے۔ نیز بینک کو
گلوبل ریٹنگ ایجنسی سے تعاون کا ہدف ملا تا کہ شریعہ گورنس ریٹنگ کو دنیا کے نامور مالیاتی اداروں
کے لیے رائج کرے۔

الحمد لله، زیر مطالعہ سال میزان بینک لمیٹڈ کا اسلامی تجارتی بینکاری کا تیرہواں سال ہے۔ اس سال
بینک نے شریعہ ایڈوائزری بورڈ/شریہ ایڈوائزری منظوری کے بعد کئی نئی اور متنوع الاقسام پروڈکٹس
متعارف کرائیں۔ رواں سال شریعہ ایڈوائزری کی طرف سے میزان بینک کی مختلف جدید پروڈکٹس،
عقود، طریقہ تمویل اور ان کے عملی انعقاد کو چیک کرنے کا طریقہ کار شریعہ سپروائزر بورڈ کے غور اور
جائزے کے لیے پیش کیا گیا۔

عقود کی جانچ پڑتال کے طریقہ کار کو مزید موثر بنانے کے لیے ایک مستقل شعبہ ”پروڈکٹ ڈیولپمنٹ
اینڈ شریعہ 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 ہائے عمل میں مزید بہتری، اسلامی
بینکاری کی تربیت اور شریعہ آڈٹ اور کمپلائنس، بینک کی شاخوں اور شعبوں کا جائزہ، بینک کے شریعہ
سپروائزر بورڈ کے ساتھ رابطہ، اور مقامی اور بین الاقوامی اداروں کو اسلامی تمویلی سہولیات کی
مشاورت کی خدمات شامل ہیں۔

رواں سال بینک میں درج ذیل اہم امور انجام پائے:

نئی پروڈکٹس کی تیاری اور تحقیق

زیر مطالعہ سال میں میزان بینک نے کامیابی سے پاکستان کے ایچ ایس بی سی بینک کو اپنے ساتھ منضم
کیا اور اس کے سودی معاملات کو میزان بینک کے شرعی معاملات کے سانچے میں ڈھالا۔ یہ انضامی
سرگرمی جس میں انضامی معاہدہ کے ساتھ ساتھ HSBC کے تمام پروڈکٹس کو شرعی اعتبار سے
ڈھانچا اور ان سے متعلق شریعہ سپروائزر بورڈ کی ہدایت کی تحفہ شامل تھا، یہ سب کام میری زیر
نگرانی مکمل ہوا۔

چونکہ خدمات کے کاروبار میں عموماً سرمایہ کاری کی پشت پر قابل ذکر اثاثات موجود نہیں ہوتے لہذا
خدمات کے کاروبار کے مسائل کا شرعی حل پیش کرنا ایک اہم مسئلہ تھا۔ الحمد لله بینک نے رنگ
مشارکہ کی بنیاد پر ان مسائل کے دو حل پیش کئے۔

میزان بینک کا سلم کی بنیاد پر پنجاب فوڈ ڈیپارٹمنٹ کو سرمایہ کاری فراہم کرنا، حکومتی ادھاری کو شرعی
دائرہ کار میں لانے کی طرف اہم قدم ہے جو کہ یقیناً حوصلہ افزا صورت ہے۔

سال کے دوران بینک نے اپنی توجہ شرکتیہ عقد کی بنیاد پر سرمایہ کاری کے تناسب میں اضافہ کی طرف
مركز رکھی جو کہ امر مستحسن ہے جبکہ بینک نے غیر ملکی کرنسی کی بنیاد پر رنگ مشارکہ کی ابتدا کی تا کہ شرکتیہ
العقد کی بنیاد پر فراہم کردہ سہولیات کے دائرہ کار میں وسعت ہو سکے۔

مختلف عقود میں شرعی اصولوں کی پاسداری کو مزید مضبوط کرنے کے لیے بینک نے تفصیلی شرعی
ہدایات جاری کیں، اس سلسلے میں بینک نے (سائٹ LC، پوزس LC، درآمدات اور برآمدات
سے متعلق کلوز آؤٹ اور فارن کرنسی کے عقود کے لیے) نیز دوسرے مالیاتی اداروں کو NOC کے
اجراء کے لیے شرعی احکام کے مطابق تفصیلی ہدایات جاری کیں۔

Statement of Sources and Uses of Charity Fund

For the year ended December 31, 2014



	2014	2013
	Rupees in '000	
Opening Balance as of January 01	51,858	89,561
Additions during the year		
- Received from customers on delayed payment	26,618	23,905
- Dividend purification amount	2,654	3,387
- Non-shariah compliant income	1,785	30,084
- Profit on charity saving account	2,193	3,215
	33,250	60,591
	85,108	150,152
Less: Distribution of Charity		
Education	(55,409)	(66,732)
Health	(15,300)	(28,962)
Islamic Microfinance	(400)	(500)
Environmental	(100)	(100)
Relief & Disaster Recovery	(2,000)	(2,000)
	(73,209)	(98,294)
Closing Balance as at December 31	11,899	51,858

Note:

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

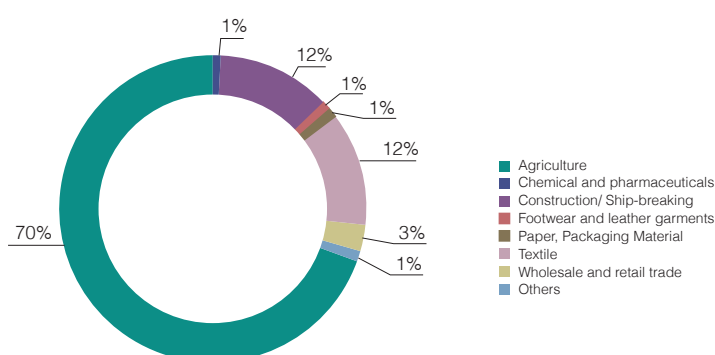
Statement of Inventory

Meezan Bank Limited provides financing through various modes including Murabaha, Istisna, Tijarah, Salam, Musawamah, etc. Under these modes, the Bank either purchases the goods to be financed or gets them manufactured. It then sells the goods to the customer on spot/ deferred price. This statement also signifies the difference of Islamic modes of financing that is based on trade of real assets and goods.

The goods lying unsold at the date of the financial statements are carried as inventory in the financial statements of the Bank. The sector wise detail of inventory held by the Bank as at December 31, 2014 is as follows:

Sector	Nature of Inventory	Amount in Rs '000'
Agriculture	Wheat, Corn, Rapeseeds, Rice, Rice paddy, Soya bean	12,582,304
Chemicals and pharmaceuticals	Chemicals (Polyvinyl, Potassium Chlorate)	207,594
Construction / Ship-breaking	Ship breaking scrap, Iron & Steel, Cement, AC Units	2,203,893
Footwear and leather garments	Finished Leather goods	101,920
Paper, Packaging Material	Laminate sheets, Boxes, Packing Material	71,606
Textile	Cotton (Bales, Fabric, Yarn), Polyester, Garments, Towel & Washing Cloth	2,242,797
Wholesale and retail trade	Glass, Caustic soda flakes, Coal, Consumer Products, Palm Oil, Soap, Ghee, Untreated Fluff Pulp, Seeds	528,370
Others	Beverages, Polypropylene grains, Biscuits, Sportswear, Paint, Dialysis Machine Parts	100,732
Total		18,039,216

Sector-wise Breakup



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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of **Meezan Bank Limited** ('the Bank') for the year ended December 31, 2014 to comply with the requirements of Listing Regulation No. 35 of Chapter XI of the Karachi Stock Exchange Limited where the Bank is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Bank's compliance, in all material respects, with the best practices contained in the Code as applicable to the Bank for the year ended December 31, 2014.


Chartered AccountantsEngagement Partner: **Salman Hussain**

Dated: February 25, 2015

Karachi

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Statement of Compliance with the Code of Corporate Governance

For the year ended December 31, 2014



This statement is being presented to comply with the Code of Corporate Governance (Code) contained in Regulation No. 5.19 of Listing of Companies and Securities Regulations in Rule Book of 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, 2014 the Board included:

Category	Names
Independent Directors	H.E. Sheikh Ebrahim Bin Khalifa Al-Khalifa Mr. Alaa A. Al-Sarawi Mr. Mohammad Abdul Aleem Mr. Noorur Rahman Abid
Executive Directors	Mr. Irfan Siddiqui Mr. Ariful Islam
Non- Executive Directors	Mr. Rana Ahmed Humayun Mr. Riyadh S. A. A. Edrees Mr. Mohammed Azzaroog Rajab* Mrs. Azra Mujtaba**

* The approval was obtained from the State Bank of Pakistan on January 14, 2015.

** The approval was obtained from the State Bank of Pakistan on January 21, 2015.

2. The Directors have confirmed that none of them is serving as a director on more than seven listed companies in Pakistan including the Bank.
3. All the resident Directors of the Bank are registered as taxpayers and, to the best of our knowledge, none of them has defaulted in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. First casual vacancy occurred on the Board on March 02, 2014 upon resignation of Mr. Shaharyar Ahmad which was filled up by the Board within 90 days subject to approval of State Bank of Pakistan. The approval from the State Bank of Pakistan was received on June 23, 2014. Second causal vacancy occurred on the Board on April 23, 2014 when Mr. Mohammed Azzaroog Rajab was replaced by Islamic Development Bank, Jeddah and in his place Mr. Zaki Mansoor was nominated. This was approved by the Board within 90 days subject to SBP approval. While the Bank was in the process of submitting his required documentation to the SBP, the Islamic Development Bank once again nominated Mr. Mohammed Azzaroog Rajab as nominee director. The Board approved the appointment of Mr. Mohammed Azzaroog Rajab within 90 days of his nomination and the Bank applied for the in principle clearance from the State Bank of Pakistan (SBP). The SBP granted its approval on January 14, 2015. Another causal vacancy occurred on October 24, 2014 upon resignation of Mr. Mazhar Sharif which was filled by the Board on October 27, 2014 (i.e within 90 days) and the appointment was made subject to approval of SBP. The SBP has granted its approval on January 21, 2015. Casual vacancy also occurred on the Board on December 11, 2014 upon resignation of Mr. Abdullateef A. Al-Asfour which was subsequently filled by the Board on February 10, 2015. The Bank has applied for in-principle approval of the incoming director with State Bank of Pakistan which is currently pending.
5. The Bank has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Bank along with its supporting policies and procedures.
6. The Board has developed a Vision / Mission statement, overall corporate strategy and significant policies of the Bank. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the Meetings were appropriately recorded and circulated.
9. The Board is compliant in respect of certification of at least two directors upto December 31, 2014.
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 the CEO and CFO before approval of the Board.
13. The Directors, CEO and Executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The Bank has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee. It comprises of three members, all of whom are Non-Executive Directors and the Chairman of the Committee is an Independent Non-Executive Director. Upon resignation of Mr. Mazhar Sharif as noted in point 4, the Board appointed Mrs. Azra Mujtaba as director and member Audit Committee on October 27, 2014 subject to approval of SBP. The State Bank of Pakistan granted its permission on January 21, 2015 and hence, Mrs. Azra Mujtaba has been inducted as a member of the Audit Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Bank and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The Board has formed a Human Resources and Remuneration Committee. It comprises of three members, of whom two are Non-Executive Directors and the Chairman of the committee is a Non-Executive Director. Upon resignation of Mr. Abdullateef A. Al-Asfour as noted in point 4, the position of Chairman of the committee is vacant. However, the Board has appointed Mr. Riyadh S.A.A. Edrees as Member HR & R Committee with effect from December 17, 2014.
18. The Board has set up an effective internal audit function comprising of professionals, who are experienced for the purpose and are conversant with the policies and procedures of the Bank.
19. The statutory auditors of the Bank have confirmed that they have been given a satisfactory rating under the quality control review program at the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Bank and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of Interim/Final Results and business decisions, which may materially affect the market price of the Bank's securities, was determined and intimated to directors, employees and the stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through the Karachi Stock Exchange.
23. We confirm that all other material principles included in the Code have been complied with.



Irfan Siddiqui
President & CEO

February 18, 2015



Statement of Internal Controls

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

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

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

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

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

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

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

On behalf of the Board.

A blue ink signature of Ariful Islam, consisting of a stylized 'A' followed by a horizontal line and a small loop.

Ariful Islam
Deputy CEO

A blue ink signature of Irfan Siddiqui, featuring a large, flowing 'I' followed by a horizontal line and a small flourish.

Irfan Siddiqui
President & CEO

February 18, 2015

Notice of 19th Annual General Meeting

Notice is hereby given that the 19th Annual General Meeting of the Members of Meezan Bank Limited will be held Insha-Allah on Friday, March 27, 2015 at 9:00 a.m. at Meezan House C-25, Estate Avenue, SITE, Karachi to transact the following business:

ORDINARY BUSINESS

1. To confirm the minutes of the Extraordinary General Meeting held on June 18, 2014.
2. To receive, consider and adopt the Annual Audited Accounts of the Bank for the year ended December 31, 2014 together with the Auditors' and Directors' Reports thereon.
3. To appoint auditors of the Bank for the year ending December 31, 2015 and to fix their remuneration. The present auditors, A. F. Ferguson & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment.
4. To consider and, if thought fit, approve as recommended by the Board of Directors, final cash dividend @ Rupees 1.25 per share i.e. 12.5 % be and is hereby approved resulting in total cash dividend @ Rupees 2.75 per share i.e. 27.5% as Rupees 1.50 per share i.e. 15% interim dividend was paid during the year

SPECIAL BUSINESS

5. To approve the remuneration paid/payable to the Chairman, Vice-Chairman and Non-Executive Directors of the Bank for the year ended December 31, 2014 for attending Board Meetings and Meetings of the Committees formed by the Board, for the year ended December 31, 2014 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, 2014 for attending Board Meetings and Meetings of the Committees formed by the Board, as disclosed in note 36 of the Audited Financial Statements of the Bank for the year ended December 31, 2014, be and is hereby approved.”

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

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

By Order of the Board



Tasnimul Haq Farooqui
Company Secretary

Karachi
March 06, 2015

**Notes:**

- i) The Members' Register will remain closed from March 19, 2015 to March 27, 2015 (both days inclusive) to determine the names of members entitled to receive the 12.5% cash dividend and attend and vote in the meeting.
- ii) A member eligible to attend and vote at this meeting may appoint any person as proxy to attend and vote in the meeting. Proxies in order to be effective must be received at the Registered Office not less than forty eight (48) hours before the holding of the meeting.
- iii) An individual beneficial owner of the Central Depository Company, entitled to vote at this meeting must bring his/her Computerized National Identity Card along with the participant ID numbers and sub account numbers with him/her to prove his/her identity, and in case of proxy must enclose an attested copy of his/her Computerized National Identity Card. Representatives of corporate members should bring the usual documents required for such purpose.

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

This statement sets out the material facts concerning the resolution contained in item (5), of the Notice pertaining to the special business to be transacted at the Annual General Meeting of the Bank to be held on March 27, 2015.

I) Directors' Remuneration

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

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

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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, 2014 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 (hereinafter 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 five branches which have been audited by us and we state that we have obtained all the information and explanation 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 (LVI 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:

- (i) 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;
- (ii) in our opinion:
 - (a) 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 (LVI 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;
 - (b) the expenditure incurred during the year was for the purpose of the bank's business; and
 - (c) 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;
- (iii) 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 (LVI 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, 2014, and its true balance of profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (iv) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.


 Chartered Accountants
 Engagement Partner: Salman Hussain
 Dated: February 25, 2015
 Karachi

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Statement of Financial Position

As at December 31, 2014

	Note	2014	2013
		Rupees in '000	
ASSETS			
Cash and balances with treasury banks	8	29,728,764	28,582,626
Balances with other banks	9	5,501,077	3,554,234
Due from financial institutions	10	90,766,297	7,442,732
Investments - net	11	114,089,252	151,613,933
Islamic financing and related assets - net	12	175,711,942	127,622,868
Operating fixed assets	13	6,273,239	5,594,914
Deferred tax assets	14	530,564	130,939
Other assets - net	15	14,804,823	5,182,385
		437,405,958	329,724,631
LIABILITIES			
Bills payable	16	5,619,826	3,614,718
Due to financial institutions	17	15,465,418	11,375,498
Deposits and other accounts	18	380,421,569	289,810,519
Sub-ordinated loans		-	-
Liabilities against assets subject to finance leases		-	-
Deferred tax liabilities		-	-
Other liabilities	19	12,021,378	6,010,653
		413,528,191	310,811,388
NET ASSETS		23,877,767	18,913,243
REPRESENTED BY			
Share capital	20	10,027,379	10,027,379
Reserves	21	7,276,191	3,551,297
Unappropriated profit		5,958,587	4,329,474
		23,262,157	17,908,150
Surplus on revaluation of investments - net of tax	22	615,610	1,005,093
		23,877,767	18,913,243
CONTINGENCIES AND COMMITMENTS			
	23		

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

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

Irfan Siddiqui
President &
CEO

Riyadh S. A. A.
Edrees
Director

Mohammad
Abdul Aleem
Director

Profit and Loss Account

For the year ended December 31, 2014

	Note	2014	2013
		Rupees in '000	
Profit / return earned on financings, investments and placements	24	28,803,059	23,171,018
Return on deposits and other dues expensed	25	15,440,250	12,526,169
Net spread earned		13,362,809	10,644,849
Provision against non-performing Islamic financing and related assets - net	12.9	545,764	127,650
Reversal of provision against diminution in the value of investments	11.8	(83,857)	(33,070)
Provision against off balance sheet obligations	19.3	4,897	-
Reversal of provision against amounts due from financial institutions	10.3	(300)	(1,198)
Bad debts written off directly		-	-
		466,504	93,382
Net spread after provisions		12,896,305	10,551,467
OTHER INCOME			
Fee, commission and brokerage income		1,569,327	1,258,234
Dividend income		283,633	309,285
Income from dealing in foreign currencies		1,626,363	603,352
Capital gain on sale of investments - net	26	1,148,499	1,230,159
Other income	27	127,062	100,420
Total other income		4,754,884	3,501,450
		17,651,189	14,052,917
OTHER EXPENSES			
Administrative expenses	28	10,459,934	8,286,114
Other provisions / (reversals)		96,288	(2,495)
Other charges	29	49,433	4,886
Workers Welfare Fund		147,000	117,748
Total other expenses		10,752,655	8,406,253
		6,898,534	5,646,664
Extraordinary / unusual items		-	-
PROFIT BEFORE TAXATION		6,898,534	5,646,664
Taxation - Current	30	2,223,292	1,573,730
- Prior years		-	(268,836)
- Deferred		105,156	384,994
		2,328,448	1,689,888
PROFIT AFTER TAXATION		4,570,086	3,956,776
		Rupees	
Basic and diluted earnings per share	31	4.56	3.95

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

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

Irfan Siddiqui
President &
CEO

Riyadh S. A. A.
Edrees
Director

Mohammad
Abdul Aleem
Director



Statement of Comprehensive Income

For the year ended December 31, 2014

	2014	2013
	Rupees in '000	
Profit after taxation for the year	4,570,086	3,956,776
Other comprehensive income		
Item that may not be reclassified to profit and loss account		
Remeasurements of defined benefit plan	(33,046)	(58,704)
Tax on remeasurements of defined benefit plan	11,566	20,547
Comprehensive income transferred to statement of changes in equity	4,548,606	3,918,619
Components of comprehensive income not reflected in equity		
Deficit on revaluation of investments	(582,249)	(33,899)
Deferred tax on revaluation of investments	192,766	(30,028)
Total comprehensive income	4,159,123	3,854,692

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

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Mohammad
Abdul Aleem
Director

Cash Flow Statement

For the year ended December 31, 2014

	Note	2014	2013
		Rupees in '000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		6,898,534	5,646,664
Less: Dividend income		(283,633)	(309,285)
		6,614,901	5,337,379
Adjustments for non-cash charges and other items:			
Depreciation		816,394	685,729
Amortisation		110,591	66,687
Provision against non-performing Islamic financing and related assets		545,764	127,650
Reversal of provision against diminution in the value of investments		(83,857)	(33,070)
Charge for defined benefit plan		120,435	88,128
Reversal of provision against amounts due from financial institutions		(300)	(1,198)
Gain on sale of operating fixed assets		(36,061)	(33,803)
		1,472,966	900,123
		8,087,867	6,237,502
(Increase) / decrease in operating assets			
Due from financial institutions		(83,323,265)	(6,941,534)
Islamic financing and related assets		(41,193,277)	(39,072,442)
Other assets		(1,165,052)	(803,421)
		(125,681,594)	(46,817,397)
Increase / (decrease) in operating liabilities			
Bills payable		1,192,661	556,215
Due to financial institutions		4,089,920	(7,085,849)
Deposits and other accounts		68,963,668	59,384,533
Other liabilities		1,746,424	565,819
		75,992,673	53,420,718
		(41,601,054)	12,840,823
Contribution to defined benefit plan		(108,525)	(122,022)
Income tax paid		(2,707,695)	(1,790,486)
Net cash (used in) / generated from operating activities		(44,417,274)	10,928,315
CASH FLOWS FROM INVESTING ACTIVITIES			
Net investments in			
- available for sale securities		33,512,056	(6,106)
- listed associated undertakings		3,516,358	763,199
- unlisted associated undertakings		(2,125)	88,000
Dividends received		283,817	308,148
Investments in operating fixed assets		(1,588,122)	(1,513,930)
Net cash inflow on acquisition		13,717,942	-
Proceeds from sale of fixed assets		75,264	98,643
Net cash generated from / (used in) investing activities		49,515,190	(262,046)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(2,004,935)	(1,505,960)
Net cash used in financing activities		(2,004,935)	(1,505,960)
Increase in cash and cash equivalents		3,092,981	9,160,309
Cash and cash equivalents at the beginning of the year	32	32,136,860	22,976,551
Cash and cash equivalents at the end of the year	32	35,229,841	32,136,860

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

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

Irfan Siddiqui
President &
CEO

Riyadh S. A. A.
Edrees
Director

Mohammad
Abdul Aleem
Director



Statement of Changes in Equity

For the year ended December 31, 2014

	Capital reserves				Revenue reserves		
	Share capital	Statutory reserve*	Reserve for issue of bonus shares	Non - Distributable Capital Reserve - Gain on Bargain Purchase	General reserve	Unappropriated profit	Total
	Rupees in '000						
Balance as at January 1, 2013	9,033,675	2,693,176	-	-	66,766	3,700,021	15,493,638
Profit after taxation for the year	-	-	-	-	-	3,956,776	3,956,776
Other comprehensive income for the year							
Remeasurements of defined benefit plan	-	-	-	-	-	(58,704)	(58,704)
Tax on remeasurements of defined benefit plan	-	-	-	-	-	20,547	20,547
	-	-	-	-	-	(38,157)	(38,157)
Transactions with owners recognised directly in equity							
Transfer to reserve for issue of bonus shares	-	-	993,704	-	-	(993,704)	-
Issue of bonus shares	993,704	-	(993,704)	-	-	-	-
Interim 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)	-
Balance as at December 31, 2013	10,027,379	3,484,531	-	-	66,766	4,329,474	17,908,150
Profit after taxation for the year	-	-	-	-	-	4,570,086	4,570,086
Other comprehensive income for the year							
Remeasurements of defined benefit plan	-	-	-	-	-	(33,046)	(33,046)
Tax on remeasurements of defined benefit plan	-	-	-	-	-	11,566	11,566
	-	-	-	-	-	(21,480)	(21,480)
Transactions with owners recognised directly in equity							
Final cash dividend for the year 2013	-	-	-	-	-	(501,369)	(501,369)
Interim cash dividend for the year 2014	-	-	-	-	-	(1,504,107)	(1,504,107)
	-	-	-	-	-	(2,005,476)	(2,005,476)
Gain on bargain purchase (note 4)	-	-	-	2,810,877	-	-	2,810,877
Transfer to statutory reserve	-	914,017	-	-	-	(914,017)	-
Balance as at December 31, 2014	10,027,379	4,398,548	-	2,810,877	66,766	5,958,587	23,262,157

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

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

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Abdul Aleem
Director

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

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 four hundred and twenty eight branches as at December 31, 2014 (2013: three hundred and fifty one branches). Its registered office is at Meezan House, C-25, Estate Avenue, SITE, Karachi, Pakistan. During the current year the Bank has acquired the operations of HSBC Bank Middle East Limited - Pakistan branches under which the Bank has acquired 10 branches.
- 1.4 Based on the financial statements of the Bank for the year ended December 31, 2013, the JCR - VIS Credit Rating Company Limited has reaffirmed the Bank's medium to long-term rating as "AA" and the short-term rating as "A-1+" with stable outlook.
- 1.5 The Securities and Exchange Commission of Pakistan (SECP) vide its letter no. EMD/233/001/2002-1547 dated April 04, 2014 has granted exemption to the Bank from the preparation of consolidated financial statements of the Bank and its subsidiary company namely Al-Meezan Investment Management Limited (AMIML) for the year ended December 31, 2014, subject to the following conditions:
 - (i) Financial highlights (statement of financial position and profit and loss account) of the subsidiary and nature of auditor's opinion on the subsidiary's accounts must be disclosed in the annual financial statements of the Bank for the year ended on December 31, 2014; and
 - (ii) It must be disclosed at conspicuous place in the annual financial statements of the Bank that annual audited financial statements of the subsidiary shall be available for inspection at the registered office of the Bank and would be available to the members on request without any cost.

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

2. BASIS OF PRESENTATION

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

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

3. STATEMENT OF COMPLIANCE

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

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



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.

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

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. The standard is effective from January 01, 2014 and deals with accounting for transaction relating to "Profit and Loss Sharing on Deposits" as defined by the said standard. The standard has resulted in addition of certain new disclosures as disclosed in notes 7.9, 7.10, 18 and 43.

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, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and are, therefore, not disclosed in these financial statements.

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

IFRS 12, '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 by addition of certain disclosures.

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.

4. ACQUISITION OF HSBC BANK MIDDLE EAST LIMITED - PAKISTAN BRANCHES OPERATIONS

During the current year, the Bank completed the acquisition of HSBC Bank Middle East Limited - Pakistan branches (HSBC). This is effective from the close of business on October 17, 2014 under an agreement dated May 9, 2014.

The proposal for the acquisition and the scheme for amalgamation were approved by the Board of Directors and the shareholders of the Bank in their meetings held on April 23, 2014 and June 18, 2014 respectively. The Bank has incorporated the balances relating to HSBC at their carrying values as appearing in the audited financial statements of HSBC on the close of business on October 17, 2014. These balances are detailed below:

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

	October 17, 2014 Rupees in '000
ASSETS	
Cash and balances with treasury banks	12,221,592
Balances with other banks	1,496,350
Financings	7,441,561
Operating fixed assets	56,391
Deferred tax asset - net	312,015
Other assets	8,457,570
	29,985,479
LIABILITIES	
Bills payable	812,447
Deposits and other accounts	21,647,382
Other liabilities	475,886
	22,935,715
Net assets acquired	7,049,764

International Financial Reporting Standard 3, (IFRS 3) "Business Combinations", requires that all identified assets and liabilities acquired in a business combination should be carried at fair values in the acquirer's balance sheet and any intangible assets acquired in the business combination are required to be separately recognised and carried at fair values. IFRS 3 allows the acquirer a maximum period of one year from the date of acquisition to finalise the accounting for business combination. The SBP vide its letter no. BPRD (R&P-02)/625-110/2014/24946 dated December 19, 2014 has given exemption to the Bank from recognition of Intangible assets on the business combination. The fair valuation exercise of recorded assets and liabilities will be completed within the period specified under IFRS 3.

The net assets of HSBC as appearing in the audited financial statements of HSBC on the close of business on October 17, 2014 were recognised by the Bank and the difference between the carrying value of net assets acquired and the amount payable as Purchase Consideration amounting to Rs. 2,811 million has been recorded as gain on bargain purchase.

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

	October 17, 2014 Rupees in '000
Carrying value of net assets acquired	7,049,764
Purchase Consideration	(4,238,887)
Gain on bargain purchase	2,810,877

Under IFRS 3 (revised) a bargain purchase represents an economic gain, which should be immediately recognised by the acquirer. In compliance with the SBP's instruction issued vide letter no. BPRD (R&P-02)/625-110-2014-11729 dated September 22, 2014, the management has recognised the amount of gain on bargain purchase through the statement of changes in equity as 'Non-Distributable Capital Reserve', instead of recognising it in the profit and loss account which is required under IFRS 3 (revised). This gain as per the above-mentioned SBP's letter may become available for distribution as stock dividend only with prior approval of the SBP. Further, the Bank may, before distribution of the gain as stock dividend, adjust any subsequent provisions / deficit assessed by the Bank or recommended by the Banking Inspection Department of the SBP in subsequent inspections in the acquired portfolio of the HSBC (which will be adjusted against this reserve). The receipt of the capital balance and the payment of purchase consideration will be made through the State Bank of Pakistan (notes 15 and 19).

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



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

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

6. BASIS OF MEASUREMENT

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

6.2 Functional and Presentation Currency

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

6.3 Rounding off

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

7. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

7.1 Cash and cash equivalents

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

7.2 Due to / from financial institutions

Bai Muajjal

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

Musharaka / Mudaraba

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

Musharaka from State Bank of Pakistan under IERS

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

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

7.3 Islamic financing and related assets

Murabaha

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

Ijarah

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

Istisna

In Istisna financing, the Bank places an order to purchase some specific goods / commodities from its customers to be delivered to the Bank within an agreed time. The goods are then sold 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 Musawammah 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.

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

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

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



7.3.2 Provision against non-performing Islamic financing and related assets

Specific provision

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

General provision

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

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

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

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

7.3.3 Inventories

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

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

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

7.4 Investments

7.4.1 Classification

The Bank classifies its investments as follows:

- Held for trading

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

- Held to maturity

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

- Available for sale

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

- Associates

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

- Subsidiary

Subsidiary is an entity over which the Bank has control.

7.4.2 Regular way contracts

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

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

7.4.3 Initial recognition and measurement

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

7.4.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

- Held for trading

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

- Held to maturity

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

- Available for sale

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

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

- Investments in associates and subsidiary

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

7.4.5 Impairment

Available for sale and Held to maturity investments

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

Investment in associates and subsidiary

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

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

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



7.4.6 Cost of investment is determined on moving average basis.

7.5 Operating fixed assets

7.5.1 Tangible assets

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

7.5.2 Intangible assets

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

7.5.3 Subsequent costs

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

7.5.4 Depreciation / amortisation

Depreciation / amortisation is charged to the profit and loss account by applying the straight line method with the rates specified in notes 13.2 and 13.4 whereby the depreciable value of an asset is written off over its estimated service life. The Bank charges depreciation / amortisation from the month of acquisition and upto the month preceding the disposal.

7.5.5 Capital work-in-progress

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

7.5.6 Useful lives and residual values

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

7.5.7 Impairment

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

7.6 Ijarah Assets (IFAS 2)

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

- Depreciation

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

- Ijarah Rentals

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

- Impairment

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

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

7.7 Taxation

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

Current

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

Deferred

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

7.8 Non-banking assets acquired in satisfaction of claims

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

7.9 Deposits

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

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Mudaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. All Mudaraba based deposits are classifiable as redeemable capital as defined under IFAS 3. No profit or loss is passed on to current account depositors, however the funds of current accounts are treated as equity for the purpose of profit calculation and any profit earned / loss incurred on those funds are allocated to the equity of the Bank. No profit or loss is passed on to current account depositors. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

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

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

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

7.10 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Under the general deposits pools, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financings, investments and placements. When utilising investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



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

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, 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. During the year, the Bank has given General Hiba to the depositors of PKR General Pool and Specific Hiba is given on case-to-case basis to certain high network clients, keeping in view the prescribed guidelines of Pool Management provided by the SBP and with the approval of Bank's Shariah Advisor. However, both type of Hiba are given at the sole discretion of the Bank without any contractual commitment and can be withdrawn or reduced by the Bank at its sole discretion.

The 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 41.1.1.1 and are also invested in Government of Pakistan backed Ijarah Sukuks. Labbaik financing, staff loans, PKR based Bai-salam financing, financing done under IERS are exclusively financed from the equity pool. Musharakah investments from the SBP under Islamic Export Refinance are channeled towards the export sector of the economy.

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

7.11 Staff retirement benefits

Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The scheme was approved by the tax authorities in April 2000. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. Last valuation was conducted as on December 31, 2014.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur.

Defined contribution plan

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

7.12 Compensated absences

The Bank recognises liability in respect of employees compensated absences in the period in which these are earned upto the date of Statement of Financial Position. The provision has been recognised on the basis of actuarial valuation conducted as at December 31, 2014 on the basis of projected unit credit method.

7.13 Dividend and reserves

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

7.14 Foreign currency transactions

Transactions and balances

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies except forward contracts 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.

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For the year ended December 31, 2014

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

Commitments

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

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

7.15 Provisions and contingent assets and liabilities

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

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

7.16 Acceptances

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

7.17 Offsetting

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

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

7.18 Revenue recognition

- i) Profit on Murabaha and Commodity Murabaha is recognised on an accrual basis. Profit on murabaha transactions for the period from the date of disbursement to the date of culmination of murabaha is recognised immediately upon the later date.
- ii) The Bank follows the finance method in recognising income on Ijarah contracts written upto December 31, 2008. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals over the cost of the asset and documentation charges under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Gains / losses on termination of Ijarah contracts are recognised as income on a receipt basis. Income on Ijarah is recognised from the date of delivery of the respective assets to the mustajir.
- iii) Rental on Ijarah contracts written subsequent to December 31, 2008 under Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) are recognised as income on an accrual basis.
- iv) Profit on Bai Muajjal transaction is recognised on an accrual basis.
- v) Profit on Diminishing Musharakah financings is recognised on an accrual basis.
- vi) Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.
- vii) Profit on Tijarah and Istisna financings is recognised on an accrual basis commencing from time of sale of goods till the realisation of sale proceeds by the Bank.
- viii) Profit on Service Ijarah is recognised on an accrual basis.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



- ix) Profit on Sukuks is recognised on an accrual basis. Where Sukuks (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield / profit method.
- x) Commission on letters of credit, acceptances and guarantees is recognised on receipt basis, except for commission on guarantees in excess of Rs. 200,000 which is recognised over the period of the guarantee. Fee and brokerage income are recognised when earned.
- xi) Dividend income is recognised when the Bank's right to receive dividend is established.
- xii) Gain or loss on sale of investments is included in the profit and loss account.
- xiii) Gain or loss on disposal of operating fixed assets, ijarah assets and musharaka assets, if any, is taken to the profit and loss account in the period in which they arise.
- xiv) Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financings and investments are recognised as permitted by the SBP, except where, in the opinion of the management, it would not be prudent to do so.

7.19 Segment reporting

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

7.19.1 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.

Retail Banking

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

Corporate and Commercial Banking

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

Agency Services

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

Payment and settlement

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

7.19.2 Geographical segments

The Bank operates only in Pakistan.

7.20 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.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

	Note	2014	2013
		Rupees in '000	
8. CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		7,304,820	5,991,110
- foreign currencies		1,214,052	1,164,306
With the State Bank of Pakistan in			
- local currency current accounts	8.1	9,852,651	13,250,945
- foreign currency current accounts	8.1	2,623,520	1,932,619
With the National Bank of Pakistan in			
- local currency current accounts		8,733,721	6,243,646
		<u>29,728,764</u>	<u>28,582,626</u>

8.1 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.

	Note	2014	2013
		Rupees in '000	
9. BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		1,539,136	1,355,695
- on deposit accounts / term deposit receipts	9.1	2,000,000	-
Outside Pakistan			
- in current accounts		852,178	1,205,536
- in deposit accounts	9.2	1,109,763	993,003
		<u>5,501,077</u>	<u>3,554,234</u>

9.1 This carries profit at the rate of 9.5% per annum and is due to mature by January 2015.

9.2 The return on these balances is around 0.14% (2013: 0.12%) per annum.

		2014	2013
		Rupees in '000	
10. DUE FROM FINANCIAL INSTITUTIONS			
Bai Muajjal	10.1	90,781,797	6,958,232
Musharakah		-	500,000
Commodity Murabaha		26,066	26,366
		<u>90,807,863</u>	<u>7,484,598</u>
Provision against non-performing amounts due from financial institutions	10.3	(41,566)	(41,866)
		<u>90,766,297</u>	<u>7,442,732</u>

10.1 The average return on this product is 9.46% (2013: 9.00%) per annum. The balances have maturities ranging between January 2015 to December 2015 (2013: January to March 2014).

		2014	2013
		Rupees in '000	
10.2 Particulars of due from financial institutions			
In local currency		90,766,297	7,442,732
In foreign currencies		-	-
		<u>90,766,297</u>	<u>7,442,732</u>
10.3 Provision against amounts due from financial institutions			
Opening balance		41,866	43,064
Less: Reversals		(300)	(1,198)
Closing balance		<u>41,566</u>	<u>41,866</u>

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



11. INVESTMENTS

11.1 Investments by types

Note	2014			2013		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
Rupees in '000						
Available for sale securities						
- Sukuks	107,139,301	-	107,139,301	141,366,342	-	141,366,342
- Shares / Units	2,903,230	-	2,903,230	2,188,245	-	2,188,245
11.4	110,042,531	-	110,042,531	143,554,587	-	143,554,587
In related parties						
Subsidiary (unlisted)						
- Shares	63,050	-	63,050	63,050	-	63,050
11.5						
Associates (listed)						
- Units of funds	3,409,286	-	3,409,286	6,925,644	-	6,925,644
11.6						
Associates (unlisted)						
- Shares	28,125	-	28,125	40,000	-	40,000
11.7						
Investments at cost / carrying value	113,542,992	-	113,542,992	150,583,281	-	150,583,281
Less: Provision for diminution in value of investments and impairment	(324,292)	-	(324,292)	(422,149)	-	(422,149)
11.8						
Investments net of provision	113,218,700	-	113,218,700	150,161,132	-	150,161,132
Surplus on revaluation of investments classified as 'available for sale'	870,552	-	870,552	1,452,801	-	1,452,801
22						
Total investments at market value	114,089,252	-	114,089,252	151,613,933	-	151,613,933

	Note	2014	2013
		Rupees in '000	
11.2 Investments by segments			
Federal Government Securities			
GOP Ijarah Sukuk	11.4	88,715,134	123,220,712
Sukuk certificates / bonds			
Sukuk Certificates	11.4	11,708,002	8,981,613
Global Sukuk Bonds	11.4	6,716,165	9,164,017
Fully paid up ordinary shares			
Listed companies	11.4	2,463,424	1,816,039
Unlisted companies			
- subsidiary	11.5	63,050	63,050
- associates	11.7	28,125	40,000
- others	11.4	389,806	322,206
Units of open end funds			
- associates	11.6	3,409,286	6,925,644
- others	11.4	50,000	50,000
Total investments at cost / carrying value		113,542,992	150,583,281
Less: Provision for diminution in value of investments and impairment	11.8	(324,292)	(422,149)
Investments net of provision		113,218,700	150,161,132
Surplus on revaluation of investments classified as 'available for sale'	22	870,552	1,452,801
Total investments at market value		114,089,252	151,613,933

Notes to and forming part of the Financial Statements

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11.3 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.

11.4 Quality of available for sale securities

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

Name of the investee		2014	2013	2014	2013	2014		2013	
	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						Rupees in '000			
Ordinary shares									
Automobile and parts									
Agriauto Industries Limited	11.4.1	84,042	117,542	5,279	7,384	12,606	Unrated	9,265	Unrated
Pak Suzuki Motor Company Limited		119,860	44,860	19,591	3,896	44,482	Unrated	6,904	Unrated
Honda Atlas Cars		166,500	-	22,425	-	32,997	Unrated	-	-
Indus Motor Company Limited		20,000	-	11,236	-	17,606	Unrated	-	-
Construction and materials (cement)									
Attock Cement Pakistan Limited		-	4,538	-	151	-	-	647	Unrated
D.G. Khan Cement Company Limited		1,358,546	1,289,546	92,115	81,626	150,160	Unrated	110,553	Unrated
Fauji Cement Company Limited		3,519,500	1,500,000	57,333	21,383	90,944	Unrated	23,925	Unrated
Lucky Cement Company Limited		573,015	373,015	167,280	47,527	286,668	Unrated	111,856	Unrated
Kohat Cement Limited		276,400	-	36,915	-	52,756	Unrated	-	-
Pioneer Cement Limited		275,000	-	13,761	-	23,543	Unrated	-	-
Electricity									
The Hub Power Company Limited		3,237,390	2,919,890	140,195	116,483	253,682	AA+/A1+	177,296	AA+/A1+
Pakgen Power Limited		-	800,000	-	16,837	-	-	17,368	AA/A1+
Oil and gas									
Mari Petroleum Company Limited		277,600	-	98,867	-	131,985	Unrated	-	-
Pakistan State Oil Company Limited		663,791	603,446	148,873	148,873	237,577	AA+/A1+	200,477	AA+/A1+
Pakistan Oilfields Limited		660,626	485,676	310,281	185,514	250,615	Unrated	241,726	Unrated
Oil and Gas Development Company Limited		1,039,065	1,390,865	235,040	269,072	213,912	AAA/A1+	384,379	AAA/A1+
Pakistan Petroleum Limited		1,246,648	1,186,548	226,568	181,858	220,058	Unrated	253,874	Unrated
Sui Northern Gas Pipeline Limited		700,000	-	16,192	-	20,097	AA/A1+	-	-
Attock Refinery Limited		18,900	140,900	4,014	31,175	3,549	AA/A1+	29,261	AA/A1+
Chemicals									
Engro Corporation Limited		200,000	-	43,184	-	44,302	AA	-	-
Fauji Fertilizer Bin Qasim Limited		648,000	648,000	25,095	25,095	29,296	Unrated	28,389	Unrated
Fauji Fertilizer Company Limited		2,003,250	1,808,950	213,229	185,521	234,601	Unrated	202,530	Unrated
ICI Pakistan Limited		102,865	16,266	33,086	2,298	47,571	Unrated	4,115	Unrated
General industries									
Packages Limited		523,879	517,329	190,067	95,182	355,344	AA/A1+	141,039	AA/A1+
Tri-Pack Films		-	260,704	-	32,759	-	-	51,518	A+/A1
Personal goods (textile)									
Nishat Mills Limited		1,874,000	1,618,000	182,555	148,175	226,735	AA/A1+	205,874	AA-/A1+
Fixed line telecommunication									
Pakistan Telecommunication Company Limited (A)		4,328,399	2,533,399	106,950	60,200	99,683	Unrated	72,050	Unrated
Food Producers									
Engro Foods Limited		471,250	1,334,350	51,815	155,030	51,149	A+	139,360	Unrated
Jute									
Thal Limited		55,000	-	11,478	-	14,797	Unrated	-	-
Ordinary shares - unlisted (others)									
Sapphire Electric Company Limited - at cost *		21,201,068	21,201,068	318,864	318,864	318,864	A+/A1	318,864	Unrated
S.W.I.F.T. SCRL - at cost		5	5	3,342	3,342	3,342	Unrated	3,342	Unrated
Fatima Energy Limited ***		6,760,000	-	67,600	-	67,600	Unrated	-	-
		27,961,073	21,201,073	389,806	322,206	389,806		322,206	

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Name of the investee		2014	2013	2014	2013	2014	2013	
	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							Rupees in '000	
Units of open end fund								
Atlas Islamic Income Fund		98,894	98,894	50,000	50,000	AA-(f)	50,767	AA-(f)
GOP Sukuk								
Ijarah Sukuk Seven	-	-	135,873	-	13,588,313	-	13,607,681	Govt. Guaranteed
Ijarah Sukuk Eight	-	-	152,620	-	15,263,366	-	15,344,415	Govt. Guaranteed
Ijarah Sukuk Nine	11.4.19	232,302	225,717	23,230,410	22,579,627	Govt. Guaranteed	22,786,131	Govt. Guaranteed
Ijarah Sukuk Ten	11.4.20	111,755	133,245	11,181,446	13,325,895	Govt. Guaranteed	13,472,402	Govt. Guaranteed
Ijarah Sukuk Eleven	11.4.21	101,850	101,850	10,186,089	10,189,430	Govt. Guaranteed	10,296,017	Govt. Guaranteed
Ijarah Sukuk Twelve	11.4.22	169,802	169,802	16,996,204	17,028,590	Govt. Guaranteed	17,172,076	Govt. Guaranteed
Ijarah Sukuk Thirteen	11.4.23	163,433	163,433	16,344,585	16,345,291	Govt. Guaranteed	16,544,323	Govt. Guaranteed
Ijarah Sukuk Fourteen	11.4.24	107,764	149,002	10,776,400	14,900,200	Govt. Guaranteed	15,056,652	Govt. Guaranteed
		886,906	1,231,542	88,715,134	123,220,712		124,279,697	
Sukuk Certificates								
WAPDA First Sukuk Certificates		-	22,000	-	110,000	-	110,000	Govt. Guaranteed
WAPDA Second Sukuk Certificates	11.4.2	173,000	346,000	865,000	1,153,333	Govt. Guaranteed	1,154,025	Govt. Guaranteed
Pakistan International Airlines	11.4.3	300,000	300,000	1,500,000	1,500,000	Govt. Guaranteed	1,509,000	Govt. Guaranteed
Sui Southern Gas Company Limited II - at cost **	11.4.4	180,000	180,000	900,000	900,000	AA-/A1+	900,000	AA-
Sui Southern Gas Company Limited III - at cost **	11.4.5	100,000	100,000	500,000	500,000	AA-/A1+	500,000	AA-
Sui Southern Gas Company Limited I- at cost	11.4.6	400,000	-	2,000,000	-	AA-/A1+	-	-
Engro Fertilizers Limited - at cost	11.4.7	150,000	150,000	750,000	750,000	A+	750,000	A-
Engro Fertilizers Limited - at cost II	11.4.8	100,000	-	500,000	-	A+	-	-
Quetta Textile Mills Limited - at cost	11.4.9	30,000	30,000	82,759	107,586	Unrated	107,586	Unrated
Arzoo Textile Mills Limited - at cost	11.4.10	10,000	10,000	50,000	50,000	Unrated	50,000	Unrated
Sitara Peroxide Limited - at cost	11.4.11	30,000	30,000	99,364	117,393	Unrated	117,393	Unrated
Liberty Power Tech Limited - at cost	11.4.12	18,140,480	18,140,480	1,438,783	1,533,533	A+	1,533,533	A+
Eden Builders Limited - at cost		-	14,400	-	4,500	-	4,500	A
Maple Leaf Cement Factory Limited - at cost	11.4.13	40,000	40,000	108,325	174,575	A-/A2	174,575	BB
Amreli Steel Limited - at cost	11.4.14	50,000	50,000	190,000	210,000	A-	210,000	A-
Kot Addu Power Company IV - at cost		-	190,000	-	950,000	-	950,000	AA+
Ghani Glass Limited - at cost	11.4.15	100,000	100,000	306,380	420,693	Unrated	420,693	Unrated
Lalpir Power Limited - at cost	11.4.16	200,000	100,000	1,000,000	500,000	AA/A1+	500,000	AA
Pakistan Mobile Communications Limited	11.4.17	243,478	-	1,217,391	-	AA-	-	-
Albaraka Islamic Bank B.S.C.(E.C)	11.4.18	200	-	200,000	-	A	-	-
		20,247,158	19,802,880	11,708,002	8,981,613		8,991,305	
Global Sukuk Bonds								
Central Bank of Bahrain International Sukuk		-	10,000	-	1,063,617	-	1,080,345	BBB
Wakala Global Sukuk	11.4.25	725	725	72,847	76,355	A3	79,422	A3
Abu Dhabi Sukuk Bonds	11.4.26	5,000	5,000	508,698	541,030	A2	548,685	A2
First Gulf Bank Sukuk	11.4.27	5,000	5,000	518,585	551,848	A2	555,163	A2
Saudi Electric Company Sukuk - 5 years	11.4.28	5,000	5,000	511,878	540,936	A1	541,292	A1
Saudi Electric Company Sukuk - 10 years	11.4.29	5,000	5,000	534,742	565,173	A1	532,020	A1
Emirates Islamic Bank Sukuk		-	5,000	-	536,286	-	543,840	BAA1
State of Qatar Sukuk - 5 years		-	5,000	-	526,620	-	528,503	AA2
State of Qatar Sukuk - 10 years	11.4.30	5,000	5,000	513,192	539,318	AA2	511,332	AA2
Qatar Islamic Bank	11.4.31	10,000	10,000	1,006,323	1,055,367	A	1,049,243	A
Qatar International Islamic Bank		-	5,000	-	527,580	-	525,619	A3
Republic of Indonesia Sukuk I	11.4.32	5,000	5,000	502,416	526,620	BAA3	435,610	BAA3
Republic of Indonesia Sukuk II	11.4.33	5,000	-	505,095	-	BAA3	-	-
Sime Darby Berhad Global Sukuk - 5 years	11.4.34	5,000	5,000	502,694	527,007	A3	516,051	A
Sime Darby Berhad Global Sukuk - 10 years	11.4.35	5,000	5,000	506,980	531,998	A3	488,108	A
Hazine MV Sukuk I	11.4.36	5,000	5,000	499,960	531,010	BAA3	523,205	BBB-
Hazine MV Sukuk II		-	5,000	-	523,252	-	492,569	BBB-
Luxembourg Sukuk	11.4.37	250	-	30,529	-	AAA	-	-
Hong Kong Sukuk	11.4.38	5,000	-	502,226	-	AAA	-	-
		65,975	85,725	6,716,165	9,164,017		8,951,007	
				110,042,531	143,554,587		145,007,388	

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

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

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

Notes to and forming part of the Financial Statements

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

	Name of the investee	Profit rate	Profit payment	Face value per certificate	Maturity date
11.4.2	WAPDA Second Sukuk	6 months KIBOR minus 0.25%	Semi-annually	Rs. 2,500	July 13, 2017
11.4.3	Pakistan International Airlines*	Not applicable	Semi-annually	Rs. 5,000	October 20, 2014
11.4.4	Sui Southern Gas Company Limited II	3 months KIBOR plus 0.75%	Quarterly	Rs. 5,000	May 17, 2017
11.4.5	Sui Southern Gas Company Limited III	3 months KIBOR plus 0.70%	Quarterly	Rs. 5,000	May 28, 2018
11.4.6	Sui Southern Gas Company Limited I	3 months KIBOR plus 0.40%	Quarterly	Rs. 5,000	October 30, 2019
11.4.7	Engro Fertilizers Limited I	6 months KIBOR plus 1.50%	Semi-annually	Rs. 5,000	September 6, 2015
11.4.8	Engro Fertilizers Limited II	6 months KIBOR plus 1.75%	Semi-annually	Rs. 5,000	July 9, 2019
11.4.9	Quetta Textile Mills Limited	6 months KIBOR plus 1.75%	Semi-annually	Rs. 2,759	March 26, 2015
11.4.10	Arzoo Textile Mills Limited	Not applicable	Semi-annually	Rs. 5,000	April 14, 2014
11.4.11	Sitara Peroxide Limited	3 months KIBOR plus 1.1%	Monthly	Rs. 3,312	August 19, 2016
11.4.12	Liberty Power Tech Limited	3 months KIBOR plus 3%	Quarterly	Rs. 79	January 1, 2021
11.4.13	Maple Leaf Cement Factory Limited	3 months KIBOR plus 1%	Quarterly	Rs. 2,708	December 3, 2018
11.4.14	Amreli Steel Limited	3 months KIBOR plus 2.5%	Quarterly	Rs. 3,800	December 9, 2017
11.4.15	Ghani Glass Limited	3 months KIBOR plus 1.75%	Quarterly	Rs. 3,604	December 27, 2017
11.4.16	Lalpir Power Limited	6 months KIBOR plus 0.3%	Semi-annually	Rs. 5,000	February 18, 2015
11.4.17	Pakistan Mobile Communications Limited	3 months KIBOR plus 0.88%	Quarterly	Rs. 5,000	December 22, 2019
11.4.18	Albaraka Islamic Bank B.S.C.(E.C)	6 months KIBOR plus 1.25%	Semi-annually	Rs. 1,000,000	September 26, 2021
11.4.19	GOP Ijarah Sukuk - IX	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	November 21, 2015
11.4.20	GOP Ijarah Sukuk - X	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	November 21, 2015
11.4.21	GOP Ijarah Sukuk - XI	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	November 21, 2015
11.4.22	GOP Ijarah Sukuk - XII	Weighted average yield of 6 months treasury bills	Semi-annually	Rs. 100,000	November 21, 2015
11.4.23	GOP Ijarah Sukuk - XIII	Weighted average yield of 6 months treasury bills minus 25 basis points	Semi-annually	Rs. 100,000	November 21, 2015
11.4.24	GOP Ijarah Sukuk - XIV	Weighted average yield of 6 months treasury bills minus 30 basis points	Semi-annually	Rs. 100,000	November 21, 2015
11.4.25	Wakala Global Sukuk	2.991 % p.a.	Semi-annually	USD 1,000	July 6, 2016
11.4.26	Abu Dhabi Sukuk Bonds	3.745 % p.a.	Semi-annually	USD 1,000	November 4, 2015
11.4.27	First Gulf Bank Sukuk	4.046 % p.a.	Semi-annually	USD 1,000	January 18, 2017
11.4.28	Saudi Electric Company Sukuk - 5 years	2.665 % p.a.	Semi-annually	USD 1,000	April 3, 2017
11.4.29	Saudi Electric Company Sukuk - 10 years	4.211 % p.a.	Semi-annually	USD 1,000	April 3, 2022
11.4.30	State Of Qatar Sukuk - 10 years	3.241 % p.a.	Semi-annually	USD 1,000	January 18, 2023
11.4.31	Qatar Islamic Bank	2.5 % p.a.	Semi-annually	USD 1,000	October 10, 2017
11.4.32	Republic of Indonesia Sukuk I	3.3 % p.a.	Semi-annually	USD 1,000	November 21, 2022
11.4.33	Republic of Indonesia Sukuk II	4.35 % p.a.	Semi-annually	USD 1,000	September 10, 2024
11.4.34	Sime Darby Berhad Global Sukuk - 5 years	2.053 % p.a.	Semi-annually	USD 1,000	January 29, 2018
11.4.35	Sime Darby Berhad Global Sukuk - 10 years	3.29 % p.a.	Semi-annually	USD 1,000	January 29, 2023
11.4.36	Hazine MV Sukuk I	2.803 % p.a.	Semi-annually	USD 1,000	March 26, 2018
11.4.37	Luxembourg Sukuk	0.44 % p.a.	Semi-annually	EUR 1,000	October 7, 2019
11.4.38	Hong Kong Sukuk	2.005 % p.a.	Semi-annually	USD 1,000	September 18, 2019

*The maturity date of Sukuk was October 20, 2014. All the profits due has been received as per the terms and conditions of the Sukuk. The restructuring exercise of the Sukuk is currently underway. The Sukuk carries guarantee from the Government of Pakistan.

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11.5 Subsidiary (unlisted)

Particulars	Note	2014	2013	2014	2013	Percentage of equity holding	Break up value per share	Latest available audited financial statements	Name of the chief executive
		Number of Shares		Rupees in '000		%	Rupees		
Al-Meezan Investment Management Limited (ordinary shares)	11.5.1	3,250,000	3,250,000	63,050	63,050	65	442.03	June 30, 2014	Mr. Muhammad Shoaib
				63,050	63,050				

11.5.1 The nominal value of these shares is Rs. 100 each. These shares are placed in custody account with the Central Depository Company of Pakistan Limited. These shares cannot be sold without the prior approval of the SECP in accordance with the SECP's circular No. 9 of 2006 dated June 15, 2006.

11.6 Associates (listed)

The Bank holds investments in units of Rs. 50 each, unless stated otherwise, in the following listed investee entities:

Name of the investee entity	Note	2014	2013		2014	2013
		Number of units		Percentage of direct equity holding %	Cost	
					Rupees in '000	
Units of open end funds						
Meezan Balanced Fund	11.6.1	18,886,746	16,134,468	Open end fund	161,345	161,345
Al-Meezan Mutual Fund	11.6.1	9,921,033	8,437,514	Open end fund	46,957	46,957
Meezan Islamic Fund		15,675,050	18,597,416	Open end fund	277,752	380,525
KSE Meezan Index Fund		2,113,224	1,823,579	Open end fund	100,000	100,000
Meezan Capital Protected Fund - II		-	2,501,064	Open end fund	-	100,000
Meezan Sovereign Fund		61,005,560	127,622,809	Open end fund	2,823,232	6,136,817
					3,409,286	6,925,644

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

11.6.2 The above associates are incorporated in Pakistan.

11.6.3 Investments in listed associates have a market value of Rs. 4,580 million (2013: Rs. 7,991 million).

11.7 Associates (unlisted)

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

Name of the investee	2014	2013	2014	2013	Percentage of equity holding	Break up value per share	Latest available audited financial statements	Name of the chief executive
	Number of shares		Rupees in '000		%	Rupees		
Pak Kuwait Takaful Company Limited	2,812,500	2,500,000	28,125	25,000	6.25%	6.17	December 31, 2013	Mr. Imtiaz Ahmed Bhatti
Plexus (Private) Limited	-	1,499,980	-	15,000	-	-	-	-
Total			28,125	40,000				

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

11.7.1 The above associates are incorporated in Pakistan.

11.8 Provision for diminution in the value of investments

	2014			2013		
	Associates	Others	Total	Associates	Others	Total
	Rupees in '000					
Opening balance	28,186	393,963	422,149	29,649	425,570	455,219
(Reversal) / charge for the year						
- on associates (unlisted)	(1,000)	-	(1,000)	(1,463)	-	(1,463)
on available for sale investments						
- charge for the year	-	101,045	101,045	-	-	-
- reversal for the year	-	(183,902)	(183,902)	-	(31,607)	(31,607)
	(1,000)	(82,857)	(83,857)	(1,463)	(31,607)	(33,070)
Write-off against provision	(14,000)	-	(14,000)	-	-	-
Closing balance	13,186	311,106	324,292	28,186	393,963	422,149

11.8.1 Particulars of provision in respect of type and segment

	2014	2013
	Rupees in '000	
Associates - unlisted		
Fully paid up-ordinary shares	13,186	28,186
Other - Available for sale securities		
Fully paid up-ordinary shares	59,666	693
Sukuks	251,440	393,270
	324,292	422,149

11.9 An extract of the reviewed statement of financial position of the Bank's subsidiary Al-Meezan Investment Management Limited as at December 31, 2014 and the profit and loss account for the twelve months period ended December 31, 2014 is as follows:

	2014 Unaudited	2013 Unaudited
	Rupees in '000	
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Investments - at fair value through profit or loss	2,449,069	2,056,822
Investments - available for sale	-	69,242
Receivable from related parties	109,729	74,631
Operating fixed assets	86,383	87,070
Prepayments, other receivables and long term deposits	25,720	81,674
Deferred taxation - net	50,360	60,822
Cash and bank balances	55,487	54,403
	2,776,748	2,484,664
EQUITY		
Share capital	500,000	500,000
Unappropriated profit	1,899,434	1,376,724
Surplus on revaluation of available for sale investments	-	19,174
	2,399,434	1,895,898
LIABILITIES		
Musharakah	-	200,000
Creditors, accrued expenses and other liabilities	358,126	386,190
Taxation	19,188	2,576
	2,776,748	2,484,664

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



	For the twelve months period ended	
	2014 Unaudited	2013 Unaudited
	Rupees in '000	
PROFIT AND LOSS ACCOUNT		
Operating income	783,625	601,871
Other operating income	562,793	513,122
Operating expenses	(530,889)	(458,491)
Financial charges and provision	(12,686)	(136,459)
Profit before taxation	802,843	520,043
Taxation	(129,386)	(30,074)
Profit after taxation	673,457	489,969

11.9.1 The financial statements of the subsidiary company as at December 31, 2014 were reviewed by its statutory auditors who have expressed an unqualified conclusion thereon.

11.9.2 The annual audited financial statements of the subsidiary are available for inspection at the registered office of the Bank and would be available to the members on request without any cost.

12. ISLAMIC FINANCING AND RELATED ASSETS	Note	2014	2013
		Rupees in '000	
In Pakistan			
- Murabaha financings	12.1	16,759,330	23,294,082
- Advances against Murabaha		3,126,233	6,917,810
- Murabaha inventory		6,836,095	4,463,752
- Financing under Islamic Export Refinance - Murabaha	12.2	621,295	2,115,954
- Advances against future Islamic Export Refinance - Murabaha		206,196	414,700
- Net investment in Ijarah		262,539	862,524
- Net book value of assets / investment in Ijarah under IFAS-2		9,987,968	7,747,011
	12.3	10,250,507	8,609,535
- Advances against future Ijarah		1,272,858	553,089
- Istisna financings		5,353,073	305,334
- Istisna advance		30,119,434	20,676,282
- Istisna inventory		549,204	386,139
- Financing under Islamic Export Refinance - Istisna		411,792	461,857
- Financing under Islamic Export Refinance - Istisna - Inventory		144,939	227,957
- Advances against Islamic Export Refinance - Istisna		4,239,117	4,487,099
- Running Musharakah financings		23,215,324	8,129,474
- Financing under Islamic Export Refinance - Running Musharakah		5,520,154	2,230,000
- Diminishing Musharakah financings - Housing		4,546,072	3,501,081
- Diminishing Musharakah financings - Others		36,692,929	29,856,764
- Advances against Diminishing Musharakah		4,522,833	4,808,366
- Musharakah financings		-	200,000
- Financing under Islamic Export Refinance - Tijarah		170,700	21,000
- Financing under Islamic Export Refinance - Tijarah - Inventory		484,700	90,000
- Tijarah financings		477,802	510,311
- Tijarah inventory		1,121,191	1,847,085
- Bai Muajjal financings	12.4	376,596	-
- Service Ijarah financings		-	26,293
- Advances against future Service Ijarah		1,103,412	566,324
- Musawammah financings	12.5	905,100	51,097
- Musawammah Inventory		1,500,815	1,510,799
- Labbaik (Qard for Hajj and Umrah)		7,796	2,861
- Financings against bills - Salam		6,656,647	5,088,444
- Financings against bills - Murabaha		-	11,391
- Financings against bills - Murabaha - Advance		1,738	21,307
- Salam Financing - Inventory		7,402,272	-
- Salam Financing - Advances		3,000,055	-
- Staff financings	12.6	1,550,862	1,226,212
- Other financings	12.12	4,138,477	862,310
Gross Islamic financing and related assets		183,285,548	133,474,709
Less: Provision against non-performing financings	12.9	(7,573,606)	(5,851,841)
Islamic financing and related assets - net of provision	12.7	175,711,942	127,622,868

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	Note	2014	2013
		Rupees in '000	
12.1	Murabaha receivable - gross	17,476,680	24,539,916
	Less: Deferred murabaha income	(275,959)	(445,439)
	Profit receivable shown in other assets	(441,391)	(800,395)
	Murabaha financings	16,759,330	23,294,082
12.1.1	Murabaha sale price	17,476,680	24,539,916
	Murabaha purchase price	(16,759,330)	(23,294,082)
		717,350	1,245,834
12.2	Financing under Islamic Export Refinance - Murabaha - gross	649,732	2,212,401
	Less: Deferred income	(11,114)	(54,615)
	Profit receivable shown in other assets	(17,323)	(41,832)
	Financing under Islamic Export Refinance - Murabaha	621,295	2,115,954

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

	2014			
	Not later than one year	Later than one and less than five years	Over five years	Total
	Rupees in '000			
Ijarah rentals receivable	6,772,448	6,630,050	161,464	13,563,962
Residual value	670,201	2,956,186	13,726	3,640,113
Minimum Ijarah payments	7,442,649	9,586,236	175,190	17,204,075
Less: Profits for future periods	(2,428,181)	(4,397,132)	(128,255)	(6,953,568)
Present value of minimum Ijarah payments	5,014,468	5,189,104	46,935	10,250,507

	2013			
	Not later than one year	Later than one and less than five years	Over five years	Total
	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

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12.3.1 Net book value of assets / investments in Ijarah under IFAS-2 is net of depreciation of Rs 6,246 million (2013: Rs. 4,957 million).

	2014	2013
	Rupees in '000	
12.4 Bai Muajjal financings - gross	390,729	-
Less: Deferred income	(13,656)	-
Profit receivable shown in other assets	(477)	-
Bai Muajjal financings	376,596	-
12.5 Musawammah financings - gross	962,334	63,953
Less: Deferred income	(45,064)	(12,095)
Profit receivable shown in other assets	(12,170)	(761)
Musawammah financings	905,100	51,097

12.6 This includes Rs. 212 million (2013: Rs. 190 million) representing mark up free financings to staff advanced under the Bank's Human Resource Policies.

	2014	2013
	Rupees in '000	
12.7 Particulars of Islamic financing and related assets - net		
12.7.1 In		
- local currency	146,224,464	115,097,959
- foreign currencies	29,487,478	12,524,909
	175,711,942	127,622,868
12.7.2 Short-term (for upto one year)	122,276,943	74,831,494
Long-term (for over one year)	53,434,999	52,791,374
	175,711,942	127,622,868

12.8 Islamic financing and related assets include Rs. 6,912 million (2013: Rs. 4,841 million) which have been placed under non-performing status as detailed below:

	2014				
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	Rupees in '000				
Other Assets Especially Mentioned	9,860	-	9,860	68	68
Substandard	221,543	-	221,543	45,468	45,468
Doubtful	753,051	-	753,051	371,665	371,665
Loss	5,927,924	-	5,927,924	5,867,889	5,867,889
	6,912,378	-	6,912,378	6,285,090	6,285,090

	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
	4,840,756	-	4,840,756	4,608,918	4,608,918

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

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

		2014		
	Note	Specific	General	Total
		Rupees in '000		
Opening balance		4,608,918	1,242,923	5,851,841
Charge for the year		765,109	27,022	792,131
Less: Reversals		(246,367)	-	(246,367)
		518,742	27,022	545,764
Transferred during the period*		1,203,020	18,571	1,221,591
Amount written off	12.10	(45,590)	-	(45,590)
Closing balance		6,285,090	1,288,516	7,573,606

* This represents balance transferred from HSBC Bank Middle East Limited - Pakistan branches on acquisition of HSBC Bank Middle East Limited - Pakistan branches operations.

	Note	2013		
		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	12.10	-	-	-
Closing balance		4,608,918	1,242,923	5,851,841

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

In addition, the Bank has also maintained a general provision of Rs. 1,125 million (2013: Rs. 1,125 million) against financings made on prudent basis, in view of the prevailing economic conditions. This general provision is in addition to the requirements of the Prudential Regulations.

- 12.9.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sales Value (FSV) of collaterals against the non-performing financings. The accumulated benefit availed as at December 31, 2014 amounts to Rs. 32 million (2013: Rs. 49 million). The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2014 amounts to Rs. 20.8 million (2013: Rs. 31.85 million). The increase in profit, due to availing of the benefit, is not available for distribution of cash and stock dividend to shareholders.

12.9.3 Particulars of provision against non-performing financings:

	2014		
	Specific	General	Total
Rupees in '000			
In local currency	6,091,323	1,288,516	7,379,839
In foreign currencies	193,767	-	193,767
	6,285,090	1,288,516	7,573,606

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



	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

12.10 Particulars of write offs

	2014	2013
	Rupees in '000	
Against provisions	45,590	-
Directly charged to the profit and loss account	-	-
	45,590	-
Write offs Rs. 500,000 and above	45,290	-
Write offs below Rs. 500,000	300	-
	45,590	-

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

In term of sub-section(3) of section 33 A of the Banking Companies Ordinance, 1962, the statement in respect of written off financings or any other financial relief of five hundred thousand rupees or above allowed to any person is required to be disclosed. The details of financial relief allowed during the year is given as Annexure - 1.

12.11 Particulars of financings to directors, associated companies etc.

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

	Note	2014	2013
		Rupees in '000	
Balance at the beginning of the year		1,263,670	903,661
Disbursements during the year		652,897	570,483
Repayments during the year		(330,962)	(210,474)
Balance at the end of the year	12.11.1	1,585,605	1,263,670

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	2014	2013
		Rupees in '000	
Balance at the beginning of the year		156,420	70,531
Disbursements during the year		-	205,740
Repayments during the year		(156,420)	(119,851)
Balance at the end of the year	12.11.2	-	156,420

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

	Note	2014	2013
		Rupees in '000	
Balance at the beginning of the year		200,000	200,258
Disbursements during the year		100,000	300,000
Repayments during the year		(300,000)	(300,258)
Balance at the end of the year	12.11.3	-	200,000

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

12.11.1 These include loans given by the Bank to its employees as per the terms of their employment. The maximum total amount of financings including temporary financings granted during the year was Rs. 1,586 million (2013: Rs. 1,264 million). The maximum amount has been calculated by reference to the month end balance.

12.11.2 This represented a Murabaha facility to The General Tyre and Rubber Company of Pakistan Limited (an associated company) (2013: Musharakah facility to The General Tyre and Rubber Company of Pakistan Limited - an associated company).

12.11.3 This represented Musharaka facility given to Al-Meezan Investment Management Limited during the year.

12.11.4 Financings to Executives and a Director

	Executives		Director	
	2014	2013	2014	2013
	Rupees in '000			
Opening balance	713,101	507,860	-	-
Disbursements during the year	406,009	316,060	-	-
Repayments during the year	(133,303)	(110,819)	-	-
Closing balance	985,807	713,101	-	-

12.12 This includes financings amounting to Rs 1.980 billion which have been transferred from HSBC consequent to acquisition of HSBC - Pakistan Operations, which are in the process of conversion.

13. OPERATING FIXED ASSETS

	Note	2014	2013
		Rupees in '000	
Capital work-in-progress	13.1	195,815	234,689
Property and equipment	13.2	5,581,937	5,116,603
		5,777,752	5,351,292
Intangible assets	13.4	495,487	243,622
		6,273,239	5,594,914

13.1 Capital work-in-progress

- Land and building (including advances to suppliers and contractors for building renovation)
- Advances for computer hardware
- Advances for purchase of vehicles
- Advances for computer software
- Advances for other office machines
- Advances for furniture and fixtures

	30,490	49,732
	47,596	34,987
	19,840	16,839
	29,257	24,210
	53,478	83,080
	15,154	25,841
	195,815	234,689

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



13.2 Property and equipment

2014							
COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2014	Rate of depreciation %
As at January 1, 2014	Additions / Transfers* / (deletions)	As at December 31, 2014	As at January 1, 2014	Charge / Transfers* / (on deletions)	As at December 31, 2014		
Rupees in '000							
916,844	22,573	939,417	-	-	-	939,417	
1,295,402	1,591	1,296,993	180,252	64,344	244,596	1,052,397	5
2,232,449	579,016 221,552 (2,671)	3,030,346	667,420	240,323 193,433 (1,264)	1,099,912	1,930,434	10
312,539	50,942 71,651 (813)	434,319	114,323	33,469 62,538 (480)	209,850	224,469	10
2,207,703	364,817 259,380 (33,286)	2,798,614	1,265,058	342,673 248,422 (29,641)	1,826,512	972,102	10, 20 & 33
612,849	245,601 16,096 (105,322)	769,224	234,130	135,585 7,895 (71,504)	306,106	463,118	20
7,577,786	1,264,540 568,679 (142,092)	9,268,913	2,461,183	816,394 512,288 (102,889)	3,686,976	5,581,937	

* This represents assets acquired from HSBC Bank Middle East Limited - Pakistan Branches on acquisition of HSBC Bank Middle East Limited - Pakistan branches operations.

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				
615,989	300,855	916,844	-	-	-	916,844	
1,166,768	128,634	1,295,402	121,337	58,915	180,252	1,115,150	5
1,717,214	549,693 (34,458)	2,232,449	493,680	190,193 (16,453)	667,420	1,565,029	10
280,732	41,200 (9,393)	312,539	91,428	29,337 (6,442)	114,323	198,216	10
1,856,293	406,267 (54,857)	2,207,703	1,024,635	290,513 (50,090)	1,265,058	942,645	10, 20 & 33
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	

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

13.3 Property and equipment - Movement of net book value

	Leasehold land	Buildings on leasehold land	Leasehold improvements	Furniture and fixtures	Electrical, office and computer equipments	Vehicles	Total
	Rupees in '000						
At January 1, 2013							
Cost	615,989	1,166,768	1,717,214	280,732	1,856,293	554,964	6,191,960
Accumulated depreciation	-	121,337	493,680	91,428	1,024,635	224,151	1,955,231
Net book value	615,989	1,045,431	1,223,534	189,304	831,658	330,813	4,236,729
Year ended December 31, 2013							
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)
Net book value as at December 31, 2013	916,844	1,115,150	1,565,029	198,216	942,645	378,719	5,116,603
Year ended December 31, 2014							
Additions	22,573	1,591	579,016	50,942	364,817	245,601	1,264,540
Net book value of transfers	-	-	28,119	9,113	10,958	8,201	56,391
Net book value of disposals	-	-	(1,407)	(333)	(3,645)	(33,818)	(39,203)
Depreciation charge	-	(64,344)	(240,323)	(33,469)	(342,673)	(135,585)	(816,394)
Net book value as at December 31, 2014	939,417	1,052,397	1,930,434	224,469	972,102	463,118	5,581,937

13.3.1 Included in cost of property and equipment are fully depreciated items which are still in use aggregating to Rs. 1,669 million (2013: Rs. 948 million).

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



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

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
	Rupees in '000					
Items having book value in aggregate more than Rs. 250,000 or cost more than Rs. 1,000,000						
Vehicles						
Suzuki Alto	470	470	-	75	MBL Staff Policy	Mr. Amir Qureshi - Executive
Suzuki Alto	470	470	-	75	MBL Staff Policy	Mr. Sheikh Muhammad Rashad - Executive
Suzuki Cultus	712	712	-	214	MBL Staff Policy	Mr. Khawar Waseem Khan - Executive
Suzuki Cultus	836	836	-	251	MBL Staff Policy	Mr. Muhammad Irshad Khan - Executive
Suzuki Cultus	748	723	25	224	MBL Staff Policy	Mr. Irfan Aslam - Executive
Suzuki Cultus	748	736	12	224	MBL Staff Policy	Mr. Muhammad Yasir - Ex-Employee
Suzuki Cultus	848	791	57	254	MBL Staff Policy	Mr. Ishtiaq Hussain Shah - Ex-Employee
Suzuki Cultus	848	848	-	254	MBL Staff Policy	Mr. Babar Hussain Abbasi - Executive
Suzuki Cultus	772	772	-	232	MBL Staff Policy	Mr. Muhammad Adil Sami - Executive
Suzuki Cultus	772	772	-	232	MBL Staff Policy	Ms. Aliya Shahab - Executive
Suzuki Cultus	798	652	146	323	MBL Staff Policy	Mr. Urooj Ul Hassan - Executive
Suzuki Cultus	748	748	-	224	MBL Staff Policy	Mr. Omer Ashraf Nizami - Executive
Suzuki Cultus	622	622	-	78	MBL Staff Policy	Mr. Sadoon Ahmed Qureshi - Executive
Suzuki Cultus	799	799	-	242	MBL Staff Policy	Mr. Muhammad Irfan Nawaz - Executive
Suzuki Cultus	815	570	245	418	MBL Staff Policy	Mr. Amer Bashir Hanjra (Late) - Ex-Employee
Suzuki Cultus	668	668	-	200	MBL Staff Policy	Mr. Atta Ur Rehman - Executive
Suzuki Cultus	647	647	-	194	MBL Staff Policy	Mr. Naeem Hyder - Executive
Suzuki Cultus	622	601	21	346	MBL Staff Policy	Mr. Rao Muhammad Saleem - Executive
Suzuki Cultus	772	772	-	232	MBL Staff Policy	Mr. Bilal Mushtaq Awan - Executive
Suzuki Cultus	755	755	-	227	MBL Staff Policy	Mr. Khwajah Javed Ahmed - Executive
Suzuki Cultus	848	848	-	254	MBL Staff Policy	Mr. Muhammad Khan Awan - Executive
Suzuki Cultus	865	865	-	260	MBL Staff Policy	Mr. Muhammad Ather Rabbani - Executive
Honda City	1,451	1,016	435	753	MBL Staff Policy	Mr. Muhammad Raza Saeed - Executive
Honda City	1,290	903	387	673	MBL Staff Policy	Mr. Javed Aslam Siddiqui - Ex- Employee
Honda City	1,304	1,304	-	391	MBL Staff Policy	Mr. Javed Akhter Bhutto - Executive
Honda City	1,050	1,050	-	315	MBL Staff Policy	Mr. Muhammad Waseem Bari - Executive
Honda City	1,326	1,326	-	398	MBL Staff Policy	Mr. Najam Uz Zafar - Executive
Honda City	1,304	1,304	-	391	MBL Staff Policy	Mr. Muhammad Saleem Ahmed - Executive
Honda City	1,258	1,258	-	377	MBL Staff Policy	Mr. Nadeem Ahmed Usmani - Executive
Honda City	1,209	1,209	-	363	MBL Staff Policy	Mr. Mian Naeem Tariq - Executive
Honda City	1,202	1,202	-	361	MBL Staff Policy	Syed Wasim Ali Abbas - Executive
Honda City	1,304	1,304	-	391	MBL Staff Policy	Mr. Ghufuran Hassan - Executive
Honda City	1,209	1,209	-	363	MBL Staff Policy	Mr. Imran Sardar - Executive
Honda City	1,304	1,282	22	391	MBL Staff Policy	Syed Muhammad Asim - Executive
Honda City	999	999	-	300	MBL Staff Policy	Mr. Afzal Ahmed - Executive
Honda Civic	1,879	1,378	501	897	MBL Staff Policy	Mr. Muhammad Abid - Executive

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
Honda Civic	2,386	278	2,108	2,187	MBL Staff Policy	Mr. Kazi Muhammad Amir - Executive
Honda Civic	1,879	1,378	501	897	MBL Staff Policy	Mr. Tariq Mehboob - Executive
Honda Civic	2,439	203	2,236	2,271	MBL Staff Policy	Mr. Asim Saleem - Executive
Honda Civic	1,808	1,567	241	721	MBL Staff Policy	Mr. Anwar Ul Haq - Executive
Honda Civic	1,871	1,871	-	561	MBL Staff Policy	Mr. Tariq Munir - Executive
Toyota Corolla	1,389	1,088	301	653	MBL Staff Policy	Mr. Kashif Usmani - Executive
Toyota Corolla	1,004	1,004	-	301	MBL Staff Policy	Mr. Faisal Saifullah - Executive
Honda City	1,309	1,309	-	1,107	Negotiation	Mr. Malik Adnan Waheed
Honda City	1,232	1,129	103	985	Negotiation	Mr. Nadeem Ahmed
Honda City	1,294	927	367	1,160	Negotiation	Mr. Muhammad Bilal Khan
Honda City	1,506	477	1,029	1,236	Negotiation	Mr. Muhammad Bilal Khan
Mercedes Benz	10,075	2,519	7,556	8,500	Negotiation	Al-Meezan Investment Management Limited - Subsidiary Company
Suzuki Cultus	878	571	307	752	Negotiation	Mr. Usman Shahid
Suzuki Cultus	879	527	352	604	Negotiation	Syed Adil Ali
Suzuki Cultus	899	449	450	741	Negotiation	Mr. Wasim Mirza
Suzuki Cultus	919	459	460	790	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	959	432	527	803	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	975	390	585	774	Negotiation	Mr. M.Faizan
Suzuki Cultus	975	374	601	775	Negotiation	Mr. Tariq Jawaid
Suzuki Cultus	990	297	693	860	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	1,004	318	686	835	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	879	527	352	715	Negotiation	Mr. Imran Zahid
Suzuki Cultus	990	313	677	840	Negotiation	Mr. Numeri Abrar
Suzuki Cultus	919	444	475	737	Negotiation	Mr. Qaisar Javeed
Suzuki Cultus	971	372	599	725	Negotiation	Ms. Irum Nadeem
Suzuki Cultus	859	501	358	707	Negotiation	Mr. Umar Cheema
Suzuki Cultus	899	494	405	716	Negotiation	Mr. M.Ali Akber
Suzuki Cultus	936	390	546	771	Negotiation	Mr. Naseer Ud Din
Suzuki Cultus	815	543	272	711	Negotiation	Mr. Atif Hussain
Suzuki Cultus	810	540	270	676	Negotiation	Mr. Muhammad Mohsin
Suzuki Cultus	878	512	366	751	Negotiation	Mr. Muhammad Mohsin
Suzuki Cultus	959	432	527	747	Negotiation	Syed Adil Ali
Suzuki Cultus	899	449	450	765	Negotiation	Mr. Muhammad Ishtiaq
Suzuki Cultus	1,001	350	651	841	Negotiation	Mr. Naveed Hussain Talib
Suzuki Cultus	919	459	460	752	Negotiation	Mr. Usman Shahid
Suzuki Swift	959	432	527	891	Negotiation	Mr. Umer Farooq
Toyota Corolla	1,100	1,100	-	1,017	Negotiation	Syed Riaz Ahmed
Toyota Corolla	1,462	1,097	365	1,131	Negotiation	Syed Riaz Ahmed
Toyota Corolla	1,374	1,374	-	1,074	Negotiation	Mr. Zahid Qadri
Toyota Corolla	1,309	1,309	-	725	Negotiation	Mr. Faisal Raza
Toyota Corolla	1,673	753	920	1,319	Negotiation	Mr. Zahid Qadri
Suzuki Cultus	919	429	490	744	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
Suzuki Cultus	985	213	772	970	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
Suzuki Cultus	950	269	681	860	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
Toyota Corolla	1,673	613	1,060	1,505	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
Toyota Corolla	1,419	639	780	1,267	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
	97,499	64,542	32,957	60,867		

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchaser
Rupees in '000						
Electrical, office and computer equipments						
Computer Equipment	1,360	1,360	-	18	Negotiation	M/s. Ahsan Ullah
Leasehold Improvements						
Civil Works	400	144	256	252	Insurance Claim	Pak Kuwait Takaful Company Limited - Associated Company
	99,259	66,046	33,213	61,137		
Items having book value in aggregate less than Rs. 250,000 or cost less than Rs. 1,000,000						
Furniture and Fixtures	813	480	333	217		
Leasehold improvements	2,271	1,120	1,151	1,203		
Electrical, office and computer equipment	31,926	28,281	3,645	6,337		
Vehicles	7,823	6,962	861	6,370		
	142,092	102,889	39,203	75,264		

13.4 Intangible assets

	COST			ACCUMULATED AMORTISATION			Net book value as at December 31, 2014	Rate of amortisation
	As at January 1, 2014	Additions during the year	As at December 31, 2014	As at January 1, 2014	Amortisation charge for the year	As at December 31, 2014		
	Rupees in '000							
Computer software	511,577	362,456	874,033	267,955	110,591	378,546	495,487	20
2013	357,760	153,817	511,577	201,268	66,687	267,955	243,622	20

13.5 Intangible assets - Movement of net book value

	Year ended December 31, 2013				Year ended December 31, 2014		
	Net book value as at January 1, 2013	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2013	Addition during the year	Amortisation charge for the year	Net book value as at December 31, 2014
Rupees in '000							
Computer software	156,492	153,817	66,687	243,622	362,456	110,591	495,487

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

14. DEFERRED TAX ASSET

Note

2014

2013

Rupees in '000

Deferred credits arising due to:

Excess of accounting book values over tax
written down values of owned assets

(553,604)

(611,548)

Deferred debits arising due to:

Provision against non-performing Islamic financing and related assets

658,188

790,982

Provision for diminution in value of investments

63,983

28,617

Income not accrued due to non-culmination of Islamic financings

581,196

370,268

Provision against non-banking assets acquired in satisfaction
of claims and other assets

35,743

-

Other provisions

-

328

785,506

578,647

Equity

Surplus on revaluation of available for sale investments

(254,942)

(447,708)

530,564

130,939

15. OTHER ASSETS

Profit / return accrued in local currency

5,486,947

3,779,150

Profit / return accrued in foreign currencies

194,788

85,246

Advances, deposits, advance rent and other prepayments

15.1

900,212

646,322

Advance taxation (payments less provisions)

180,590

-

Dividends receivable

2,597

2,781

Stamps

7,670

8,657

Security deposits

88,947

67,219

Unrealised gain on forward foreign exchange contracts - net

15.2

258,767

294,729

Non-Banking assets acquired in satisfaction of claims

15.3

280,421

323,170

Advance for Investments

43,019

-

Receivable from SBP on account of settlement of capital of HSBC

4

7,453,848

-

Others

168,012

153,363

15,065,818

5,360,637

Provision against other assets

15.4

(260,995)

(178,252)

14,804,823

5,182,385

15.1 This includes prepaid rent and prepaid insurance aggregating Rs. 420 million (2013: Rs. 265 million) and Rs. 240 million (2013: Rs. 197 million) respectively which are being amortised over a period of one year.

15.2 This is net of loss of Rs. 755 million (2013: Rs. 372 million) on forward foreign exchange contracts.

15.3 The market value of the non-banking assets acquired in satisfaction of claims amount to Rs. 228 million (2013: Rs. 295 million).

15.4 Provision against other assets

Note

2014

2013

Rupees in '000

Opening balance

178,252

171,410

Charge for the year

15.4.1

152,600

6,842

Reversals during the year

(56,312)

-

Amount written off

(13,545)

-

Closing balance

260,995

178,252

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



- 15.4.1 This includes provision against accrued interest income transferred from HSBC consequent of acquisition of HSBC - Pakistan operations. Any amount received in this respect would be paid to charity.

16. BILLS PAYABLE	Note	2014	2013
		Rupees in '000	
In Pakistan		5,619,826	3,614,718
Outside Pakistan		-	-
		<u>5,619,826</u>	<u>3,614,718</u>
17. DUE TO FINANCIAL INSTITUTIONS			
In Pakistan		15,465,418	11,365,963
Outside Pakistan		-	9,535
		<u>15,465,418</u>	<u>11,375,498</u>
17.1 Particulars of due to financial institutions with respect to currencies			
In local currency		15,465,418	11,365,963
In foreign currencies		-	9,535
		<u>15,465,418</u>	<u>11,375,498</u>
17.2 Details of due to financial institutions secured / unsecured			
Secured			
Musharakah from the State Bank of Pakistan under Islamic Export Refinance Scheme	17.2.1	10,765,765	9,388,963
Unsecured			
Overdrawn nostro accounts		99,653	9,535
Other Musharakah / Modarabas		4,600,000	1,977,000
		<u>15,465,418</u>	<u>11,375,498</u>
17.2.1 These Musharakah are on a profit and loss sharing basis maturing between January 4, 2015 to June 29, 2015 (2013: January 2014 to June 2014) and are secured against demand promissory notes executed in favor of the SBP. A limit of Rs. 12,500 million (2013: Rs. 12,500 million) has been allocated to the Bank by the SBP under Islamic Export Refinance Scheme.			
17.3 Particulars of due to financial institutions		2014	2013
		Rupees in '000	
Short - term		15,465,418	11,375,498
Long - term		-	-
		<u>15,465,418</u>	<u>11,375,498</u>

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

18. DEPOSITS AND OTHER ACCOUNTS

Note

2014

2013

Rupees in '000

Customers

- Fixed deposits
- Savings deposits
- Current accounts - non-remunerative
- Margin

107,700,592	89,052,436
149,365,058	108,398,043
117,999,206	82,314,327
605,419	608,562
375,670,275	280,373,368

Financial institutions

- Remunerative deposits
- Non-remunerative deposits

4,639,557	9,410,713
111,737	26,438
4,751,294	9,437,151
380,421,569	289,810,519

18.1 Particulars of deposits

In

- local currency
- Modaraba based deposits
- Qard based deposits
- foreign currencies
- Modaraba based deposits
- Qard based deposits

245,569,572	193,414,195
111,030,510	79,704,476
356,600,082	273,118,671
16,696,520	14,052,079
7,124,967	2,639,769
23,821,487	16,691,848
380,421,569	289,810,519

19. OTHER LIABILITIES

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

Payable to HSBC - Purchase consideration

- HSBC group entities

Withholding taxes payable

Others

19.1	2,419,688	1,858,917
	36,349	33,254
	12,662	4,347
19.2	2,030,988	1,421,349
	-	315,379
	4,978	4,437
34.2	123,481	78,525
19.3	38,996	34,099
	2,486,525	1,889,311
19.4	421	36,140
	22,719	52,975
	106,715	31,798
4	4,238,887	-
19.5	257,875	-
	63,973	20,937
	177,121	229,185
	12,021,378	6,010,653

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



19.1 This includes Rs. 92 million (2013: Rs. 136 million) in respect of return accrued on borrowings from the SBP under the Islamic Export Refinance Scheme.

19.2 This includes Rs. 12 million (2013: Rs. 5 million) in respect of amount payable to Al Meezan Investment Management Limited (Subsidiary).

19.3	Provision against off-balance sheet obligations	Note	2014	2013
			Rupees in '000	
	Opening balance		34,099	34,099
	Charge for the year		4,897	-
	Closing balance		38,996	34,099
19.4	Reconciliation of charity payable			
	Opening balance		36,140	54,305
	Additions during the year		31,057	57,376
	Less: Transferred to charity savings account (included in deposits and other accounts)	19.4.1	(66,776)	(75,541)
	Closing balance		421	36,140

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

- 19.4.1 Charity paid through charity savings account during the year was Rs. 73 million (2013: Rs. 98 million). Charity of Rs. 100,000 and above was paid to the following individuals / organizations:

	2014	2013
	Rupees in '000	
Afzal Memorial Thalassemia Foundation	300	300
The Aga Khan University - Financial Assistance Program	10,000	8,000
Akhuwat Foundation	400	500
Alamgir Welfare Trust International	200	650
Baqai Institute of Diabetology and Endocrinology	500	400
Burhani Blood Bank and Thalassemia Centre	250	250
Care Foundation	-	200
Children Cancer Hospital	-	300
Creek General Hospital	200	-
Dar-us Shifa Foundation	-	200
Fatimid Foundation Kidney Centre	100	-
Friends of Burns Centre (Civil Hospital)	-	300
Gulbahao	100	-
Hands	500	-
Health Oriented Preventive Education	100	200
Helping Hand For Relief & Development	1,000	-
Sindh Industrial and Trading Estate (S.I.T.E)	-	2,363
Institute of Business Administration - National Talent Hunt Program	17,284	4,188
Idara Al Khair	-	500
Ihsan Trust - Related party	35,000	65,000
Jamal Noor Hospital	500	-
Karachi School of Business and Leadership	-	4,793
Kiran Foundation	500	-
Layton Rahmatulla Benevolent Trust	300	200
Marie Adelaide Leprosy Foundation	200	-
Medical Aid Foundation	-	100
Memon Health and Education Foundation	500	-
Muslim Aid Trust Pakistan	1,000	-
Muslim Welfare Centre	200	-
National Institute of Blood Diseases	300	300
Omair Sana Foundation	300	300
Pakistan Association of Blind	100	-
Pakistan Kidney Institute / Shifa Foundation	200	500
Patients Aid Foundation - Jinnah Hospital	250	250
Prime Minister Earthquake Relief Fund	-	2,000
Professional Education Foundation	125	-
PWA Civil Hospital	-	200
Rashid Memorial Welfare Organization	1,000	1,000
Roshni Homes Trust	200	-
Shifa Foundation-Falahee Clinic Islamabad	200	1,000
Sindh Institute of Urology and Transplantation	-	500
Society For Heart Care	-	500
The Indus Hospital	1,000	2,000
The Kidney Center	200	500
Trust Jamial Taleem UI Quran	200	200
	<u>73,209</u>	<u>97,694</u>

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



19.4.2 The balance in Charity savings account was Rs. 12 million at December 31, 2014 (2013: Rs. 16 million).

19.4.3 Charity was not paid to any individual / organization in which a director or his spouse had any interest at any time during the year.

19.5 This represents amount payable to HSBC group entities which were transferred to the Bank consequent to acquisition of HSBC - Pakistan Operations.

20. SHARE CAPITAL

20.1 Authorised capital

2014 (Number of Shares)	2013		2014 Rupees in '000	2013
1,500,000,000	1,100,000,000	Ordinary shares of Rs. 10 each	15,000,000	11,000,000

20.2 Issued, subscribed and paid-up capital

2014 (Number of Shares)	2013		2014 Rupees in '000	2013
		Ordinary shares		
456,353,635	456,353,635	Fully paid in cash	4,563,536	4,563,536
546,384,260	546,384,260	Issued as bonus shares	5,463,843	5,463,843
1,002,737,895	1,002,737,895		10,027,379	10,027,379

Shareholders having more than 10% shareholding as at December 31, 2014 are as follows:

20.3 Name of shareholders	Number of shares held	Percentage of shareholding
Noor Financial Investment Company, Kuwait	492,484,377	49.11%
Pakistan Kuwait Investment Company (Private) Limited	300,821,365	30%

21. RESERVES

	Note	2014 Rupees in '000	2013
Statutory reserve	21.1	4,398,548	3,484,531
Non Distributable Capital Reserve - Gain on Bargain Purchase		2,810,877	-
General reserve		66,766	66,766
		7,276,191	3,551,297

21.1 Under section 21 of the Banking Companies Ordinance, 1962, an amount not less than 20% of the profit is to be transferred each year to a reserve fund till such time the reserve fund (together with the share premium account) is equal to the amount of the paid up capital.

22. SURPLUS ON REVALUATION OF INVESTMENTS

	2014 Rupees in '000	2013
Quoted shares / units of mutual fund	744,512	597,134
Other securities	126,040	855,667
	870,552	1,452,801
Less: Deferred tax liability	(254,942)	(447,708)
	615,610	1,005,093

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

23. CONTINGENCIES AND COMMITMENTS	Note	2014	2013
		Rupees in '000	
23.1 Direct credit substitutes			
Guarantees favoring			
- Banks		65,264	62,587
23.2 Transaction related contingent liabilities			
Guarantees favoring			
- Government		12,782,424	4,483,135
- Banks		203,386	215,091
- Others		1,197,434	1,216,041
		14,183,244	5,914,267
23.3 Trade related contingent liabilities			
Import letters of credit		22,011,518	22,608,394
Acceptances		2,662,307	2,393,126
		24,673,825	25,001,520
23.4 Commitments in respect of forward exchange contracts			
Purchases		49,068,758	28,669,934
Sales		65,208,080	36,717,660
23.5 Commitments for the acquisition of operating fixed assets		27,584	-
23.6 Commitments in respect of Islamic financing and related assets	23.6.1	86,587,543	49,376,604
23.6.1 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.			
23.7 Other commitments		2014	2013
		Rupees in '000	
Bills for collection (inland)		128,131	152,412
Bills for collection (foreign)		20,589,736	15,041,508
		20,717,867	15,193,920

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



24.	PROFIT / RETURN EARNED ON FINANCINGS, INVESTMENTS AND PLACEMENTS	Note	2014	2013
			Rupees in '000	
	On financings to			
	- Customers		12,343,431	8,652,390
	On investments in			
	- Available for sale securities		10,209,350	14,163,485
	- Held for trading securities		80,167	1,182
	- Held to maturity securities		-	-
	On deposits with financial institutions		6,170,111	353,961
			<u>28,803,059</u>	<u>23,171,018</u>
25.	RETURN ON DEPOSITS AND OTHER DUES EXPENSED			
	Deposits and other accounts		14,549,218	11,398,250
	Other short term Musharakahs / Mudarabas	25.1	891,032	1,127,919
			<u>15,440,250</u>	<u>12,526,169</u>
25.1	This includes Rs. 643 million (2013: Rs. 495 million) paid / payable to the SBP under Islamic Export Refinance Scheme.			
26.	CAPITAL GAIN ON SALE OF INVESTMENTS - NET		2014	2013
			Rupees in '000	
	Shares / units of mutual funds - listed		892,527	1,198,568
	Sukuks		255,972	31,591
			<u>1,148,499</u>	<u>1,230,159</u>
27.	OTHER INCOME			
	Gain on termination of Ijarah financings		60,418	51,983
	Gain on termination of diminishing musharakah financings		9,726	6,236
	Gain on sale of operating fixed assets		36,061	33,803
	Gain on non-banking assets		10,468	-
	Others		10,389	8,398
			<u>127,062</u>	<u>100,420</u>

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

28. ADMINISTRATIVE EXPENSES	Note	2014	2013
		Rupees in '000	
Salaries, allowances and other employee benefit	28.1, 28.4 & 36	4,756,341	3,878,100
Charge for defined benefit plan	34.5	120,435	88,128
Contribution to defined contribution plan	35	140,497	115,211
Non - executive directors' fees	36	27,676	29,895
Rent, electricity, taxes, insurance, etc.		1,574,433	1,261,234
Depreciation	13.2	816,394	685,729
Amortisation	13.4	110,591	66,687
Communication		309,556	267,976
Stationery and printing		235,439	167,383
Repairs and maintenance		353,890	267,678
Security charges including cash transportation charges		359,430	279,331
Local transportation and car running		299,973	217,435
Fees, subscription and clearing charges	28.2	260,147	170,596
Entertainment		34,511	26,693
Office supplies		110,703	86,670
Hardware and software maintenance		134,059	129,443
Advertisement and publicity		250,181	109,886
Travelling		64,865	51,796
Brokerage, commission and bank charges		98,555	69,727
Legal and professional charges	28.3	16,963	9,344
Auditors' remuneration	28.5	15,302	11,920
Takaful and tracker expenses on Ijarah		351,046	278,156
Donation		788	-
Others		18,159	17,096
		<u>10,459,934</u>	<u>8,286,114</u>

28.1 This includes remuneration to Shariah Advisor amounting to Rs. 9.4 million (2013: Rs. 7.8 million).

28.2 This includes portfolio management fee to Al-Meezan Investment Management Limited (related party) amounting to Rs. 23 million (2013: Rs. 12.4 million).

28.3 This includes remuneration to Shariah Board amounting to Rs. 1 million (2013: Rs. 1 million).

28.4 The Bank has performance bonus policy for all employees including the President & Chief Executive Officer and Deputy Chief Executive Officer. The aggregate amount determined for eligible employees in respect of the bonus relating to all Executives and for the President & CEO and Deputy CEO of the Bank amounted to Rs. 385 million (2013: Rs. 275 million), Rs. 79.28 million (2013: Rs. 55.05 million) and Rs. 52.83 million (2013: Rs. 36.6 million).

28.5 Auditors' remuneration	2014	2013
	Rupees in '000	
Audit fee	3,000	2,700
Fee for interim review	850	775
Special certifications and sundry advisory services	5,790	3,037
Tax services	3,871	4,271
	<u>13,511</u>	<u>10,783</u>
Sindh sales tax on services	676	431
Out of pocket expenses	1,115	706
	<u>15,302</u>	<u>11,920</u>

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



29.	OTHER CHARGES	Note	2014	2013
			Rupees in '000	
	Penalties imposed by the State Bank of Pakistan		49,433	4,886
30.	TAXATION			
	Current			
	- for the year		2,223,292	1,573,730
	- for prior years		-	(268,836)
			2,223,292	1,304,894
	Deferred			
	- for the year		105,156	138,714
	- for prior years		-	246,280
			105,156	384,994
			2,328,448	1,689,888
30.1	Relationship between tax expense and accounting profit			
	Profit before taxation		6,898,534	5,646,664
	Effects of:			
	- Tax calculated at the applicable rate of 35%		2,414,487	1,976,332
	- Income chargeable to tax at reduced rate		(189,193)	(280,045)
	- Prior year reversals		-	(22,556)
	- Permanent differences		90,058	(21,561)
	- Others		13,096	37,718
	Tax charge for the year		2,328,448	1,689,888
31.	BASIC AND DILUTED EARNINGS PER SHARE			
	Profit after taxation for the year		4,570,086	3,956,776
			Number	
	Weighted average number of ordinary shares	20.2	1,002,737,895	1,002,737,895
			Rupees	
	Basic earnings per share	31.1	4.56	3.95
31.1	There were no convertible dilutive potential ordinary shares outstanding on December 31, 2014 and 2013.			
32.	CASH AND CASH EQUIVALENTS	Note	2014	2013
			Rupees in '000	
	Cash and balances with treasury banks	8	29,728,764	28,582,626
	Balances with other banks	9	5,501,077	3,554,234
			35,229,841	32,136,860

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

33. STAFF STRENGTH	Number of Staff	
	2014	2013
Permanent	5,114	4,137
Contractual basis	1,207	1,296
Bank's own staff strength at the end of the year	6,321	5,433
Outsourced	1,108	815
Total staff strength	7,429	6,248

34. DEFINED BENEFIT PLAN

34.1 General Description

The activities of the gratuity scheme are governed by Meezan Bank Limited Staff Gratuity Fund established in 2002 under the provisions of a trust deed. Plan assets held in trust are governed by the Trust Deed as is the nature of the relationship between the Bank and the trustees and their composition. Responsibility for governance of the plan including the investment decisions lies with the Trustees. The Board of Trustees comprise of representatives of the Bank and scheme participants in accordance with the Fund's trust deed.

34.2 The amount recognised in the Statement of financial position are determined as follows:

	2014	2013
	Rupees in '000	
Present value of defined benefit obligations	574,550	410,819
Fair value of plan assets	(451,069)	(332,294)
	123,481	78,525

34.3 Plan assets consist of the following:

	2014		2013	
	Rupees in '000	%	Rupees in '000	%
Meezan Aamdan Certificates	303,204	67%	273,045	82%
GOP Ijarah Sukuk	-	-	55,279	17%
Meezan Capital Preservation Fund	145,538	32%	-	-
Savings account with Meezan Bank Limited	2,327	1%	3,970	1%
	451,069	100%	332,294	100%

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



34.4 The movement in the defined benefit obligation over the year is as follows:

	2014		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	410,819	(332,294)	78,525
Current service cost	117,281	-	117,281
Return expense / (income)	50,814	(47,660)	3,154
	578,914	(379,954)	198,960
Remeasurements:			
- Return on plan assets, excluding amounts included in interest expense / (income)	-	(2,475)	(2,475)
- (Gain) / loss from change in demographic assumptions	-	-	-
- (Gain) / loss from change in financial assumptions	-	-	-
- Experience (gains) / losses	35,521	-	35,521
	35,521	(2,475)	33,046
	614,435	(382,429)	232,006
Contribution	-	(108,525)	(108,525)
Benefit payments	(39,885)	39,885	-
At December 31	574,550	(451,069)	123,481

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

	2013		
	Present value of obligation	Fair value of plan assets	Total
	Rupees in '000		
At January 1	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

34.5 Charge for defined benefit plan

	2014	2013
	Rupees in '000	
Current service cost	117,281	84,194
Net return cost	3,154	3,934
	120,435	88,128

34.6 The plan assets and defined benefit obligations are based in Pakistan.

34.7 Principal actuarial assumptions

	2014	2013
Discount rate	12.25% p.a	13% p.a
Expected rate of salary increase	12.25% p.a	13% p.a
Expected rate of return on investments	12.25% p.a	13% p.a
Normal retirement age	60 years	60 years

34.8 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



34.9 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Impact on defined benefit obligation - Increase / (Decrease)	
		Increase in assumption	Decrease in assumption
		Rupees in '000	
Discount rate	1.0%	(56,337)	66,838
Salary growth rate	1.0%	66,195	(56,802)
		Increase by 1 year in assumption	Decrease by 1 year in assumption
Life expectancy / Withdrawal rate		57,452	57,452

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

34.10 The weighted average duration of the defined benefit obligation is 10.71 years.

34.11 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

At December 31, 2014	Less than a year	Between 1-2 years	Between 2-5 years	Over 5 years	Total
	Rupees in '000				
Gratuity	63,775	52,889	139,847	3,592,477	3,848,988
	2014	2013	2012	2011	2010
34.12 Historical information	Rupees in '000				
Defined benefit obligation	574,550	410,819	300,392	247,137	175,525
Fair value of plan assets	(451,069)	(332,294)	(246,677)	(175,060)	(115,564)
Deficit	123,481	78,525	53,715	72,077	59,961
Remeasurements of plan liabilities	(35,521)	(32,941)	18,496	(1,640)	(3,755)
Remeasurements of plan assets	2,475	(25,763)	7,173	2,101	882

34.13 Funding levels are monitored on an annual basis and are based on actuarial recommendations. Contribution for the next year works out to Rs. 155.616 million as per the actuarial valuation report of the Bank as of December 31, 2014.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

- 34.14 Through its defined benefit gratuity plan, the Fund is exposed to a number of risks, the most significant of which are detailed below:

Asset volatility	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.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' sukuk holdings.
Inflation risk	The majority of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities. However plan assets are variable rate instruments and are re-priced at regular intervals to offset inflationary impacts.
Life expectancy / Withdrawal rate	The majority of the plans' obligations are to provide benefits on severance with the Bank on achieving retirement. Any change in life expectancy / withdrawal rate would impact plan liabilities.

- 34.15 The disclosure made in notes 34.1 to 34.13 are based on the information included in the actuarial valuation report of the Bank as of December 31, 2014.

35. DEFINED CONTRIBUTION PLAN

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

	2014	2013
	Rupees in '000	
Contribution from the Bank	140,497	117,782
Contribution refunded to the Bank as per the rules of the Fund	-	(2,571)
	140,497	115,211
Contribution from the employees	140,497	117,782
	280,994	232,993

36. COMPENSATION OF DIRECTORS AND EXECUTIVES

	President and Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	Rupees in '000					
Fees*	-	-	27,676	29,895	-	-
Managerial remuneration	33,944	28,287	22,618	18,847	826,570	640,420
Charge for defined benefit plan	2,425	2,020	1,616	1,346	51,405	40,540
Contribution to defined contribution plan	2,909	2,425	1,939	1,616	57,623	45,227
House rent	13,093	10,910	8,724	7,270	277,589	218,916
Utilities	2,909	2,425	1,939	1,616	61,689	48,650
Medical	2,986	2,592	2,188	1,932	61,689	48,650
Conveyance	1,777	1,675	2,083	1,339	-	-
Others	1,138	406	986	686	-	-
	61,181	50,740	69,769	64,547	1,336,565	1,042,403
Number of persons	1	1	9	10	582	485

* This includes amounts charged in these financial statements as fees to eight (2013: nine) non-executive directors.

Notes to and forming part of the Financial Statements

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- 36.1 Executives mean employees, other than the Chief Executive Officer and Directors, whose basic salary exceeds five hundred thousand rupees in a financial year.
- 36.2 The Chief Executive, the Deputy Chief Executive Officer (the Executive Director) and certain executives have been provided with free use of the Bank's cars.
- 36.3 In addition to above, all Executives, including the President & Chief Executive Officer and Deputy Chief Executive Officer of the Bank are also entitled to bonus which is disclosed in note 28.4 to these financial statements.

37. FAIR VALUE OF FINANCIAL INSTRUMENTS

- 37.1 The fair value of investments in listed securities, except investments categorised as 'held to maturity', investments in subsidiaries and associates is based on quoted market prices. The value of unquoted equity investments is reduced, if required, on the basis of break-up value of those investments based on the latest available audited financial statements.

Fair value of Islamic financing and related assets, other assets, other liabilities and fixed term deposits and other accounts cannot be calculated with sufficient reliability due to absence of current and active market for such assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of Islamic financing and related assets has been calculated in accordance with the Bank's accounting policy as stated in note 7.3.2.

In the opinion of the management, the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or in the case of financings and deposits are frequently repriced.

37.2 Off-balance sheet financial instruments	2014		2013	
	Book value	Fair value	Book value	Fair value
	Rupees in '000			
Forward purchase of foreign exchange - net	50,183,098	49,449,274	29,093,397	28,929,223
Forward sale of foreign exchange - net	66,583,855	67,576,446	36,677,074	36,218,171

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38. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	2014					
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Agency services	Total
	Rupees in '000					
Total income	919,894	18,908,916	3,475,920	10,239,670	13,543	33,557,943
Total expenses	(782,158)	(16,428,958)	(2,877,471)	(8,894,530)	(4,740)	(28,987,857)
Net income / (loss)	137,736	2,479,958	598,449	1,345,140	8,803	4,570,086
Segment assets	11,456,562	234,673,116	27,020,721	164,255,559	-	437,405,958
Segment non performing assets	340,448	-	918,214	5,994,164	-	7,252,826
Segment provision held*	251,440	-	928,159	6,645,447	-	7,825,046
Segment liabilities	383,081	17,620,140	393,359,933	2,165,037	-	413,528,191
Segment return on assets (ROA) (%)	1.42%	1.16%	2.55%	0.99%	-	-
Segment cost of funds (%)	4.71%	4.71%	4.71%	4.71%	-	-

	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%	-	-

*Includes General Provision

39. RELATED PARTY TRANSACTIONS

39.1 Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include major shareholders, subsidiary company, associated companies with or without common directors, retirement benefit funds, directors and key management personnel and their close family members.

39.2 Banking transactions with related parties are entered in the normal course of business.

Notes to and forming part of the Financial Statements

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39.3 Subsidiary company

- Al Meezan Investment Management Limited

39.4 Key management personnel

- President and Chief Executive Officer
- Deputy Chief Executive Officer

39.5 Details of transactions with related parties and balances with them (other than those disclosed in respective notes) as at the year-end are as follows:

	Total		Subsidiary		Associates		Key Management Personnel / Directors		Other Related Parties	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	Rupees in '000									
Islamic financing and related assets										
At January 1	356,420	270,789	200,000	200,258	156,420	70,531	-	-	-	-
Addition during the year	100,000	505,740	100,000	300,000	-	205,740	-	-	-	-
Deletion during the year	(456,420)	(420,109)	(300,000)	(300,258)	(156,420)	(119,851)	-	-	-	-
At December 31	-	356,420	-	200,000	-	156,420	-	-	-	-
Deposits										
At December 31	2,121,481	4,046,914	6,867	8,776	575,888	2,812,304	174,125	93,713	1,364,601	1,132,121

Balances pertaining to parties that were related at the beginning of the year but ceased to be related during any part of the current year are not reflected as part of the closing balance. However, new related parties have been added during the year. The same are accounted for through the movement presented above.

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	Total		Subsidiary		Associates		Key Management Personnel / Directors		Other Related Parties	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Rupees in '000										
Balances										
Profit receivable on financing	-	7,124	-	3,716	-	3,408	-	-	-	-
Transfer agency fee receivable	1,000	4,883	1,000	4,883	-	-	-	-	-	-
Payable to defined benefit plan	123,481	78,525	-	-	-	-	-	-	123,481	78,525
Accrued expenses	12,337	5,405	12,337	5,405	-	-	-	-	-	-
Letters of guarantee (unfunded)	100	100	100	100	-	-	-	-	-	-
Transactions, income and expenses										
Profit earned on financing	19,586	55,336	12,557	13,530	7,029	41,806	-	-	-	-
Return on deposits/borrowing expensed	447,875	117,120	1,547	327	326,366	34,671	6,937	3,779	113,025	78,343
Dividend income earned	97,500	105,452	97,500	81,250	-	24,202	-	-	-	-
Investments made	3,125	6,050,000	-	-	3,125	6,050,000	-	-	-	-
Capital gain (net)	600,699	734,083	-	-	600,699	734,083	-	-	-	-
Write off against provision for diminution in the value of investment	14,000	-	-	-	14,000	-	-	-	-	-
Reversal of provision against diminution in value of investments	1,000	-	-	-	1,000	-	-	-	-	-
Charge for defined benefit plan	153,479	146,832	-	-	-	-	-	-	153,479	146,832
Contribution to defined contribution plan	140,497	115,211	-	-	-	-	-	-	140,497	115,211
Contribution to staff benevolent fund	10,000	10,000	-	-	-	-	-	-	10,000	10,000
Fees expensed	22,887	12,415	22,887	12,415	-	-	-	-	-	-
Fees and other income earned	108,051	92,228	108,051	92,228	-	-	-	-	-	-
Charity paid	35,000	65,000	-	-	-	-	-	-	35,000	65,000
Premiums paid	56,661	70,027	-	-	56,661	70,027	-	-	-	-
Claims received	45,669	53,513	-	-	45,669	53,513	-	-	-	-
Remuneration to key management personnel (note 36 & 28.4)	235,387	177,042	-	-	-	-	235,387	177,042	-	-
Fees to non-executive directors (note 36)	27,676	29,895	-	-	-	-	27,676	29,895	-	-
Proceeds from sale of fixed assets having net book value of Rs. 7.556 million (note 13.3.2)	8,500	627	8,500	-	-	-	-	627	-	-

39.6 Associates - Key information

	2014 (Unaudited)		
	Mutual funds *	Others	Total
	Rupees in '000		
Asset	64,136,447	832,265	64,968,712
Liabilities	1,010,477	554,695	1,565,172
Operating revenue	8,818,857	82,999	8,901,856
Profit after tax	8,068,697	81,623	8,150,320

* Information is based on the reviewed financial information as at December 31, 2014.

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40. CAPITAL ASSESSMENT AND ADEQUACY BASEL SPECIFIC

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated 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 the banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. During the year, the SBP vide its BPRD Circular No. 11 of 2014 dated November 5, 2014 has revised the disclosure requirements with respect to capital adequacy related information. The disclosures below have been prepared on the basis of the SBP's circular. The comparative information has been restated to facilitate comparison.

40.1 Capital structure

Under Basel III framework, Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:
 - a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc after regulatory deductions for investments in the equity of subsidiary companies engaged in banking and financial activities (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 regulatory deduction for investments in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.

Presently the Bank does not have any AT1 capital.

- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and equity investments after deduction of deficit on available for sale investments (upto a maximum of 56%).

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

The required capital adequacy ratio is achieved by the Bank through:

- (a) Adequate level of paid up capital;
- (b) Adequate risk profile of asset mix;
- (c) Ensuring better recovery management; and
- (d) Maintaining acceptable profit margins.

40.2 Capital adequacy ratio

The main objective of the capital management is to improve the financial position and strengthen the statement of financial position of the Bank to support the growth in business, provide protection to depositors and enhance shareholders' value.

The Bank's Board and the management is committed to maintaining a sound balance between depositors' liability and shareholders' funds so that optimal capital / debt ratio is maintained. The optimal capital / debt ratio will provide reasonable assurance to depositor's about safety and security of their funds and at the same time provide impetus to the management to invest their depositors' funds into profitable ventures without compromising the risk profile of the Bank. The capital requirement of the Bank has been determined based on the projected growth plan to be achieved in the next 3 to 5 years in all areas of business operations. Further, it also takes into account a road map for capital enhancement as directed by the State Bank of Pakistan vide its various circulars issued from time to time.

The Bank prepares Annual Budget and Three Year Plan for purpose of the growth map and future direction. Bottom up approach is used to prepare annual budget and detailed deliberations are held while preparing Three Year Plan. The growth prospects takes into consideration prevailing economic and political factors in Pakistan and abroad.

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, 2014 whereas CAR stood at 11.88% at the year ended December 31, 2014.

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The Bank calculates capital adequacy ratio for credit risk, market risk and operational risk based upon requirements under Basel Accord as per guidelines issued by the State Bank of Pakistan from time to time in this regard.

Major credit risk in respect of on and off-balance sheet exposures are mainly claims on banks, corporates, retail customers, residential mortgages and unquoted associated undertakings and Sukuks. Market risk exposures are mainly in mutual funds, equity and foreign exchange positions. The Bank's potential risk exposures shall remain in these exposure types.

Sensitivity and stress testing of the Bank under different risk factors namely yield rate, forced sale value of collateral, non-performing financings and foreign exchange rate depicts that the Bank's capital adequacy ratio is above the regulatory requirements.

The Bank has taken into account credit risk, market risk and operational risk when planning its assets.

40.3 Capital Adequacy Ratio (CAR) disclosure

Particulars	2014	2013 (Restated)
	Rupees in '000	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	10,027,379	10,027,379
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
General / Statutory Reserves	7,276,191	3,551,297
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	5,958,587	4,329,474
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	23,262,157	17,908,150
Total regulatory adjustments applied to CET1 (Note 40.3.1)	(938,231)	(646,355)
Common Equity Tier 1	22,323,926	17,261,795
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 capital instruments plus any related share premium of which:	-	-
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total of Regulatory Adjustment applied to AT1 capital (Note 40.3.2)	(25,220)	(31,525)
Additional Tier 1 capital after regulatory adjustments	-	-
Tier 1 Capital (CET1 + admissible AT1)	22,323,926	17,261,795
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	-	-
Capital instruments subject to phase out arrangement issued	-	-
Tier 2 capital instruments issued to third parties by consolidated subsidiaries	-	-
- of which: instruments issued by subsidiaries subject to phase out	-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	1,288,516	1,242,923
Revaluation Reserves (net of taxes)	-	-
of which:		
- Revaluation reserves on fixed assets	-	-
- Unrealized gains / losses on AFS	344,742	452,292
Foreign Exchange Translation Reserves	-	-
Undisclosed/Other Reserves (if any)	-	-
T2 before regulatory adjustments	1,633,258	1,695,215
Total regulatory adjustment applied to T2 capital (Note 40.3.3)	(25,220)	(31,525)
Tier 2 capital (T2) after regulatory adjustments	1,608,038	1,663,690
Tier 2 capital recognized for capital adequacy	1,608,038	1,663,690
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy	1,608,038	1,663,690
TOTAL CAPITAL (T1 + admissible T2)	23,931,964	18,925,485
Total Risk Weighted Assets (RWA) {for details refer Note 40.6}	201,442,257	153,712,615

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Particulars	2014	2013 (Restated)
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA	11.08%	11.23%
Tier-1 capital to total RWA	11.08%	11.23%
Total capital to total RWA	11.88%	12.31%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)		
of which:		
- capital conservation buffer requirement	-	-
- countercyclical buffer requirement	-	-
- D-SIB or G-SIB buffer requirement	-	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	5.58%	6.23%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	5.50%	5.00%
Tier 1 minimum ratio	7.00%	6.50%
Total capital minimum ratio	10.00%	10.00%

Particulars	2014		2013 (Restated)	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
40.3.1 Common Equity Tier 1 capital: Regulatory adjustments	Rupees in '000			
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	524,744	-	267,832	-
Shortfall of provisions against classified assets (Note 39.6.2.1)	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments	388,267	-	346,998	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of property / AFS	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold	-	-	-	-
of which:				
- significant investments in the common stocks of financial entities	-	-	-	-
- deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	25,220	25,220	31,525	31,525
Total regulatory adjustments applied to CET1	938,231	25,220	646,355	31,525
40.3.2 Additional Tier 1 Capital: regulatory adjustments				
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	-

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Particulars	2014		2013 (Restated)	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
Rupees in '000				
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	25,220	25,220	31,525	31,525
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	25,220	25,220	31,525	31,525

* This column highlights items that are still subject to Pre-Basel III treatment during the transitional period

40.3.3 Tier 2 Capital: regulatory adjustments	2014		2013 (Restated)	
	Amount	Pre-Basel III treatment*	Amount	Pre-Basel III treatment*
Rupees in '000				
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	25,220	25,220	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	-	-	-	-
Amount of Regulatory Adjustment applied to T2 capital	25,220	25,220	31,525	31,525

* This column highlights items that are still subject to Pre-Basel III treatment during the transitional period

	2014	2013 (Restated)
Rupees in '000		
40.3.4 Risk Weighted Assets subject to pre-Basel III treatment		
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	-	-
of which: deferred tax assets	-	-
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	-	-
Significant investments in the common stock of financial entities	12,610	-
Deferred tax assets arising from temporary differences (net of related tax liability)	530,564	130,939

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	2014	2013 (Restated)
	Rupees in '000	
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	1,288,516	1,242,923
Cap on inclusion of provisions in Tier 2 under standardized approach	2,085,775	1,515,492
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

40.4 Capital Structure Reconciliation

40.4.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
	Rupees in '000	
Assets		
Cash and balances with treasury banks	29,728,764	29,728,764
Balances with other banks	5,501,077	5,501,077
Due from financial institutions	90,766,297	90,766,297
Investments	114,089,252	114,089,252
Islamic financing and related assets	175,711,942	175,711,942
Operating fixed assets	6,273,239	6,273,239
Deferred tax assets	530,564	530,564
Other assets	14,804,823	14,804,823
Total assets	437,405,958	437,405,958
Liabilities and Equity		
Bills payable	5,619,826	5,619,826
Due to financial institutions	15,465,418	15,465,418
Deposits and other accounts	380,421,569	380,421,569
Sub-ordinated loans	-	-
Liabilities against assets subject to finance leases	-	-
Deferred tax liabilities	-	-
Other liabilities	12,021,378	12,021,378
Total liabilities	413,528,191	413,528,191
Share capital	10,027,379	10,027,379
Reserves	7,276,191	7,276,191
Unappropriated profit	5,958,587	5,958,587
Minority Interest	-	-
Surplus on revaluation of investments - net of tax	615,610	615,610
Total liabilities and equity	437,405,958	437,405,958

40.4.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
		Rupees in '000	
Assets			
Cash and balances with treasury banks		29,728,764	29,728,764
Balances with other banks		5,501,077	5,501,077
Due from financial institutions		90,766,297	90,766,297
Investments		114,089,252	114,089,252
of which:			
- non-significant capital investments in capital of other financial institutions exceeding 10% threshold	a	-	-

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Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
Rupees in '000			
- significant capital investments in financial sector entities exceeding regulatory threshold	b	-	-
- mutual funds exceeding regulatory threshold	c	-	-
- reciprocal crossholding of capital instrument	d	388,267	388,267
- others	e	-	-
Islamic financing and related assets		175,711,942	175,711,942
- shortfall in provisions / excess of total EL amount over eligible provisions under IRB	f	-	-
- general provisions reflected in Tier 2 capital	g	1,288,516	1,288,516
Operating fixed assets		6,273,239	6,273,239
- of which: Intangibles	k	524,744	524,744
Deferred tax assets		530,564	530,564
of which:			
- DTAs that rely on future profitability excluding those arising from temporary differences	h	-	-
- DTAs arising from temporary differences exceeding regulatory threshold	i	-	-
Other assets		14,804,823	14,804,823
of which:			
- goodwill	j	-	-
- defined-benefit pension fund net assets	l	-	-
Total assets		437,405,958	437,405,958
Liabilities and Equity			
Bills payable		5,619,826	5,619,826
Due from financial institutions		15,465,418	15,465,418
Deposits and other accounts		380,421,569	380,421,569
Sub-ordinated loans			
of which:			
- eligible for inclusion in AT1	m	-	-
- eligible for inclusion in Tier 2	n	-	-
Liabilities against assets subject to finance leases		-	-
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		12,021,378	12,021,378
Total liabilities		413,528,191	413,528,191
Share capital		10,027,379	10,027,379
of which:			
- amount eligible for CET1	s	10,027,379	10,027,379
- amount eligible for AT1	t	-	-
Reserves			
of which:			
- portion eligible for inclusion in CET1 - Statutory reserve	u	7,276,191	7,276,191
- portion eligible for inclusion in CET1 - Gain on Bargain Purchase		4,398,548	4,398,548
- portion eligible for inclusion in CET1 - General reserve		2,810,877	2,810,877
- portion eligible for inclusion in Tier 2 General reserve	v	66,766	66,766
Unappropriated profit	w	-	-
Minority Interest		5,958,587	5,958,587
of which:			
- portion eligible for inclusion in CET1	x	-	-
- portion eligible for inclusion in AT1	y	-	-
- portion eligible for inclusion in Tier 2	z	-	-
Surplus on revaluation of assets			
of which:			
- Revaluation reserves on Property		615,610	615,610
- Unrealized Gains/Losses on AFS	aa	-	-
- In case of Deficit on revaluation (deduction from CET1)	ab	615,610	615,610
		-	-
Total liabilities and Equity		437,405,958	437,405,958

Notes to and forming part of the Financial Statements

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40.4.3 Basel III Disclosure (with added column) - Step 3

Particulars	Source based on reference number from step 2	Component of regulatory capital reported by the bank
Rupees in '000		
Common Equity Tier 1 capital (CET1): Instruments and reserves		
1 Fully Paid-up Capital		10,027,379
2 Balance in share premium account	(s)	-
3 Reserve for issue of bonus shares		-
4 General / Statutory Reserves	(u)	7,276,191
5 Gain / (Losses) on derivatives held as Cash Flow Hedge		-
6 Unappropriated / unremitted profits	(w)	5,958,587
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		23,262,157
Common Equity Tier 1 capital: Regulatory adjustments		
9 Goodwill (net of related deferred tax liability)	(j) - (s)	-
10 All other intangibles (net of any associated deferred tax liability)	(k) - (p)	524,744
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)	388,267
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		25,220
28 Total regulatory adjustments applied to CET1		938,231
Common Equity Tier 1		22,323,926
Additional Tier 1 (AT 1) Capital		
29 Qualifying Additional Tier-1 instruments plus any related share premium of which:		-
30 - Classified as equity	(t)	-
31 - Classified as liabilities	(m)	-
32 Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
33 of which: instrument issued by subsidiaries subject to phase out		-
34 AT1 before regulatory adjustments		-

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Particulars	Source based on reference number from step 2	Component of regulatory capital reported by the bank
Rupees in '000		
Additional Tier 1 Capital: regulatory adjustments		
35 Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
36 Investment in own AT1 capital instruments		-
37 Reciprocal cross holdings in Additional Tier 1 capital instruments		-
38 Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
39 Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
40 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
41 Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
42 Total of Regulatory Adjustment applied to AT1 capital		-
43 Additional Tier 1 capital		-
44 Additional Tier 1 capital recognised for capital adequacy		-
Tier 1 Capital (CET1 + admissible AT1)		22,323,926
Tier 2 Capital		
45 Qualifying Tier 2 capital instruments under Basel III		-
46 Capital instruments subject to phase out arrangement from Tier 2	(n)	-
47 Tier 2 capital instruments issued to third party by consolidated subsidiaries of which: - instruments issued by subsidiaries subject to phase out	(z)	-
48 General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	1,288,516
49 Revaluation Reserves eligible for Tier 2 of which:		
50 - portion pertaining to Property		-
51 - portion pertaining to AFS securities	56% of (aa)	344,742
52 Foreign Exchange Translation Reserves	(v)	-
53 Undisclosed / Other Reserves (if any)		-
54 T2 before regulatory adjustments		1,633,258
Tier 2 Capital: regulatory adjustments		
55 Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		25,220
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		25,220
61 Tier 2 capital (T2)		1,608,038
62 Tier 2 capital recognised for capital adequacy		1,608,038
63 Excess Additional Tier 1 capital recognised in Tier 2 capital		-
64 Total Tier 2 capital admissible for capital adequacy		1,608,038
TOTAL CAPITAL (T1 + admissible T2)		23,931,964

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40.5 Main features of regulatory capital instruments

	Main Features	Common Shares
1	Issuer	Meezan Bank Limited
2	Unique identifier (e.g KSE Symbol or Bloomberg identifier etc.)	MEBL
3	Governing law(s) of the instrument	Listing regulations of Karachi Stock Exchange Limited
	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
	Coupons / dividends	
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

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40.6 Risk-weighted exposures

Credit Risk

Portfolios subject to on-balance sheet exposure (Simple Approach)

Cash and cash equivalents

Sovereign

Public sector entities

Banks

Corporate

Retail

Residential mortgage

Past due loans

Operating fixed assets

All other assets

Portfolios subject to off-balance sheet exposure - non market related (Simple approach)

Banks

Corporate

Retail

Others

Portfolios subject to off-balance sheet exposures - market related (Current exposure method)

Banks

Customers

Equity Exposure Risk in the Banking Book

Unlisted equity investments held in banking book

Recognised portion of significant investment

Market Risk

Capital Requirement for portfolios subject to Standardised Approach

Interest rate risk

Equity position risk

Foreign Exchange risk

Operational Risk

Capital requirement for operational risk

Total

Capital Adequacy Ratio

CET1 to total RWA

Tier-1 capital to total RWA

Total capital to total RWA

Capital requirements		Risk weighted assets	
2014	2013	2014	2013
Rupees in '000			
-	-	-	-
89,981	147,485	899,811	1,474,852
672,705	323,255	6,727,053	3,232,552
1,123,486	421,604	11,234,862	4,216,035
11,358,069	8,783,402	113,580,691	87,834,020
440,962	355,937	4,409,623	3,559,366
194,663	149,011	1,946,627	1,490,112
62,251	26,103	622,509	261,029
574,850	532,708	5,748,495	5,327,082
850,014	531,667	8,500,137	5,316,667
104,556	30,929	1,045,564	309,286
898,852	617,407	8,988,523	6,174,069
3,237	32,114	32,374	321,135
7,746	32,401	77,457	324,010
193,956	89,074	1,939,556	890,737
47,511	49,071	475,108	490,707
60,211	1,772	602,105	17,721
3,153	-	31,525	-
78,921	116,014	789,212	1,160,141
669,794	750,097	6,697,940	7,500,965
69,855	74,090	698,546	740,904
2,639,454	2,307,123	26,394,539	23,071,225
20,144,227	15,371,264	201,442,257	153,712,615
Required		Actual	
December 2014		December 2013	
5.50%	11.08%	5.00%	11.23%
7.00%	11.08%	6.50%	11.23%
10.00%	11.88%	10.00%	12.31%

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41. RISK MANAGEMENT

The wide variety of the Bank's business activities require the Bank to identify, assess, measure, aggregate and manage risks effectively which are constantly evolving as the business activities expand in response to the Bank's strategy and growth. The Bank manages the risk through a framework of risk management encompassing policies and procedures, organisational structures, risk measurement and monitoring processes and techniques that are closely aligned with business activities of the Bank.

Risk management principles

- The Board of Directors (the Board) provides overall risk management supervision. The Board Risk Management Committee regularly reviews the Bank's risk profile.
- The Bank has set up objectives and policies to manage the risks that arise in connection with the Bank's activities. The risk management framework and policies of the Bank are guided by specific objectives to ensure that comprehensive and adequate risk management tools and techniques are established to mitigate the salient risk elements in the operations of the Bank.
- The establishment of the overall financial risk management objectives is consistent and in tandem with the strategy to create and enhance shareholders' value, whilst guided by a prudent risk management framework.
- The structure of risk management function is closely aligned with the organisational structure of the Bank.
- The risk management function is independent of the Bank's operations.

Risk management organisation

The Risk Management Committee comprises of two non-executive directors and one executive director. One of the non-executive directors of the Bank chairs the Risk Management Committee.

Specialized Committees comprising of Senior Management team members perform their functions in line with the strategic direction set by the Board while ensuring that there is optimal balance between risk reward trade-off. The Committees include:

Name of the sub-committee

Chaired by

Credit Risk Management Committee (CRMC)
Asset and Liability Management Committee (ALCO)
Internal Controls and Operational Risk Management Committee (ICORC)

President & CEO
President & CEO
Deputy Chief Executive Officer

CRMC is responsible to oversee credit risk activities on bank wide basis while ensuring compliance with regulatory requirements and internal policies. Its responsibilities also include to provide support and guide front lines in managing their businesses, perform finance portfolio review, establish financing standards and benchmarks, maintain adequate industry diversification and decide upon provisioning. It is also required to delegate financing approving powers and prudential limits on large financing exposures. Credit Committee, a sub-committee of CRMC is the highest level body for approval of financing transactions.

ALCO is responsible for reviewing the Asset and Liability structure of the Bank, monitoring the liquidity situation and overall changing market scenario. Market and Liquidity risks are examined based on stress testing exercises and gap analysis. ALCO is also responsible for monitoring policy rate movements and taking necessary steps across various products to ensure that the overall profitability of the Bank is maximized without compromising on risk appetite. ALCO also ensures that the Banks' overall operations are fully compliant with regulatory framework for the business as provided by the State Bank of Pakistan.

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

The Bank's risk management, compliance, internal audit and legal departments support the risk management function. The role of the risk management department is to assess, measure, identify risks and established risk mitigants through a detailed policy and monitoring framework. The compliance department ensures that all the directives and guidelines issued by the SBP are being complied with in order to mitigate the compliance risk. The internal audit and BRR department reviews the compliance of internal control procedures with internal and regulatory standards.

41.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligations is impaired resulting in economic loss to the Bank. This credit risk arises mainly from both direct financing activities as well as contingent liabilities.

Credit risk management and structure

The Bank manages credit risk by effective credit appraisal mechanism, approving and reviewing authorities, limit structures, internal credit risk rating system, collateral management and post disbursement monitoring so as to ensure prudent financing activities and sound financing portfolio under the umbrella of a comprehensive Credit Policy approved by the Board of Directors. A comprehensive financing procedural manual approved by the senior management is also in place. The Bank also ensures diversification of its portfolio into different business segments, products and sectors. Further, to avoid risk concentration; counterparty limits, counterparty group limits and industry concentration limits are also established, monitored and assessed in the light of changing counterparty and market conditions.

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Watchlist procedure is also functioning which identifies financings with early warning indicators in respect of clients having the potential to become non-performing. The risk management function also monitors the non-performing financing portfolio of the Bank and reports all significant matters to the Risk Management Committee.

The Bank takes into account the risk mitigating effect of the eligible collaterals for the calculation of capital requirement for credit risk. Use of Credit Risk Mitigation (CRM) resulted in the total credit risk weighted amount of Rs. 166,862.020 million (2013: Rs. 121,239.380 million).

Thus, use of CRM resulted in capital adequacy ratio of the Bank of 11.88%.

41.1.1 Segmental information

41.1.1.1 Segment by class of business

	2014					
	Islamic financings and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Agriculture, food, forestry and fishing	22,667,485	12.37	771,670	0.20	13,490,179	5.18
Automobile and transportation equipment	1,982,957	1.08	238,106	0.06	3,071,489	1.18
Cement	1,693,669	0.92	77,138	0.02	1,532,773	0.59
Chemical and pharmaceuticals	15,510,284	8.46	2,124,155	0.56	10,857,419	4.17
Construction	672,879	0.37	2,962,471	0.78	688,294	0.26
Electronics and electrical appliances	701,463	0.38	393,925	0.10	2,862,636	1.10
Exports / imports	1,217,334	0.66	1,644,522	0.43	3,010,871	1.16
Financial institutions	274,183	0.15	4,751,294	1.25	116,277,724	44.63
Footwear and leather garments	1,307,611	0.71	213,071	0.06	2,293,820	0.88
Individuals	12,211,516	6.66	316,409,317	83.17	5,945,615	2.28
Insurance	33,933	0.02	-	-	17,419	0.01
Others	16,160,164	8.83	24,293,093	6.39	23,593,373	9.05
Paper, board and packaging	4,007,342	2.20	520,338	0.14	1,893,144	0.73
Power (electricity), oil, gas and water	40,071,833	21.86	196,295	0.05	20,239,013	7.77
Services	9,474,570	5.17	10,603,271	2.79	5,296,773	2.03
Sugar	6,871,834	3.75	579,094	0.16	3,301,310	1.27
Textile	40,855,890	22.29	4,903,311	1.29	40,696,588	15.62
Transport, storage and communication	2,543,877	1.39	4,881,404	1.28	2,150,277	0.82
Wholesale and retail trade	5,026,724	2.73	4,859,094	1.27	3,313,448	1.27
	183,285,548	100	380,421,569	100	260,532,165	100

	2013					
	Islamic financings 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

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41.1.1.2 Segmental by sector

	2014					
	Islamic financings and related assets (gross)		Deposits		Contingencies and commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	21,534,231	11.75	1,555,417	0.41	-	-
Private	161,751,317	88.25	378,866,152	99.59	260,532,165	100.00
	183,285,548	100.00	380,421,569	100.00	260,532,165	100.00

	2013					
	Islamic financings 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
	133,474,709	100.00	289,810,519	100.00	160,936,492	100.00

41.1.1.3 Details of non-performing Islamic financings and related assets and specific provisions by class of business segment:

	2014		2013	
	Classified Islamic financings and related assets	Specific provisions held	Classified Islamic financings and related assets	Specific provisions held
	Rupees in '000		Rupees in '000	
Textile	3,920,669	3,626,111	2,648,108	2,578,206
Chemical and pharmaceuticals	94,729	62,510	49,696	26,021
Cement	-	-	87,237	49,237
Sugar	111,124	113,529	125,654	140,473
Footwear and leather garments	116,939	115,897	177,778	177,778
Automobile and transportation equipment	656,361	655,961	650,540	650,540
Electronics and electrical appliances	19,616	19,616	-	-
Construction	11,816	3,816	-	-
Power (electricity), gas, water	90,591	49,747	-	-
Paper, board and packaging	-	-	70,308	68,293
Exports / imports	1,875	1,875	-	-
Individuals	483,352	396,780	321,755	229,820
Others	1,405,306	1,239,248	709,680	688,550
	6,912,378	6,285,090	4,840,756	4,608,918

41.1.1.4 Details of non-performing Islamic financings and related assets and specific provisions by sector:

	2014		2013	
	Classified Islamic financings and related assets	Specific provisions held	Classified Islamic financings and related assets	Specific provisions held
	Rupees in '000		Rupees in '000	
Public / Government	-	-	-	-
Private	6,912,378	6,285,090	4,840,756	4,608,918
	6,912,378	6,285,090	4,840,756	4,608,918

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41.1.1.5 Geographical segment analysis

	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments
	Rupees in '000			
Pakistan	6,898,534	437,405,958	23,877,767	260,532,165

	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

41.2 Credit Risk - General Disclosures

The Bank has adopted Standardised Approach for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non market related exposures) are assigned on the basis of standardised approach.

The Bank is committed to further strengthen its risk management framework which will enable the Bank to move ahead for adopting Foundation Internal Ratings Based (IRB) approach. Meanwhile, none of the Bank's assets class is subject to the Foundation IRB or advanced IRB approaches.

41.2.1 Credit Risk: Disclosures for portfolio subject to the Standardised Approach

Under standardised approach the capital requirement is based on the credit rating assigned to the counterparties by the External Credit Assessment Institutions (ECAIs) duly recognised by the SBP for capital adequacy purposes. In this connection, the Bank utilises the credit ratings assigned by ECAIs and has recognised agencies which consists of PACRA (Pakistan Credit Rating Agency) and JCR-VIS (Japan Credit Rating Company - Vital Information System) which are also recognised by the SBP.

In case of foreign currency exposures against banks, ratings assigned by S&P, Fitch and Moody's have been applied. In case of exposure against banks, some banks have multiple ratings but those ratings do not result in mapping with different risk weights.

Types of Exposure and ECAI's used

Exposures	2014				
	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.

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41.2.2 Credit exposures subject to standardised approach

Exposures	2014			2013		
	Amount Outstanding	Deduction Credit Risk Management	Net amount	Amount Outstanding	Deduction Credit Risk Management	Net amount
Rupees in '000						
Banks						
20%	40,901,570	-	40,901,570	3,016,315	-	3,016,315
50%	5,795,736	-	5,795,736	4,215,553	-	4,215,553
100%	-	-	-	-	-	-
150%	85,498	-	85,498	-	-	-
Unrated	142,166	-	142,166	-	-	-
Corporate						
20%	24,958,162	-	24,958,162	13,750,955	-	13,750,955
50%	17,725,083	-	17,725,083	21,756,186	-	21,756,186
100%	346,172	-	346,172	892,639	-	892,639
150%	-	-	-	-	-	-
Unrated 1	54,993,140	2,201,025	52,792,115	73,830,775	517,678	73,313,097
Unrated 2	40,511,505	-	40,511,505	-	-	-
Retails						
75%	7,870,759	1,991,262	5,879,497	6,231,032	1,485,211	4,745,821
Total	193,329,791	4,192,287	189,137,504	123,693,455	2,002,889	121,690,566

41.2.3 Credit Risk: Disclosures with respect to Credit risk mitigation for Standardised approach and IRB

The Bank obtains capital relief for both its on-balance and off-balance sheet non-market related exposures by using simple approach for credit risk mitigation (CRM). Off-balance sheet items under the simplified standardised approach are converted into credit exposure equivalents through the use of credit conversion factors. Under the standardised approach the Bank has taken advantage of the cash collaterals available with the Bank in the form of security deposits, cash margins, certificates of Islamic investment, monthly modaraba certificate 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. 138,534.062 million is subject to the CRM of Rs. 2,245.942 million whereas a claim on retail portfolio of Rs. 7,870.759 million is subject to CRM of Rs. 2,001.934 million. The total benefit of Rs. 4,192.287 million was availed through CRM against total on-balance sheet exposure of Rs. 431,511.737 million.

Under off-balance sheet, non-market related exposures; the corporate portfolio of Rs. 115,932.325 million is subject to the CRM of Rs. 1,087.194 million whereas a claim on retail portfolio of Rs. 1,455.46 million is subject to CRM of Rs. 563.094 million. Total benefit of Rs. 1,650.288 million was availed by the Bank through CRM against total off-balance sheet, non-market related exposure of Rs. 125,509.876 million.

Thus in year 2014, total amount of cash collateral used for CRM purposes was Rs. 5,842.575 million as against amount of Rs. 3,583.59 million in year 2013. The difference in the value of cash collateral is due to the changes in the exposure amounts and resultant amount of cash collateral obtained.

41.2.4 Credit concentration risk

Credit concentration risk arises mainly due to concentration of exposures under various categories viz., industry, geography, and single / group borrower obligor. Within credit portfolio, as a prudential measure aimed at better risk management and avoidance of concentration of risks, the SBP has prescribed regulatory limits on banks' maximum exposure to single and group obligors. Within the SBP limits, the Bank has further defined limits to avoid excessive concentration of portfolio.

41.3 Equity position in the banking and trading book

The Bank classifies and values its investment portfolio in accordance with the directives of the SBP as stated in note 7.4 to these financial statements.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

Trading book

Held for trading and available for sale securities with trading intent;

- They are marked to market daily;
- Any valuation difference is charged / credited to the profit and loss account in case of held for trading securities and to 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, 2014.

41.4 Market risk

Market risk as defined by the International Financial Reporting Standards (IFRS) is the risk that the fair value or cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk reflects yield rate risk, currency risk and other price risks, banks could be adversely affected by movements in market rates or prices such as benchmark rates, deposit rates, foreign exchange rates, equity prices and market conditions resulting in a loss to earnings and capital.

The Bank uses a number of methods to monitor and control market risk exposures. One of the major tools used by the Bank to monitor and limit market risk is Value at Risk (VaR). VaR is defined as the estimated loss that will arise on a position or a portfolio over a particular (holding) period of time from an adverse market movement with a specific probability (confidence level). The VaR model used by the Bank takes 99% confidence level and assumes a 1 to 10 days holding period whilst using the historical simulation taking the data of the last three years. Daily the VaR figures are circulated to the senior management and regular summaries are reported in ALCO meetings.

The VaR reports are complemented by various other position and sensitivity limit structures, including stress, sensitivity, gap and scenario analysis. The capital charge for market risk has been calculated by using Standardized Approach.

41.4.1 Foreign exchange risk

The foreign exchange risk is defined as the current or prospective risk to earnings and capital arising from adverse movements in currency exchange rates. It refers to the impact of adverse movement in currency exchange rates on the value of open foreign currency position. The objectives of the foreign exchange risk management is to minimise the adverse impact of foreign exchange rate movements on the assets and liabilities mismatch (tenor and position) and maximise their earnings.

Whenever a commercial bank deals in foreign currency, it is exposed to risk of exchange rate. Bank's assets and liabilities in foreign currencies give rise to Foreign exchange risk which has to be managed by the Bank; this risk is mitigated by using different hedging techniques. Hedging is a way used by a bank to eliminate or minimize its risk exposures. Hedging can be done using different ways like gap analysis, hedging (forwards), assigning limits in terms of amount, tenor, currency, product, countries, counterparties etc. The Bank limits its currency exposure to the extent of statutory net open position prescribed by the SBP. Foreign exchange open and mismatch positions are controlled through close monitoring and are marked to market on a daily basis.

The analysis below represents the concentration of the Bank's foreign currency risk for on and off balance sheet financial instruments:

	2014			
	Assets	Liabilities	Off-balance sheet items	Net foreign currency exposure
	Rupees in '000			
Pakistan Rupees	395,448,999	388,408,323	16,139,323	23,179,999
United States Dollars	40,622,342	20,912,757	(19,067,142)	642,443
Great Britain Pounds	546,152	2,541,184	1,992,724	(2,308)
Japanese Yen	71,075	863	(69,795)	417
Euro	576,305	1,663,089	1,086,577	(207)
Singapore Dollars	8,793	3	(9,125)	(335)
Australian Dollars	11,182	1,346	(8,234)	1,602
Canadian Dollars	41,677	561	(30,339)	10,777
United Arab Emirates Dirham	34,735	28	(13,679)	21,028
Swiss Francs	20,576	-	(20,310)	266
Saudi Riyal	3,398	-	-	3,398
Swedish Korona	3,657	-	-	3,657
Malaysian Ringgit	14,369	-	-	14,369
Hongkong Dollar	1,110	37	-	1,073
Chinese Yuan	1,588	-	-	1,588
Total foreign currency exposure	41,956,959	25,119,868	(16,139,323)	697,768
Total currency exposure	437,405,958	413,528,191	-	23,877,767

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



	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	-	-	-	-
Other currencies	-	4,383	4,349	(34)
Total foreign currency exposure	27,060,952	19,695,419	(8,047,726)	(682,193)
Total currency exposure	329,724,631	310,811,388	-	18,913,243

41.4.2 Equity position risk

Equity position risk is defined as the risk to earnings or capital arising from adverse changes in the value of equity portfolios of the bank. The limits assigned to various individual scripts and total portfolio investments are fixed as per the guidelines issued by the SBP. The Bank invests in only Shariah compliant equities as advised by the Shariah advisor.

41.4.3 Yield / profit rate risk

Yield risk occurs when there is a mismatch between positions, which are subject to profit rate alterations within a particular time period. The Bank's financing, placement and investment activities give rise to profit rate risk. The effect of changes in profit rate is on bank's profit income, and resultant impact is on bank's net worth.

Profit rate risk is primarily managed by monitoring the rate sensitive gaps and by having the pre-approved limits for reprising buckets. ALCO is the supervising body for adherence with these complemented by the monitoring of sensitivity of the Bank's financial assets and liabilities to various scenarios.

The Bank estimates changes in the market value of equity due to changes in the yield rates on on-balance sheet positions and their impact on capital adequacy ratio by conducting stress tests. It also assesses risk on earnings of the Bank by various shocks.

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

41.4.4 Mismatch of yield rate sensitive assets and liabilities

		2014									
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	
On-balance sheet financial instruments											
Assets											
		29,728,764	-	-	-	-	-	-	-	-	29,728,764
Cash and balances with treasury banks		5,501,077	3,109,763	-	-	-	-	-	-	-	2,391,314
Balances with other banks	0.14	90,766,297	5,058,610	27,234,222	6,869,475	51,603,990	-	-	-	-	-
Due from financial institutions	9.54	110,588,791	5,914,412	16,570,185	77,939,343	508,718	72,853	2,039,914	1,532,125	2,562,608	3,448,633
Investments	9.84	175,711,942	18,702,764	26,449,813	32,147,813	40,084,412	-	-	125,011	-	58,202,129
Islamic financing and related assets	10.39	13,846,307	-	-	-	-	-	-	-	-	13,846,307
Other assets		426,143,178	32,785,549	70,254,220	116,956,631	92,197,120	72,853	2,039,914	1,657,136	2,562,608	-
											107,617,147
Liabilities											
		5,619,826	-	-	-	-	-	-	-	-	5,619,826
Bills payable		15,465,418	5,140,651	2,471,950	7,753,164	-	-	-	-	-	99,653
Due to financial institutions	8.87	380,421,569	262,310,626	-	-	-	-	-	-	-	118,110,943
Deposits and other accounts	4.57	11,631,825	-	-	-	-	-	-	-	-	11,631,825
Other liabilities		413,138,638	267,451,277	2,471,950	7,753,164	-	-	-	-	-	135,462,247
		13,004,540	(234,665,728)	67,782,270	109,203,467	92,197,120	72,853	2,039,914	1,657,136	2,562,608	-
											(27,845,100)
On-balance sheet gap											
Non financial assets											
- Investment in subsidiary and associates		3,500,461	-	-	-	-	-	-	-	-	-
- Operating fixed assets		6,273,239	-	-	-	-	-	-	-	-	-
- Deferred tax assets		530,564	-	-	-	-	-	-	-	-	-
- Other assets		958,516	-	-	-	-	-	-	-	-	-
		11,262,780	-	-	-	-	-	-	-	-	-
Non financial liabilities											
- Other liabilities		389,553	-	-	-	-	-	-	-	-	-
		389,553	-	-	-	-	-	-	-	-	-
Total net assets		23,877,767	-	-	-	-	-	-	-	-	-
Off-balance sheet financial instruments											
Forward Lending		-	-	-	-	-	-	-	-	-	-
Forward borrowings		-	-	-	-	-	-	-	-	-	-
Off-balance sheet gap		-	-	-	-	-	-	-	-	-	-
Total yield risk rate sensitivity gap											
		(234,665,728)	67,782,270	109,203,467	92,197,120	72,853	2,039,914	1,657,136	2,562,608	-	(27,845,100)
Cumulative yield risk rate sensitivity gap											
		(234,665,728)	(166,883,458)	(57,679,991)	34,517,129	34,589,982	36,629,896	38,287,032	40,849,640	40,849,640	13,004,540

		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	6,889,830	9,788	4,186	11,169	178,437	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	558,474	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 asset - net		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	

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The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market profit rates on both its fair value and cash flow risks.

Profit margins may increase as a result of such changes but may reduce to losses in the event that unexpected movement arise.

41.5 Liquidity risk

Liquidity risk is the potential for loss to the Bank arising from either its inability to meet its obligations or to fund increases in assets as they fall due without incurring an unacceptable cost.

The Bank's Board of Directors sets Bank's policy for managing liquidity risk and entrusts accountability for supervision of the implementation of this strategy to senior management. Senior management exercises its responsibilities for managing market & liquidity risk through various committees including the Asset & Liability Management Committee (ALCO). Treasury department manages the Bank's liquidity position on a daily basis. The Bank's main approach of managing the liquidity risk is to make certain that it will always have adequate liquidity to meet its liabilities when they are due in normal and stressed scenarios without incurring any untoward expenditure or risking reputational harm. ALCO monitors the maintenance of liquidity ratios, depositor's concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual deposits. Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

41.5.1 Maturities of assets and liabilities

41.5.1.1 Maturities of assets and liabilities based on expected maturities

2014									
Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000									
Assets									
Cash and balances with treasury banks	29,728,764	29,728,764	-	-	-	-	-	-	-
Balances with other banks	5,501,077	5,501,077	-	-	-	-	-	-	-
Due from financial institutions	90,766,297	5,058,610	27,234,222	6,869,475	51,603,990	-	-	-	-
Investments	114,089,252	8,152,824	1,434,556	27,302,825	52,202,306	12,221,804	4,231,772	5,436,051	3,025,783
Islamic financing and related assets	175,711,942	45,088,674	23,408,927	33,600,567	20,178,775	8,281,729	6,607,294	29,446,249	8,037,627
Operating fixed assets	6,273,239	-	-	-	857,092	661,277	661,277	1,232,924	1,374,266
Deferred tax assets	530,564	-	-	-	132,641	132,641	132,641	-	-
Other assets	14,804,823	8,379,506	2,129,431	3,224,960	603,316	42,074	42,074	84,147	210,368
	437,405,958	101,909,455	54,207,136	70,997,827	125,578,120	21,339,525	11,675,058	36,332,012	12,648,044
									2,718,781
Liabilities									
Bills payable	5,619,826	5,619,826	-	-	-	-	-	-	-
Due to financial institutions	15,465,418	5,240,304	2,471,950	7,753,164	-	-	-	-	-
Deposits and other accounts									
- Current accounts	118,110,943	10,984,318	8,858,321	8,149,655	11,574,872	16,417,421	12,519,760	19,960,749	29,645,847
- Savings deposits	153,605,033	11,213,167	8,909,092	8,356,114	11,858,309	16,758,309	12,749,218	20,275,864	37,372,105
- Fixed deposits	108,705,593	16,677,573	17,449,658	12,795,569	28,598,158	4,268,505	5,269,660	13,492,639	10,153,831
	380,421,569	38,875,058	35,217,071	29,301,338	52,031,339	37,444,235	30,538,638	53,729,252	77,171,783
Other liabilities	12,021,378	5,586,000	1,621,155	2,434,745	181,424	389,949	745,548	994,870	67,687
	413,528,191	55,321,188	39,310,176	39,489,247	52,212,763	37,834,184	31,284,186	54,724,122	77,239,470
									26,112,855
Net assets	23,877,767	46,588,267	14,896,960	31,508,580	73,365,357	(16,494,659)	(19,609,128)	(18,392,110)	(64,591,426)
									(23,394,074)
Share capital	10,027,379								
Reserves	7,276,191								
Unappropriated profit	5,958,587								
Surplus on revaluation of investments	615,610								
	23,877,767								

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	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
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
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	82,382,328	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
Net assets	18,913,243	27,861,031	14,346,057	11,777,823	(7,462,385)	42,453,467	6,063,762	(21,334,081)	(25,141,128)	(29,651,303)
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									

Regarding behavior of non-maturity deposits (non-contractual deposits), the Bank has carried out a behavioural study using the Value at Risk (VaR) methodology based on 5 years data. On the basis of its findings, 33.5% of current accounts and 22.26% of savings accounts are bucketed into 'Upto 1-Year maturity' whereas, 66.5% of current accounts and 73.7% of savings accounts are bucketed into maturities of above 1-Year.

41.51.2 Maturities of assets and liabilities based on contractual maturities

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
Rupees in '000										
Assets										
Cash and balances with treasury banks	29,728,764	29,728,764	-	-	-	-	-	-	-	-
Balances with other banks	5,501,077	5,501,077	-	-	-	-	-	-	-	-
Due from financial institutions	90,766,297	5,058,610	27,234,222	6,869,475	51,603,990	-	-	-	-	-
Investments	114,089,252	8,152,824	1,434,556	27,302,825	52,202,306	12,221,801	4,231,772	5,436,051	3,025,786	81,331
Islamic financing and related assets	175,711,942	45,088,674	23,408,927	33,600,567	20,178,775	8,281,729	6,607,294	29,446,249	8,037,627	1,062,100
Operating fixed assets	6,273,239	-	-	-	857,092	661,277	661,277	1,232,924	1,374,266	1,486,403
Deferred tax assets	530,564	-	-	-	132,641	132,641	132,641	132,641	-	-
Other assets	14,804,823	8,384,609	2,184,784	3,308,690	837,796	88,944	-	-	-	-
	437,405,958	101,914,558	54,262,489	71,081,557	125,812,600	21,386,392	11,632,984	36,247,865	12,437,679	2,629,834
Liabilities										
Bills payable	5,619,826	5,619,826	-	-	-	-	-	-	-	-
Due to financial institutions	15,465,418	5,240,304	2,471,950	7,753,164	-	-	-	-	-	-
Deposits and other accounts										
- Current accounts	118,110,943	118,110,943	-	-	-	-	-	-	-	-
- Savings deposits	153,605,034	153,605,034	-	-	-	-	-	-	-	-
- Fixed deposits	108,705,592	16,677,573	17,449,658	12,795,569	28,598,158	4,268,505	5,269,660	13,492,639	10,153,830	-
	380,421,569	288,393,550	17,449,658	12,795,569	28,598,158	4,268,505	5,269,660	13,492,639	10,153,830	-
Other liabilities	12,021,378	5,586,000	1,621,155	2,434,745	181,424	389,949	745,548	994,870	67,687	-
	413,528,191	304,839,680	21,542,763	22,983,478	28,779,582	4,658,454	6,015,208	14,487,509	10,221,517	-
Net assets	23,877,767	(202,925,122)	32,719,726	48,098,079	97,033,018	16,727,938	5,617,776	21,760,356	2,216,162	2,629,834
Share capital	10,027,379									
Reserves	7,276,191									
Unappropriated profit	5,958,587									
Surplus on revaluation of investments	615,610									
	23,877,767									

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



	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	26,582,626	26,582,626	-	-	-	-	-	-	-	-
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 asset	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	-
Other liabilities	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	-
	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	16,216,966	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									

Current and Savings deposits have been classified under maturity upto one month as these do not have any contractual maturity.

Operational risk

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. Under BIA the capital charge is calculated by multiplying average positive annual gross income of the Bank over past three years with 15% as per guidelines issued by SBP under Basel II.

To reduce losses arising from operational risk, the Bank has strengthened its risk management framework by developing policies, guidelines and manuals. It also includes 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.

42. TRUST ACTIVITIES

The Bank commonly act as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust:

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

Category	Type	Number of IPS account		Face Value Rupees in '000	
		2014	2013	2014	2013
Insurance Companies	Government Ijarah Sukuks	3	3	2,313,575	2,859,875
Asset Management Companies	Government Ijarah Sukuks	4	4	8,200	179,700
Employee Funds / NGO's	Government Ijarah Sukuks	6	7	99,200	80,700
Individuals	Government Ijarah Sukuks	14	14	27,500	35,900
Others	Government Ijarah Sukuks	3	3	540,000	540,000
Related parties					
Associates	Government Ijarah Sukuks	7	6	-	15,456,200
Other related parties	Government Ijarah Sukuks	4	4	41,700	296,000
		41	41	3,030,175	19,448,375

43. PROFIT / (LOSS) DISTRIBUTION TO DEPOSITORS' POOLS AND SPECIFIC POOLS

43.1 The Bank managed following general and specific pools during the year:

2014							
General remunerative (Saving and Fixed) Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed to remunerative deposits (Savings and Fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	9.47%	45% to 50%	9,246,055	6.79%	38%	3,523,327
USD Pool	Monthly	2.61%	60%	204,128	1.04%	-	-
GBP Pool	Monthly	3.97%	60%	17,972	1.60%	-	-
EUR Pool	Monthly	3.62%	60%	11,179	1.50%	-	-

2013							
General remunerative (Saving and Fixed) Depositor's Pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed to remunerative deposits (Savings and Fixed)	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
				Rupees in '000			Rupees in '000
PKR Pool	Monthly	9.20%	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%	-	-

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014



2014

Specific pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
----------------	-----------------------------------------------	---------------------------	---------------------------------	-------------	--------------------------------	------------------------------------------------------	---------------------------------------------------------------------------

Rupees in '000

Rupees in '000

Islamic Export Refinance (IERS) Pool	Monthly	10.05%	-	-	8.71%	-	-
Inter Bank Musharaka / Modaraba borrowing Pool	As required	9.51%	-	-	9.36%	-	-
Special Sharikah Certificate Modaraba borrowing Pool	As required	9.85%	-	-	9.20%	-	-

2013

Specific pools	Profit rate and weightage announcement period	Profit rate return earned	Profit sharing ratio of Mudarib	Mudarib fee	Profit rate return distributed	Percentage of Mudarib share transferred through Hiba	Amount of Mudarib Share transferred through Hiba to remunerative deposits
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Rupees in '000

Rupees in '000

Islamic Export Refinance (IERS) Pool	Monthly	9.41%	-	-	8.23%	-	-
Inter Bank Musharaka / Modaraba borrowing Pool	As required	9.84%	-	-	9.01%	-	-

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

43.2 Following weightages have been assigned to different major products under the General pools during the year:

	Percentage to Total Modaraba based		Maximum Weightage	Minimum Weightage	Maximum Weightage	Minimum Weightage
	2014	2013	2014	2014	2013	2013
PKR Pool						
Saving Accounts	21.99%	23.22%	0.75	0.75	0.83	0.72
Meezan Bachat Account	16.49%	9.75%	1.17	0.58	1.24	0.58
Karobar Munafa Account	9.39%	12.99%	1.50	0.81	1.58	0.82
Certificate Of Islamic Investment Plus	18.28%	12.61%	1.52	1.33	1.54	1.31
Meezan Aamdin Certificate	12.36%	15.19%	1.62	1.45	1.71	1.44
USD Pool						
Saving Accounts	3.88%	4.07%	0.45	0.45	0.45	0.45
Certificate Of Islamic Investment	1.75%	2.15%	1.35	0.77	1.35	0.77
GBP Pool						
Saving Accounts	0.45%	0.29%	0.27	0.27	0.27	0.27
EUR Pool						
Saving Accounts	0.28%	0.21%	0.27	0.27	0.27	0.27

43.3 Allocation of Income and Expenses to Depositors' Pools

Following are material items of revenues, expenses, gains and losses

	2014	2013
	Rupees in '000	
Profit / return earned on financings, investments and placements	27,574,848	22,707,274
Other Income (including other charges)	1,758,015	909,349
Directly related costs attributable to pool	(348,991)	(280,277)

44. NON-ADJUSTING EVENT

The Board of Directors in its meeting held on February 18, 2015 has announced final cash dividend of Rs. 1.25 per share (12.50%). The financial statements for the year ended December 31, 2014, do not include the effect of this appropriation which will be accounted for in the financial statements for the year ending December 31, 2015.

45. GENERAL

Comparative information has been re-classified, re-arranged or additionally incorporated in these financial statements, wherever necessary to facilitate comparison and better presentation. There were no significant reclassifications / restatements during the year except for charge for Workers Welfare Fund which was previously classified in administrative expenses and has now been presented separately in the Profit and Loss account.

46. DATE OF AUTHORISATION

These financial statements were authorised for issue on February 18, 2015 by the Board of Directors of the Bank.

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

Irfan Siddiqui
President &
CEO

Riyadh S. A. A.
Edrees
Director

Mohammad
Abdul Aleem
Director

Notes to and forming part of the Financial Statements

For the year ended December 31, 2014

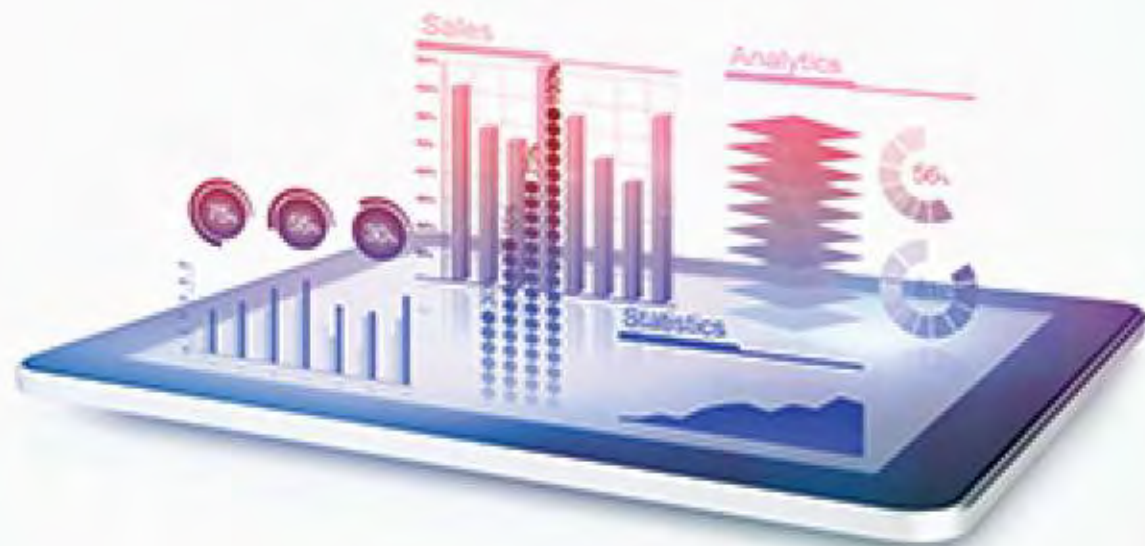
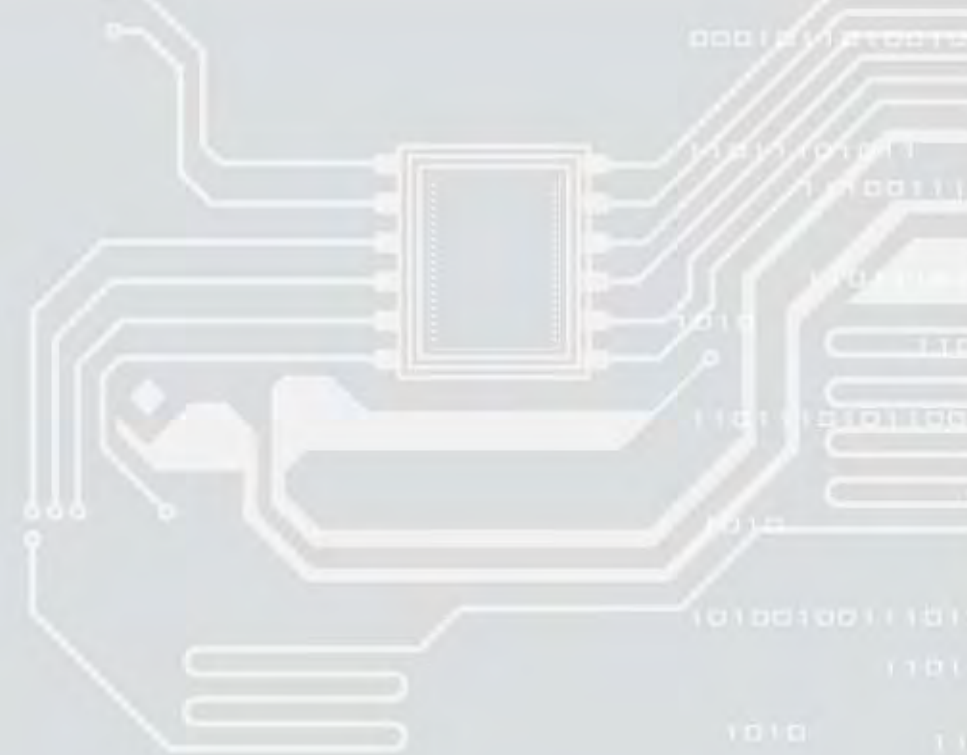


Annexure 1

Statement showing written-off loans or any other financial relief of rupees 500,000 and above during the year ended December 31, 2014.

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, 2014				Principal written-off	Profit written-off	Other Financial Relief provided	Total (9+10+11)
				Principal	Profit	Others	Total (5+6+7)				
1	2	3	4	5	6	7	8	9	10	11	12
Rupees in '000											
1	A.H. International (Plot No. D-99, S.I.T.E., Karachi)	Adnan Shirazee 51461040678 Seema Shirazee 51087093555 Malik Ali Zain 51467176776	Muhammad Mohsin Shirazee Adnan Shirazee Malik Naseem Akhtar	45,290	6,124	-	51,414	45,290	6,124	-	51,414
2	Farooq Velvet House (Street No.06, Shop No.01 & 02 Anarkali Bazar Faisalabad)	Muhammad Farooq 33100-7315961-7	Muhammad Yaqoob 33100-0536578-3	347	488	-	835	300	488	-	788
3	Aman Elahi & Co. (1st Floor Hussain Market Room No.01, Montgomery Bazar Faisalabad)	-	Sheikh Aman Elahi (33100-0139766-5)	5,200	578	-	5,778	-	578	-	578
4	Mansoor Usman (Plot # 121, Block E, Pakistan Expatriates Co-operative Housing Society Ltd, Valancia Town Lahore.)	-	Qudrat Usman	2,566	1,312	-	3,878	-	1,356	-	1,356
5	Shaheena Malik (H # 403, Tariq Block, New Garden Town, Lahore).	-	Ijaz ul Hassan	943	512	-	1,455	-	514	-	514
6	Wassi Ullah Khan (House # 927, Shadman Colony Lahore.)	-	Naeem Ullah Khan	7,243	3,065	-	10,308	-	2,997	-	2,997
7	Sikandar Laiq Ahmed 42201-7768864-1 (House# C-51, Rofi Sweet Homes Sector 42-A/3 Gulistan-e-jauhar, Karachi)	-	Mohammad Ahmed	901	-	-	901	-	631	-	631
8	Ameer Ali Qadri 42401-7875863-5 (Flat# F-20, 4th Floor North City Appt: FL-4 sector 14-B Shadman Town, Karachi.)	-	Mohammad Ilyas	1,181	1,052	-	2,233	-	1,052	-	1,052
				63,671	13,131	-	76,802	45,590	13,740	-	59,330

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Pattern of Shareholding

as at December 31, 2014

No. of Shareholders	Having Shares		Shares held	Percentage
	From	To		
372	1	100	8,451	0.0008
313	101	500	100,377	0.0100
217	501	1000	180,615	0.0180
482	1001	5000	1,260,340	0.1257
161	5001	10000	1,210,919	0.1208
75	10001	15000	943,011	0.0940
40	15001	20000	709,547	0.0708
34	20001	25000	784,603	0.0782
22	25001	30000	611,588	0.0610
18	30001	35000	581,994	0.0580
10	35001	40000	375,758	0.0375
8	40001	45000	342,390	0.0341
23	45001	50000	1,128,534	0.1125
6	50001	55000	320,491	0.0320
7	55001	60000	401,222	0.0400
7	60001	65000	439,145	0.0438
7	65001	70000	475,463	0.0474
6	70001	75000	437,958	0.0437
8	75001	80000	619,160	0.0617
1	80001	85000	84,886	0.0085
3	90001	95000	279,635	0.0279
10	95001	100000	981,539	0.0979
4	100001	105000	409,797	0.0409
2	105001	110000	216,808	0.0216
4	110001	115000	445,364	0.0444
4	115001	120000	472,316	0.0471
1	120001	125000	125,000	0.0125
2	125001	130000	258,362	0.0258
1	135001	140000	140,000	0.0140
1	140001	145000	141,819	0.0141
5	145001	150000	744,676	0.0743
1	155001	160000	160,000	0.0160
2	165001	170000	338,344	0.0337
3	170001	175000	522,262	0.0521
3	180001	185000	546,577	0.0545
2	185001	190000	378,616	0.0378
2	190001	195000	384,090	0.0383
4	195001	200000	794,925	0.0793
3	205001	210000	626,165	0.0624
1	215001	220000	216,000	0.0215
2	250001	255000	503,610	0.0502
1	260001	265000	260,555	0.0260
1	265001	270000	266,604	0.0266
1	270001	275000	271,387	0.0271
2	295001	300000	595,256	0.0594
1	300001	305000	302,000	0.0301
1	315001	320000	320,000	0.0319
1	345001	350000	350,000	0.0349
1	350001	355000	350,028	0.0349
1	355001	360000	356,695	0.0356
1	385001	390000	387,000	0.0386
2	395001	400000	795,331	0.0793
1	405001	410000	406,000	0.0405
1	415001	420000	415,014	0.0414
1	430001	435000	434,107	0.0433
1	450001	455000	452,359	0.0451
1	460001	465000	465,000	0.0464
1	465001	470000	468,281	0.0467
3	475001	480000	477,993	0.0477
1	495001	500000	1,500,000	0.1496
1	500001	505000	500,271	0.0499
1	515001	520000	519,506	0.0518
1	530001	535000	533,500	0.0532
1	535001	540000	536,500	0.0535
1	550001	555000	554,131	0.0553
1	700001	705000	701,679	0.0700
1	710001	715000	710,948	0.0709
1	715001	720000	718,031	0.0716
2	730001	735000	1,462,846	0.1459
2	750001	755000	1,507,862	0.1504
1	760001	765000	760,502	0.0758
1	775001	780000	779,000	0.0777
1	790001	795000	791,739	0.0790
1	795001	800000	800,000	0.0798
1	805001	810000	807,197	0.0805
1	885001	890000	886,000	0.0884
1	935001	940000	936,439	0.0934
1	995001	1000000	1,000,000	0.0997
1	1080001	1085000	1,082,992	0.1080
1	1095001	1100000	1,097,181	0.1094
1	1310001	1315000	1,312,000	0.1308
1	1350001	1355000	1,352,301	0.1349
1	1625001	1630000	1,630,000	0.1626
1	1795001	1800000	1,798,393	0.1793
1	2105001	2110000	2,105,572	0.2100
1	2120001	2125000	2,120,419	0.2115
1	2305001	2310000	2,306,000	0.2300
1	2455001	2460000	2,456,296	0.2450
1	2850001	2855000	2,854,722	0.2847
1	2915001	2920000	2,917,156	0.2909
1	3215001	3220000	3,218,067	0.3209
1	4720001	4725000	4,721,880	0.4709
1	5990001	5995000	5,994,775	0.5978
1	6245001	6250000	6,250,000	0.6233
1	6705001	6710000	6,705,981	0.6688
1	6900001	6905000	6,902,555	0.6884
1	16025001	16030000	16,029,086	1.5985
1	93490001	93495000	93,494,659	9.3239
1	300820001	300825000	300,821,365	30.0000
1	492480001	492485000	492,484,377	49.1140
1942			1,002,737,895	100.00



Categories of Shareholders

For the year ended December 31, 2014

Particulars	Number of Shareholders	Shares held	Percentage
Directors, Chief Executive, their spouse and minor children"	5	13,764,449	1.37%
Associated Companies, undertakings and related parties	6	906,302,207	90.38%
Banks, Development Financial Institutions and Non Banking Finance Companies	5	734,961	0.07%
Insurance Companies	7	3,571,432	0.36%
Modaraba and Mutual Funds	25	9,158,169	0.91%
General Public			
a.Local	1,739	35,282,092	3.52%
b.Foreign	58	1,366,935	0.14%
Others	97	32,557,650	3.25%
Total	1,942	1,002,737,895	100.00%

Additional Information as at December 31, 2014

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	2,120,419	0.21%
CDC Trustee Meezan Islamic Fund	1	16,029,086	1.60%
CDC Trustee Meezan Balanced Fund	1	1,352,301	0.13%
Directors, Chief Executive, their spouse and minor children			
H.E.Sheikh Ebrahim Bin Khalifa Al-Khalifa	1	6,705,981	0.67%
Mr. Mohammad Abdul Aleem	1	184,325	0.02%
Mr. Noorur Rehman Abid	1	1,857,683	0.19%
Mr. Irfan Siddiqui	1	3,218,067	0.32%
Mr. Ariful Islam	1	1,798,393	0.18%
Executives	32	1,672,751	0.17%
Public Sector Companies, Corporations, Banks, DFI's, NBFC's, Insurance Companies, Modaraba, Mutual Funds and other Organizations	134	46,022,212	4.59%
General Public	1,765	34,976,276	3.49%
	1,942	1,002,737,895	100.00%

Standards of Ethics, Business Practices & Code of Conduct

The objective of these standards is to promote business practices within Meezan Bank, which are Shariah - compliant, fair, reasonable and reflect high standards of ethical behavior.

The standards of ethics and business practices, which the Bank expects from all of its employees, is a condition of employment with the Bank and may be considered at the time of performance appraisal of an employee.

- Code of Conduct, during office hours or otherwise, shall always be that of a good citizen.
- Act with integrity, competence, dignity, and ethically while dealing with the customers, shareholders, vendors and colleagues.
- Understand and comply with the legal/regulatory requirements and internal policies and procedures of the Bank that apply to the duties assigned to the employee.
- Never willingly enter into a business transaction, which shall violate any law or principles of Islamic finance.
- Never use their position to force, induce, coerce, harass and intimidate any other person, including sub-ordinate to provide any force, gift or benefit, whether financial or otherwise, to themselves or others.
- Avoid professional misconduct involving dishonesty, fraud, deceit or misrepresentation. Any unintentional mistake, wherever possible, shall be immediately rectified and reported to the line manager.
- Not make use of any information including Bank's trade secrets, proprietary, confidential information, gained in the performance of official Bank duties as a means of making any personal profit, gain or benefit for themselves or connected persons.
- Immediately report to the management of pre-existing personal relationship with any existing or potential customer, industry representative or government employee with whom the Bank has a business relationship. Pending clearance from the management, the employee shall take no further action associated with the business in which a personal relationship exists.
- Will not use the Bank's services or facilities for private purposes except with prior permission.
- Conduct Bank's business with honesty, integrity and in a professional manner.
- Avoid any action on his/her part that may be repugnant, unethical or unlawful.
- Avoid any action on his/her part that may be viewed as repugnant, unethical or unlawful by customers or public at large or the Bank itself.
- Avoid any activities that could involve or lead to involvement in any unlawful or unethical governance practice.
- Avoid participation in any political activities.
- Avoid participation in any other subversive activities.
- Abstain from gambling, betting and wagering contracts.
- Be exemplary in personal conduct towards the Bank, the other employees and customers of the Bank.
- Safeguard the confidential information of the Bank and its customers.
- Avoid actual or potential conflicts of interests in transactions on behalf of the Bank.

- Provide accurate and reliable information in records submitted.

Code of Conduct

Confidential Information

Employees shall maintain strict secrecy regarding the Bank's affairs and shall not (except so far as is necessary and appropriate in the normal course of their employment) disclose to any person, any information as to the practice, dealing or affairs of the Bank or any of their customers, which may come to their knowledge by reason of their employment.

During the course of employment and after its termination for whatever reason, the employee must not disclose to anyone (nor use for any purpose other than the business of the Bank) any information relating to the Bank or its employees which is not already available to the public, unless authorized to do so. Such information includes customer data, product manuals, technical secrets, confidential research work, technical processes, operating manuals, marketing plans and strategies and other confidential financial or business information of the Bank.

Recording of Information

No unrecorded fund or assets of Bank shall be established or maintained for any reason. No false, artificial or misleading entries in the books and records of Bank shall be made for any reason. All reporting of information should be accurate, honest and timely and should be a fair representation of the facts.

Conflict of Interest

It is obligatory that:

- An employee may not hold a position of director, consultant, employee, representative or agent with any supplier, competitor, customer, individual or organization either doing or seeking to do business with the Bank without prior written consent of the Bank's President & CEO. If any immediate family member holds a position, with any organization doing or seeking to do business with the Bank, a written disclosure must be made promptly to line manager/HRD.
 - An employee may not hold any interest in any organization doing business with the Bank without the written consent of Regional Manager or Department Head, unless it is a company/establishment quoted on a Stock Exchange and the interest is less than 1 percent.
- Mis-declaration/Concealment of Facts** An employee shall not make any mis-declaration or conceal the facts in knowledge. The following are illustrative examples, but are not all-inclusive:
- An employee issuing an incorrect account statement, salary certificate or any other information for any customer or staff member.
 - An employee issuing a fake claim for reimbursement of any expenses whereby either the expenses are inflated and/or the difference between expenses claimed and actually incurred are pocketed by the staff member.
 - An employee at the time of induction in Meezan Bank (i.e. during interview and in testimonials) provided a false, forged, misleading information or concealed, hide,



incompletely stated, any information regarding credentials, academic record(s), previous employment(s) and demographic details.

Know Your Customer, Vendors and Counter Parties

In order to safeguard the Bank's reputation and integrity, it is not only necessary for employees to discipline their own actions, it is also necessary to be aware of the character and actions of customers, vendors and counter parties. Care must be exercised in selecting those with whom we deal. Each Meezan Bank business must have processes in place for checking on the credit and character of customers, vendors and counter parties.

Employees must ensure that the Bank establishes relationship with only those individuals, businesses, and entities who have a sound reputation and whose true identity has been established. Employees should conduct maximum caution in opening new accounts and before opening, ensure that due diligence steps are completed.

Gifts & Entertainment

At certain times of the year, some customers, suppliers, contractors and consultants to the Bank may present gifts or arrange entertainment for employees. While the sentiments behind such actions are usually genuine, there is a possibility that others may misconstrue them. In a minority of cases such actions may not be in the best interest of good working relationships. Gifts may be presented locally or internationally in the form of Cash or in kind of Services, either free or discounted.

Bribery & Misconduct

An employee will be guilty of an offence, who, without lawful authority or reasonable excuse:

- Solicits or accepts any advantage as an inducement or reward for doing or intending to commit any action in relation to the Bank's affairs or business.
- Showing or intending to show favors or disfavor to any person in relation to the Bank's affairs or business.
- Offers any advantage to any one as an inducement or reward for any favor/disfavor or otherwise.
- Intends to deceive the Bank by using any receipt, account or other document which is false or erroneous or defective in any way and which to employee's knowledge is intended to mislead the Bank.
- Take any cash or near-to-cash benefit from any stake holder of the bank to provide undue advantage.
- Pay any cash or near-to-cash benefit to any stake holder of the bank to take undue advantage.

Fraud, Theft or Illegal Activities

Employees shall be alert and vigilant with respect to frauds, thefts or illegal activities committed within the office. If any such activity comes to the attention of an employee, the employee must immediately report the same to the Head of Audit, Head of Operations and Head of Human Resources; who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Money Laundering

The Bank has set its priority not to become implicated, in any way, with individuals or firms involved in criminal activities and money laundering. The employees are expected to exercise maximum caution in this regard.

The employee should know the customer, be vigilant for unusual circumstances and immediately report any suspected case to the Manager/Area Manager/Regional Manager/Compliance Department/Audit Department, who will arrange for appropriate follow-up action to be taken. Failure to report any such activity will be subject to disciplinary action.

Courtesy & Manners

Employees of Meezan Bank shall maintain utmost courtesy and exemplary manners when interacting with clients or with each other. Employees are dealing on behalf of the Bank, so they are required to keep high standards of professionalism and ethics. Any violations of this code shall be brought to the attention of supervising officials as well as the Human Resources Department for their information, record and remedial disciplinary action.

Honesty & Integrity

Employees shall serve the Bank, devote whole time during office hours and discharge their duties honestly, faithfully and use their utmost endeavors to promote the interest of the Bank. They shall behave with decorum, integrity, show courtesy and attention in all dealings with customers, government officials, senior officers, colleagues, subordinates and general public.

Participation in Political Organizations

No employee shall take part in, subscribe in aid of, or assist in anyway in any political movement in Pakistan during the office timing at the office premises. No employee shall use official influence in connection with or take part in any election to a legislative body, whether in Pakistan or elsewhere.

Ideology of Pakistan

No employee shall express views detrimental to the ideology or integrity of Pakistan.

Direct Representations to the High Govt. & MBI Officials

No employee shall make any personal representations directly to Chairman, Directors or Members of the Board, or Government functionaries. Such representations must be addressed to the President & CEO through the immediate supervisor of the employee. However this policy does not, in any way, seek to block a citizen's redress to the judiciary and other statutory redresses.

Core Values

- Shariah Compliance
- Integrity & Innovation
- Professionalism
- Service Excellence
- Social Responsibility

Meezan Bank's Personality

The Bank expects its employees to be:

- Sober
- Truthful
- Committed to excellence
- Empathetic
- Professional
- Extremely loyal
- Dependable friend
- Trustworthy business partner
- Committed to the cause of Islamic banking

Health & Hygiene

Personal Hygiene is the most important aspect of our daily life. The personality is perceived by its degree of neatness. The personal hygiene covers care of body odor, bad breath, teeth, nails, ears, nose, hair, daily shower, shave (if not keeping proper beard), daily wear washed, clean, pressed clothes etc.

Computer, E-mail, Information Security

Meezan Bank computer system contains an e-mail facility, access rights, information and software, which are

intended to promote effective communication within and outside the Bank, on matters relating to its business and facilitate routine information flow and smooth and safe transactions.

The e-mail system should therefore only be used for official/business purpose. All communication and information are the property of Meezan Bank and the Bank reserves the right to retrieve the contents of the messages for the purpose of monitoring. The employee shall be held accountable for all activities under his/her password.

Dress Code & Professional Attire

Attire is a reflection of professionalism as well as that of the Bank's brand and personality. A professional business appearance together with a high standard of personal hygiene is expected from all employees. The Official Dress Code of Meezan Bank is professional corporate attire inline with traditional Islamic modesty. At Meezan Bank every staff member is expected to have a professional business appearance together with a high standard of personal hygiene.

Guidelines on Whistle-Blowing

The purpose of these whistle blowing guidelines is to provide a mechanism to bank's stakeholders (employees, customers, vendors, etc.) to report any activity which in their opinion may cause financial and/or reputational loss to the bank. The major objectives of whistle blowing policy can be classified as:

- To provide an environment whereby stakeholders feel confident to blow the whistle without any fear of reprisal, subsequent discrimination and of being disadvantaged in any way;
- To develop a culture of accountability and integrity;
- To create awareness amongst stakeholders regarding the whistle blowing function; and
- To be a source of early warning signal.

Scope

The scope of these guidelines includes, without limitation, disclosure of all types of unlawful acts / orders, fraud, corruption, misconduct, collusive practices or any other activity which undermines bank's operations, financial position, reputation and mission.

Who must blow the whistle and how?

It is the responsibility of each and every stakeholder of the bank, instead of limiting it to a particular department or senior management only, that if any stakeholder observes any suspicious, fraudulent or unethical activity, transaction or act that may cause a potential threat to the bank or could be against the interest of the bank, he/she must immediately report this to Whistle Blowing Unit through various modes including but not limited to MBL website, E-mail, fax, mobile and landline.

Confidentiality & protection of whistle blowers

The whistle blowing mechanism has been designed to ensure complete confidentiality of the entire process and also enables the bank to take immediate corrective measures. Identification of the whistleblower is kept completely confidential except as required by law or who have legitimate right to know. The bank stands committed to protect whistleblowers for whistle blowing and any subsequent harassment or victimization of the whistleblower is not tolerated.



Summary of Information Security Policy

Information Security relates to protection of valuable assets against loss, misuse, disclosure or damage. Each asset has to be reviewed from the perspective of its Confidentiality, Integrity and its Availability to the authorized personnel. A number of factors play a critical role in the successful implementation of information security.

Information Security Policy

The Information Security Policy defines the policies and supporting standards that guides the consistent application of information security and ensures that the interests/information are adequately protected against loss, improper disclosure and unauthorized modification. Meezan Bank's Information Security Policy is based on ISO 27001. The policy comprises of the following domains:

Organization of Information Security

In order to manage information security within the Bank, a framework has been established by the Bank's management to initiate and control the implementation of information security within the organization.

Risk Assessment & Treatment

To review of IT System and Operation for identifying and mitigating the risk that could affect the MBL infrastructure through internal and external attacks. The basis of these assessments is the Confidentiality, Integrity and Availability (CIA) of the information assets and services.

Human Resources Security

This segment of the policy ensures that the Bank's employees, contractors and third party users understand their responsibilities and are suitable for the roles they are considered for, thereby reducing the risk of theft, fraud or misuse of facilities.

Asset Management

To achieve and maintain appropriate protection of the Bank's Information Assets.

Access Control

To control the access to information, information processing facilities and business processes based on business and security requirements.

Cryptography

To protect the confidentiality, authenticity and integrity of

information by Cryptography (The conversion of data into a secret code for transmission over a public network.)

Physical and Environmental Security

To prevent unauthorized physical access, damage to, and interference with the Bank's premises (head office and branches) and information.

Operations Security

To ensure correct and secure operation of information processing facilities.

Communications Security

To maintain the integrity and availability of information and information processing facilities.

Information Systems Acquisition, Development and Maintenance

To ensure that security measures are always built into and are an integral part of all information systems.

Supplier Management

To ensure the protection of the organization's Information assets that is accessible by IT suppliers for providing IT service delivery.

Information Security Incident Management

To ensure that information security events and weaknesses associated with the Bank's information systems are communicated in a manner that allows timely corrective action to be taken.

Information Security Aspects of Business Continuity Management

To counteract interruptions to business activities and to protect critical business processes from the effects of major failures of information systems or disasters and to ensure their timely resumption.

Compliance

To ensure that any law, statutory, regulatory or contractual obligations and security requirements are not breached.

Information Security Trainings and Awareness

Appropriate awareness programs and regular updates in organizational IT security policy and procedures, as relevant for their job function are conducted.

Each of the above domains comprise of multiple processes and controls to ensure promotion of an information security.

Guidelines for Safety of Records of the Company

Comprehensive guidelines are in place at Meezan Bank for ensuring that physical documents are being archived in an organized, efficient and reliable manner. These guidelines encompass detailed processes for preservation, organization, transfer, retrieval and destruction of physical records. The guidelines comprise of the following elements:

General Guidelines

This section deals with the role of the Administration Department in providing an Archive facility outside the branch and provides guidelines on when old records will be transferred to the Archive, Signatories that may authorize retrieval of records, treatment of records under litigation/dispute, type of records that may be kept under fire-proof cabinet, and the convention to be followed for allocating serial numbers to archived records.

Preservation of Old Records

This section deals with maintenance of old records in a secured environment and the procedure for documenting their complete details to facilitate retrieval and destruction after expiry of retention timelines. This section also defines the responsibilities of the Archiving Officer.

Procedures to Handle Records at Archives

These are detailed procedures with clearly allocated

responsibilities of Branch/Head Office Departments and Archiving Officers for transferring/retrieval of records to and from Archives.

Destruction of Records

This section provides guidelines about the type of records that need to be retained permanently or till the time approval from Regulators is obtained for their destruction. e.g. cases in litigation, records relating to suspicious transactions, etc. Relevant Branch Manager/Area Manager/Departmental Head is responsible for checking and verifying the list of records that need to be destroyed. For branch records, Head Office Operations will finally approve branch's request for destruction of record, which will be carried out in the presence of Branch Manager & Operations Manager.

Retention of Old Records

These guidelines outline the various types of records and the recommended period for their retention and subsequent destruction in view of the Banking Companies Ordinance, SBP Prudential Regulations and other regulatory requirements.

Standardized Formats

Formats for forms and registers have been provided to facilitate standardization and controls across Meezan Bank's network.

Correspondent Banking Network

Country	Bank	Country	Bank
Afghanistan	Afghan United Bank		Bank Of New York
Albania	Bank Alfalah Limited		China Citic Bank (Formerly Citic Industrial Bank)
Argentina	Banka Kombetare Tregtare SH A		Citibank Na
	BNP Paribas - Succursale De Beunos Aires		Commerzbank
	Deutsche Bank		Deutsche Bank
Australia	Bank Of America, N.A.		Hsbc Bank
	Bank Of Western Australia		Industrial & Commercial Bank of China (ICBC)
	Bnp Paribas Australia		Industrial Bank Of Korea
	Commonwealth Bank Of Australia		J.P.Morgan Chase Bank
	Hsbc Bank		Laiwu City Commercial Bank Co. Ltd.
	J.P.Morgan Chase Bank		Mizuho Corporate Bank (China) Ltd.
	National Australia Bank		Shengjing Bank Co.,Ltd.
	Westpac Banking Corporation		Société Générale
Austria	Allgemeine Sparkasse Oberösterreich Bank AG		Standard Chartered Bank
	Commerzbank		The Korea Development Bank
	Deutsche Bank Aktiengesellschaft	Cyprus	Wenzhou City Commercial Bank
	Erste Group Bank AG		Bank of Cyprus Public Company Limited
	Oberbank AG	Czech Republic	Hellenic Bank Ltd
	Raiffeisenlandesbank Oberoesterreich Ag		Ceskoslovenska Obchodni Banka
	Unicredit Bank Austria Ag (Formerly Bank Austria Creditanstalt)		Commerzbank
	Vorarlberger Landes- Und Hypothekenbank		Komerčni Banka A.S.
Bahrain	Al Baraka Islamic Bank Bsc		Unicredit Bank Czech Republic
	Bank Al Habib Limited	Denmark	Danske Bank A/S
	BMI Bank Bahrain		Nordea Bank Sweden Ab (Publ)
	Bnp Paribas Manama	Egypt	Skjern Bank
	Citibank Na		Arab International Bank
	Gulf International Bank B.S.C.		Bank of Alexandria SAE
	Shamil Bank Of Bahrain		BNP Paribas - Succursale De Beunos Aires
	Standard Chartered Bank		Egyptian Saudi Finance Bank (Now Al Baraka Bank Egypt)
	United Bank Limited		Emirates National Bank of Dubai SAE
	Woori Bank		HSBC Bank Egypt
Bangladesh	Bank Alfalah Limited		Mashreq Bank Limited
	Eastern Bank Limited	Estonia	Nordea Bank Sweden AB (Publ)
	Export Import Bank of Bangladesh		Versobank AS
	Habib Bank Limited	Ethiopia	Awash International Bank
	HSBC Bank		Commercial Bank of Ethiopia
	International Finance Investment And Commerce Bank Ltd.		Dashen Bank SC
	Shahjalal Islami Bank Limited	Finland	Danske Bank A/S
	Mercantile Bank Limited		Nordea Bank Sweden Ab (Publ)
	Social Islami Bank Limited		Pohjola Pankki Oyj (Pohjola Bank PLC)
	Standard Chartered Bank		Sampo Bank
	Woori Bank		Skandinaviska Enskilda Banken (Seb Bank)
Belarus	Joint Stock Company 'Savings Bank 'Belarusbank'	France	Bank Of America, N.A.
	Minsk Transit Bank		Bank of China
Belgium	Bank of America, N.A.		BMCE Bank International PLC
	BNP Paribas - Succursale De Beunos Aires		Bnp-Paribas Sa
	BNP Paribas Fortis (Formerly Fortis Banque S.A./N.V)		Bnp-Paribas Securities Services
	Commerzbank		Commerzbank
	Credit Europe Bank Nv Malta Branch		Credit Du Nord
	Deutsche Bank		Credit Industriel Et Commercial
	Dexia Bank SA		Credit Mutuel – CIC Banques
	Habib Bank Limited		Deutsche Bank
	KBC Bank NV		Habib Bank Limited
Botswana	Firststrand Bank Ltd		Hsbc France
Brazil	Banco Do Brasil S.A.		National Bank Of Pakistan
	Banco Itau BBA SA		Société Générale
	BNP Paribas - Succursale De Beunos Aires		Sumitomo Mitsui Banking Corporation
	Deutsche Bank		U.B.A.F.
	HSBC Bank Brazil S.A.	Germany	Bnp Paribas
	Unicredit Bulbank		Commerzbank
Bulgaria	Bank Of America, N.A.		Deutsche Asset Management International Gmbh
Canada	Canadian Imperial Bank of Canada		Deutsche Bank
	Habib Canadian Bank		Dresdner Bank
	Hsbc Bank		Dws Investment Gmbh
	JPMorgan Chase Bank, N.A.		HSH Nordbank AG
	Royal Bank Of Canada		JP Morgan Chase Bank
	Toronto Dominion Bank		Landesbank Baden-Wuerttemberg
Chile	Banco Itau		Mainzer Volksbank E.G.
China	Agricultural Bank Of China		National Bank Of Pakistan
	Bank Of China		National-Bank Ag
	Bank of Communications		Nordea Bank Sweden Ab (Publ)
	Bank of Jiangsu		Raiffeisenlandesbank Oberoesterreich Ag
			Sparkasse Dortmund
			Sparkasse Koelnborn

Country	Bank	Country	Bank
	Sparkasse Westmunsterland		Bank Of Ireland International Banking
	Standard Chartered Bank		Citibank
	Sumitomo Mitsui Banking Corporation		Intesa Sanpolo Bank Ireland PLC
	Unicredit Bank AG (formerly Hypo-und Veriensbank HVB)		National Irish Bank
	Volksbank Bocholt Eg		San Paolo Imi Spa
	WGZ Bank AG		Banca Delle Marche Spa
Greece	Bank Of America, N.A.		Banca Di Credito Cooperativo Di Fornacette
	Egnatia Bank S.A.		Banca Di Roma
	Geniki Bank (General Bank Of Greece, Socgen Group)		Banca Intesa Spa
	Probank Sa		Banca Monte Dei Paschi Di Siena Spa
Hong Kong	Abn Amro Bank (Now Royal Bank Of Scotland)		Banca Nazionale Del Lavoro Spa
	Axis Bank Limited		Banca Nuova SPA (Banca Popolare Di Vicenza Group)
	Banco Santander, S.A.		Banca Popolare di Milano
	Bank Of America, N.A.		Banca Popolare dell'Emilia Romagna Società Cooperativa
	Bnp Paribas		Banca Popolare Di Sondrio
	Citibank Na		Banca Popolare Di Vicenza Scparl
	Commerzbank		Banca Ubae Spa
	Commonwealth Bank of Australia		Banco Di Napoli
	DBS Bank Ltd.		Banco Popolare Di Verona E Novara Scrl
	Deutsche Bank		Banco Popolare Soc. Coop (Formerly Banca Popolare Di Novara)
	Habib Bank Limited		Banco Popolare
	HBZ Finance Limited		Bank Of America, N.A.
	Hsbc Bank		Bayerische Hypo Und Vereinsbank (Hvb) Milan
	Industrial and Commercial Bank of China		Bipop Carire Spa
	Intesa Sanpolo SPA		Cassa Di Risparmio Del Veneto S.P.A.
	J.P.Morgan Chase Bank		Cassa Di Risparmio Di Parma E Piacenza S.P.A.
	Kbc Bank Nv		Cassa Di Risparmio Di Pistoia E Pescia S.P.A.
	Kookmin Bank Hong Kong		Cassa Di Risparmio Di Venezia S.P.A.
	Mashreq Bank Limited		Cassa Di Risparmio In Bologna S.P.A.-Carisbo Spa
	National Bank Of Pakistan		Commerzbank
	Skandinaviska Enskilda Banken (Seb Bank)		Credito Bergamasco S.P.A.
	Standard Chartered Bank		Deutsche Bank
	Sumitomo Mitsui Banking Corporation		Hsbc Bank
	The Bank of New York Mellon		ICCREA Banca – Istituto Centrale Del Credito Cooperativo
	Wells Fargo Bank Na		Mizuho Corporate Bank Ltd.
	Woori Bank		Unicredit Banca D'impresa Spa
Hungary	Central-European International Bank		Unicredit Banca Spa
	Commerzbank		Unicredit Private Banking Spa
	Deutsche Bank		Unicredito Italiano
	K & H Bank Nyrt.(Formerly Kereskedelmi Es Hitelbbank Rt)		Unione Di Banche Italiane SCPA
	Raiffeisen Bank ZRT		Veneto Banca SCPA
	Unicredit Bank Hungary Zrt		Bank Of America, N.A.
India	Axis Bank Limited		Bank Of New York
	Bank Of America, N.A.		Bank of Tokyo Mitsubishi
	Bank Of Ceylon		Citibank Na
	Bnp Paribas India		Commerzbank
	Citibank Na		Commonwealth Bank Of Australia
	Deutsche Bank		Deutsche Bank
	HDFC Bank Limited		JP Morgan Chase Bank
	J.P.Morgan Chase Bank		Mizuho Corporate Bank Ltd.
	Jammu and Kashmir Bank		National Bank Of Pakistan (Tokyo & Osaka)
	Mashreq Bank Limited		Société Générale
	Punjab National Bank		Standard Chartered Bank
	Standard Chartered Bank		State Bank of India
	State Bank of Bikaner and Jaipur		Sumitomo Mitsui Banking Corporation
	State Bank of India		U.B.A.F.
Indonesia	Bank Central Asia		Wachovia Bank, Na
	Bank Of America, N.A.		Woori Bank
	Bank Syariah Mandiri		AIB Bank (Ci) Limited
	Deutsche Bank		Housing Bank For Trade & Finance
	Hsbc Bank		HSBC
	J.P.Morgan Chase Bank		Jordan Islamic Bank For Finance & Investment
	Pt Bank Mandiri (Persero) Tbk		SB Sberbank JSC
	Pt Bank Sbi Indonesia		Gulf African Bank Ltd.
	PT. Bank CIMB Niada, TBK		Habib Canadian Bank
	Standard Chartered Bank		Kenya Commercial Bank Limited
	Woori Bank		
Iraq	Rashhed Bank		
Ireland	Aib Bank		
	Bank Of America, N.A.		

Country	Bank	Country	Bank
Kuwait	Boubyan Bank (K.S.C) Burgan Bank, Sak Citibank Na Commercial Bank Of Kuwait, Sak Kuwait Finance House National Bank Of Kuwait Noor Financial Investment Company	Global Islamic)	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. (formerly Dawood Islamic Bank) Citibank Na Deutsche Bank Dubai Islamic Bank Faysal Bank Habib Bank Limited (Hbl) Habib Metropolitan Bank Industrial & Commercial Bank of China (ICBC) JS Bank Limited Kasb Bank Limited Mcb Bank Limited National Bank Of Pakistan Nib Bank Samba Bank Limited Silk Bank Limited Sindh Bank Limited Soneri Bank Limited Standard Chartered Bank Summit Bank Limited United Bank Limited
Latvia	AS Unicredit Bank, Latvia		Bank of South Pacific Ltd
Lebanon	Nordea Bank Sweden Ab (Publ) Lebanon And Gulf Bank SAL Byblos Bank S.A.L	Papua New Guinea	Asian Development Bank (ADB)
Lithuania	Nordea Bank Sweden Ab (Publ)	Philippines	Banco De Oro Universal Bank Bank of America, N.A. Deutsche Bank HSBC Bank Bank BPH SA Bank Polska Kasa Opieki SA Bank Zachodni WBK SA BRE Bank SA Deutsche Bank HSBC Polska Nordea Bank Sweden Ab (Publ) Société Générale Banco Espirito Santo SA Montepio Geral - Caixa Economica
Luxembourg	BNP Paribas - Succursale De Beunos Aires Societe Generale Bank And Trust	Poland	Barwa Bank Doha Bank Qatar Mashreq Bank Limited Standard Chartered Bank Qatar International Islamic Bank United Bank Limited Citibank Na MKB Nextebank Sa (Formerly Romexterra Bank) Unicredit Bank Czech Republic
Macau	BNP Paribas - Succursale De Beunos Aires HSBC Bank		Alef Bank Bank Of Moscow Bank Otkritie Financia Corporation OJSC Commerzbank Credit Bank of Moscow (open joint stock company) International Moscow Bank
Mecedonia	NLB Tutunska Banka	Romania	Al Inma Bank Al Rajhi Bank Bank Al Bilad Bank Al Jazira Banque Saudi Fransi Deutsche Bank Ag, Riyadh Branch Emirates NBD PJSC Gulf International Bank B.S.C. Islamic Development Bank JP Morgan Chase Bank National Bank Of Pakistan, Riyadhh
Malaysia	Al Rajhi Banking and Investment Corporation Ambank Berhad Bank Muamalat Malaysia Berhad Bank of America, N.A. Bank of Tokyo Mitsubishi CIMB Bank CIMB Islamic Citibank Na Deutsche Bank Hsbc Bank Industrial and Commercial Bank of China (Malaysia) J.P.Morgan Chase Bank Malayan Banking Berhad (Maybank) Rhb Bank Berhad Standard Chartered Bank		
Malta	Credit Europe Bank Nv Malta Branch HSBC Bank		
Mauritania	Banque Islamique De Mauritanie		
Mauritius	Afrasia Bank Hsbc Bank (Mauritius) Limited Mauritius Post And Cooperative Bank Ltd		
Mexico	Banca Del Bajio S.A. Bank of America, N.A.		
Mongolia	Trade & Development Bank of Mongolia		
Morocco	Attijariwafa Bank Banque Marocaine Du Commerce Exterieur Société Générale		
Nepal	Bank of Kathmandu Ltd Himalayan Bank Limited Nabil Nepal Arab Bank Ltd Nepal Industrial And Commercial Bank Ltd		
Netherlands	ABN Amro Bank N.V. Bank Of America, N.A. Bnp Paribas Commerzbank Deutsche Bank Finansbank (Holland) N.V. Habib Bank Limited Kbc Bank Nv Rabobank Nederland Royal Bank Of Scotland (Formerly Abn Amro Bank N.V.)		
New Zealand	Bank of New Zealand HSBC New Zealand		
Norway	DNB Nor Bank ASA Focus Bank Nordea Bank Sweden Ab (Publ)		
Oman	Bank Dhofar Bank Muscat Bank Nizwa Bank Sohar Habib Bank Limited HSBC Bank Oman Oman International Bank (now HSBC Oman)		
Pakistan	Al Baraka Islamic Bank (Formerly Emirates		

Country	Bank	Country	Bank
Singapore	National Commercial Bank	Sri Lanka	Bnp Paribas S.A. Sucursal En Espana
	Riyad Bank		Caxiabank, S.A.
	Saudi Hollandi Bank		Caja De Ahorros De Galicia (Caixa Galicia)
	State Bank of India		Commerzbank
	The Saudi British Bank		Hsbc Bank
	Abn Amro Bank		Amana Bank Limited
	Axis Bank Limited		Axis Bank Limited
	Bank Of America, N.A.		Bank Of Ceylon
	Bank Of China		Deutsche Bank
	Bank of Tokyo Mitsubishi		Habib Bank Limited
	Bnp Paribas - Singapore Branch	Sweden	Hatton National Bank
	CIMB Bank Berhad		Hsbc Bank
	Citibank Na		Mcb Bank
	Commerzbank		Nations Trust Bank PLC
	Commonwealth Bank Of Australia		People's Bank
	DBS Bank Ltd.		Sampath Bank PLC
	Deutsche Bank		Standard Chartered Bank
	Emirates NBD PJSC		Danske Bank A/S
	Fortis Bank (Nederland) Nv		Nordea Bank Sweden Ab (Publ)
	Fortis Bank		Skandinaviska Enskilda Banken (Seb Bank)
	Habib Bank Limited	Switzerland	Svenska Handelsbanken
	Hana Bank		Swedbank
	HE Bank of New York		Arab Bank
	Hsbc Bank		Banca Popolare Di Sondrio
	JP Morgan Chase Bank		Banco Santander (Suisse) Sa
	Kbc Bank Nv		Banque Cantonale Vaudoise
	Mizuho Corporate Bank Ltd		Banque De Commerce Et De Placements
	National Bank Of Kuwait		Barclays Bank
	Nordea Bank Sweden Ab (Publ)		Bnp Paribas (Suisse) Sa
	Pt Bank Mandiri (Persero) Tbk	Taiwan	Commerzbank (Schweiz) Ag
	Rabobank Asia Ltd		Credit Agricole Indosuez
	Shinhan Bank		Deutsche Bank
	Société Générale		Habib Bank Ag Zurich
	Standard Chartered Bank		Hsbc Private Bank (Suisse) S.A.
	Sumitomo Mitsui Banking Corporation		Merrill Lynch Bank (Suisse) S.A.
	U.B.A.F.		United Bank AG Zurich
	UniCredit Bank AG Singapore		Zuercher Kantonalbank
	Woori Bank		Bank Of America, N.A.
	Commerzbank		Bank Of New York
Slovak Republic	SKB Banka DD		Chinfon Commercial Bank
Slovenia	Unicredit Bank Czech Republic		Citibank Na
South Africa	Citibank Na		Citibank Taiwan Ltd (Formerly Bank of Overseas Chinese)
	Commerzbank		Deutsche Bank
	Firststrand Bank Ltd		J.P.Morgan Chase Bank
South Korea	Habib Overseas Bank Limited	Tanzania	Mega International Commercial Bank
	HBZ Bank Limited (Habib Bank AG Zurich)		(International Commercial Bank Of China)
	Standard Chartered Bank		Société Générale
	Abn Amro Bank (Now Royal Bank Of Scotland)		Standard Chartered Bank
	Bank Of New York		Sumitomo Mitsui Banking Corporation
	Daegu Bank Ltd.,		Tainan Business Bank
	Deutsche Bank		Taiwan Cooperative Bank
	Hana Bank		Union Bank Of Taiwan
	Hsbc Bank		Amana Bank Ltd
	Industrial Bank Of Korea	Thailand	Habib African Bank
	J.P.Morgan Chase Bank		Bangkok Bank Public Company Limited
	Kookmin Bank		Bank Of America, N.A.
	Korea Exchange Bank		Citibank Na
	Kyongnam Bank		Deutsche Bank
	National Agricultural Cooperative Federation Bank		Hsbc Bank
	National Bank Of Pakistan		J.P.Morgan Chase Bank
	Pusan Bank		Standard Chartered Bank
	Standard Chartered Bank		Sumitomo Mitsui Banking Corporation
	Sumitomo Mitsui Banking Corporation	Tunisia	Arab Tunisian Bank
	U.B.A.F.		Citibank Na
	Wachovia Bank, Na		Société Tunisienne De Banque
	Woori Bank		Aktif Yatirim Bankasi A.S
Spain	Banco Bilbao Vizcaya Argentaria S.A.		Al Baraka Turkish Finance House
	Banco De Sabadell Sa		Asya Katilim Bankasi A.S. (Bank Asya)
	Banco de Valencia		Citibank Na
	Bank Of America, N.A.		Denizbank A S
	Bankia S.A.		Habib Bank Limited
	Bilbao Bizkaia Kutxa		Hsbc Bank

Country	Bank
	Kuveyt Turk Evkaf Finans Kurumu A.S
	Odeabank A.S.
	Sekerbank T.A.S.
	Tekstilbank
	Türkiye Cumhuriyeti Ziraat Bankası
	Türkiye Finans Katılım Bankası As
	Türkiye Garanti Bankası As
	Türkiye Halk Bankası As
	Türkiye İş Bankası As
	Türkiye Vakıflar Bankası T.A.O
	Türkland Bank (T-Bank)
	Yapi Ve Kredi Bankası A.S.
Ukraine	Prominvestbank
	JSC The State Export-Import Bank of Ukraine
United Arab Emirates	Abu Dhabi Commercial Bank
	Abu Dhabi Islamic Bank
	Ajman Bank
	Axis Bank Limited
	Bnp Paribas Sa
	Citibank Na
	Credit Europe Bank (Dubai) Ltd.
	DBS Bank Ltd.
	Deutsche Bank
	Dubai Islamic Bank
	Emirates Bank International, PJSC (Now
	Emirates NBD)
	Emirates Islamic Bank
	First Gulf Bank
	Habib Bank Ag Zurich
	Habib Bank Limited
	Hsbc Bank Middle East
	Korea Exchange Bank
	Kuwait Turkish Participation Bank Dubai
	Limited
	Mashreq Bank Limited
	National Bank Of Abu Dhabi
	National Bank Of Dubai (Now Emirates Nbd)
	National Bank Of Fujairah
	Noor Bank
	Standard Chartered Bank
	State Bank of India
	Union National Bank
	United Arab Bank
	United Bank Limited (Ubl)
United Kingdom	Abn Amro Bank (Now Royal Bank Of Scotland)
	Aib Bank
	Bank Mandiri (Europe) Ltd.
	Bank Of America, N.A.
	Bank of China
	Citibank Na
	Commerzbank
	Commonwealth Bank Of Australia
	Deutsche Bank
	Emirates NBD PJSC
	European Islamic Investment Bank (EIIB)
	Gulf International Bank B.S.C.
	Habib Bank Ag Zurich
	Habib Bank Limited
	Habibsons Bank Limited
	Hsbc Bank
	Jordan International Bank PLC
	JP Morgan Chase Bank
	Kbc Bank Nv
	Korea Exchange Bank
	Mashreq Bank Limited
	Merrill Lynch International Bank Limited
	Mizuho Corporate Bank Ltd., London
	National Bank of Abu Dhabi
	National Westminster Bank Plc
	Nordea Bank Sweden Ab (Publ)
	Northern Bank Limited (Danske Group)
	Standard Chartered Bank
	Sumitomo Mitsui Banking Corporation

Country	Bank
	United Bank UK (formerly United National Bank (UBL & NBP)
	Woori Bank
United States	Abacus Federal Savings Bank
	ABN Amro Bank
	American First National Bank
	Banco Do Brasil S.A.
	Bangkok Bank Public Company Limited
	Bank Of America, N.A.
	Bank Of New York
	Bank of Tokyo Mitsubishi
	Bnp Paribas Usa - New York Branch
	Branch Banking & Trust Co
	Brown Brothers Harriman And Co.
	California Bank and Trust
	Capital One, Na
	Cathay Bank
	Citibank Na
	Commerzbank
	Commonwealth Bank Of Australia
	Deutsche Bank
	Deutsche Bank Trust Company Americas
	Doha Bank
	First Tennessee Bank, N.A.
	Fortis Bank
	Gulf International Bank B.S.C.
	Habib American Bank
	Habib Bank Limited
	Hana Bank
	Hanmi Bank
	Hsbc Bank
	Interbusiness Bank, N.A.
	International Finance Corporation (IFC)
	Israel Discount Bank Of New York
	JP Morgan Chase Bank
	Keybank National Association
	Malayan Banking Berhad
	Mashreq Bank Limited
	Mizuho Corporate Bank Ltd.
	National Bank Of Pakistan
	National City Bank
	New York Commercial Bank
	Nonghyup Bank
	Nordea Bank Sweden Ab (Publ)
	PNC Bank
	Regions Bank (Formerly Union Planters)
	Royal Bank Of Scotland (Formerly Abn Amro Bank) Chicago
	Société Générale
	Standard Chartered Bank
	State Bank of India (California)
	Sumitomo Mitsui Banking Corporation
	Suntrust Bank
	U.S. Bank Na
	United Bank Limited Ag Zurich
	Wells Fargo Bank Na
	Woori Bank SWIFT: (HVBKUS6L)
Uruguay	Banco Itau
Vietnam	Deutsche Bank
	J.P.Morgan Chase Bank
	Vietnam Bank For Agriculture
	Woori Bank
Yemen	Saba Islamic Bank
	Shamil Bank of Yemen And Bahrain
	United Bank Limited



Branch Network →

Alhamdulillah, Meezan Bank has established 428 branches in 117 cities across Pakistan. This is a milestone that is not only the success story of Meezan Bank but also the continuing success story of Islamic banking in Pakistan. With this extensive network, our existing and potential customers are now closer than ever in attaining Islamic banking at their doorstep. All branches provide real time online banking facilities to customers.

As the first and largest dedicated Islamic bank in Pakistan, Meezan Bank's team continues to build on its Vision of establishing "Islamic banking as banking of first choice". One of the key objectives of the Bank is to have its footprint strategically placed throughout the country enabling public to avail the benefits of Shariah-compliant banking in their neighbourhood.

The Bank presently operates in the following cities of Pakistan:

Abbottabad	Jampur	Pabbi
Ahmedpur East	Jhang	Pakpattan
Arifwala	Jhelum	Pattoki
Attock	Kabirwala	Peshawar
Bahawalnagar	Kahror Pakka	Pir Mahal
Bahawalpur	Kamoki	Quetta
Bannu	Karachi	Rahim Yar Khan
Batagram	Kasur	Raiwind
Burewala	Khairpur	Rajanpur
Chakwal	Khanewal	Rashidabad
Chamman	Khanpur	Rawalakot
Charsadda	Kharian	Rawalpindi
Chichawatni	Khushab	Sadiqabad
Chiniot	Kohat	Sahiwal
Chishtian	Kot Addu	Sakrand
Chung	Kunri	Sanghar
Dadu	Lahore	Sara-e-Alamgir
Dadyal	Lalamusa	Sargodha
Daska	Larkana	Swari
Depalpur	Layyah	Shahdadpur
Dera Ghazi Khan	Lodhran	Sheikhupura
Dera Ismail Khan	Loralai	Sialkot
Digri	Mandi Bahauddin	Sukkur
Dina	Mansehra	Swabi
Dukki	Mardan	Swat
Dunyapur	Mehar	Tando Adam
Faisalabad	Mian Channu	Tando Allahyar
Gojra	Mianwali	Tando Mohammad Khan
Gujar Khan	Mirpur Azad Kashmir	Tarlai
Gujranwala	Mirpur Khas	Taunsa
Gujrat	Moro	Taxila
Hafizabad	Multan	Timergara
Haripur	Muridkay	Toba Tek Singh
Haroonabad	Muslim Bagh	Umerkot
Hasilpur	Muzaffarabad	Vehari
Havelian	Muzaffargarh	Wah Cantt
Hub (Lasbela)	Nawabshah	Wazirabad
Hyderabad	Nowshera	Zhob
Islamabad	Okara	
Jalalpur Jattan		

For 2015, Meezan Bank has planned to expand its Branch Network by 122 branches countrywide. Meezan Bank's mission is to provide its customers dedicated and pure Islamic banking facilities with the greatest of convenience and personalized services. It remains the Bank's endeavour to establish solid foundations of Islamic banking in Pakistan.

Abbottabad

Abbottabad Branch

Plot No. 843-846, Mansehra Road,
Abbottabad
Tel: (92-992) 344701-3

City Branch

Jamal Building, Eidgah Road, Abbottabad
Tel: (92-992) 341990-03

Ahmedpur East

Ahmed Pur East Branch

Property No. 338, Block-IV, Kutchery
Road, Ahmed Pur East
Tel: (92-62) 2273261-2

Arifwala

Arifwala Branch

3-A, Lakkar Mandi, City Road, Arifwala
Tel: (92-457) 834502-3

Attock

Attock Branch

B-143, Fawwara Chowk, Civil Bazar, Attock
Tel: (92-572) 701003-5

Bahawalnagar

Bahawalnagar Branch

Shop No. 12, Grain Market,
Minchanabad Road, Bahawalnagar
Tel: (92-63) 22 71611-2

Bahawalpur

Bahawalpur Branch

Milad Chowk, Eidgah Road, Bahawalpur
Tel: (92-62) 2732145-7

Dubai Chowk Branch

Property No. 209-CB, Ahmedpur East
Road, Near Dubai Chowk, Bahawalpur
Tel: (92-62) 2889417-18

Satellite Town Branch

Plot No.20/D, Street No.30, One Unit
Chowk, Satellite Town, Bahawalpur
Tel: (92-62) 2285303-04, 2285306-07

Bannu

Bannu Branch

Property No. 322-D, 322-D/A,
Outside Qasayban Gate Hospital Road,
Bannu
Tel: (92-928) 620841-3

Batagram

Batagram Branch

Khasra No. 3359/971 & 3360/971,
Kahata No. 880/1351 & 881/1351, Sultan
Market, Ajmeera, Batagram
Tel: (92-997) 310850-51

Burewala

Burewala Branch

Multan Road, Opp. College Road, Burewala
Tel: (92-67) 3773751-4

Chakwal

Chakwal Branch

B-VI/4-A, Bab-e-Chakwal, Talangang
Road, Chakwal
Tel: (92-543) 543381-4

Chamman

Chamman Branch

Khasra # 579-580 Jogi Ram Road,
Trunch Bazar, Chamman
Tel: (92 826) 618355

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

Chichawatni

Chichawatni Branch

Property No. 278-279, Adjacent National
Saving Centre, G.T. Road, Chichawatni
Tel: (92-405) 487601-03

Chiniot

Sharah-e-Quaid-e-Azam Chiniot Branch

P-468, Al-469 II, Shahrah-e-Quaid-e-
Azam, Chiniot
Tel: (92-47) 6331103-4

Chishtian

Chishtian Branch

Plot No. 109, B- Block, Opposite Ghalla
Mandi Gate, Chishtian
Tel: (92-63) 2509301-2

Chung

Chung Multan Road Branch

Main Stop Chung, Main Multan Road,
Chung, Lahore
Tel: (92-42) 35404761- 63

Dadu

Dadu Branch

Ground Floor, Nareja Shopping Centre,
Kutchery Chowk, Near College Road, Dadu
Tel: (92-245) 710816-8

Dadyal

Dadyal Branch

Plot No. 313, Hussain Shopping Centre,
Main Bazar Dadyal, Mirpur Azad Kashmir
Tel: (92-5827) 465881-3

Daska

Daska Branch

Rest House Chowk, Gujranwala Road,
Daska
Tel: (92-52) 6612837-41

Depalpur

Depalpur Branch

Khewat No.2100/2053, Khatooni No.
3159, Kutchery Road Depalpur
Tel: (92 44) 4544550-51

Dera Ghazi Khan

Dera Ghazi Khan Branch

Jampur Road, Dera Ghazi Khan
Tel: (92-64) 2474255-7

Dera Ismail Khan

Dera Ismail Khan Branch

East Circular Road, Dera Ismail Khan
Tel: (92-966) 717257-8

Digri

Digri Branch

Survey No.413, Ward No.B, Tando
Ghulam Ali Road, Digri
Tel: (92-233) 870213-16

Dina

Dina Branch

Al-Bilal Shopping Centre, Main Chowk,
G.T. Road, Dina, Distt. Jhelum
Tel: (92-544) 636119-21

Dukki

Dukki Branch

Plot No.329, Nana Sahab, Ziarat Road, Dukki
Tel: (92-824) 666013

Dunyapur

Dunyapur Branch

Khewat No. 189, 225 Khatooni No. 516,
517 Dokota Road Dunyapur
Tel: (92 60) 8304118-19

Faisalabad

Bhowana Bazar Branch

150-D. Main Bhowana Bazar, Faisalabad
Tel: (92-41) 2633042-4

Canal Road Branch

P-404, 405, Amin Town, Near Kashmir
Bridge, West Canal Road, Faisalabad
Tel: (92-41) 8505438-40

Circular Road Branch

Shop # 6,7,8, Jinnah Market, Circular
Road, Faisalabad.
Tel: (92-41) 2628261-63

Civil Lines Branch

Plot No. 17/K, Civil Lines, Bilal Road,
Faisalabad
Tel: (92-41) 2603471-473

Clock Tower Branch

P-175, Clock Tower, Karkhana Bazar,
Faisalabad
Tel: (92-41) 2606085-7

Dijkot Road Branch

Shops No. 68 & 69, Dijkot Road,
Adjacent to Grain Market, Faisalabad
Tel: (92-41) 2416141-4

Ghulam Muhammad Abad Branch

P-317, Alaf Sani Chowk, Main Saddar Bazar,
Ghulam Muhammad Abad, Faisalabad
Tel: (92-41) 2694381- 83

Gole Cloth Katchery Bazar Branch

P-54 Gole Cloth, Katchery Bazar, Faisalabad
Tel: (92-41) 2610373-4

Gulberg Branch

P-307-A, Gulberg Colony, Main Bazar,
Faisalabad.
Tel: (92-41) 2541611-13

Jail Road Branch

Plot No.17-B, Jail Road, Faisalabad, Pakistan.
Tel: (92-41) 111 852 852

Jhang Road Branch

Plot No. S-29-30, Near Ayub Colony,
Opposite Motor Market, Jhang Road,
Faisalabad
Tel: (92-41) 2650854-6

Madina Town Susan Road Branch

Plot No. 98/23, Madina Town, Susan
Road, Faisalabad
Tel: (92-41) 8557141-3

Mansoorabad Branch

Plot No. P-1224 Corner Dipu Bazar, Main
Jhumra Road, Mansoorabad, Faisalabad.
Tel: (92-41) 8734400-02

Millat Chowk Branch

158-B-1, Gulistan Colony No. 2,
Millat Chowk, Faisalabad
Tel: (92-41) 8784346-7

Kotwali Road Branch

P-63, Kotwali Road, Faisalabad
Tel: (92-41) 2602587

**Peoples Colony Branch**

1/A-II, Peoples Colony-1, Faisalabad
Tel: (92-41) 8555002-4

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) 8500715-3

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**

Al Khalid Shopping Centre, Opposite
Surayya Hospital, Tehsil Office Road, Gojra
Tel: (92-46) 3516272-3

Gujar Khan**Gujar Khan Branch**

B-III, 215-E, G.T. Road, Gujar Khan
Tel: (92-51) 3515679-83

Gujranwala**Dal Bazar Branch**

Property No. BII-19S-31, Near Chowk
Chashma, Dal Bazar, Gujranwala
Tel: (92-55) 4227592-6

Kashmir Plaza Branch

Kashmir Plaza, Near Ghalla Mandi G.T
Road, Gujranwala
Tel: (92-55) 3847205-8

Peoples Colony Branch

13-Y/ 7-SITE-1, Peoples Colony
Gujranwala
Tel: (92-55) 4240571-3

Sheikhupura Road Branch

Khewat No.42, Khatoni No.43, Khasra No.182,
Mian Sansi, Sheikhupura Road Gujranwala
Tel: (92-55) 4233981-83

Satellite Town Gujranwala Branch

Plot No.40-A, Nursery Chowk, Satellite
Town, Gujranwala
Tel: (92-55) 3847191-3

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

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

Haroonaad**Haroonaad Branch**

14-C, Grain Market, Haroonaad
Tel: (92-63) 2251751-2

Hasilpur**Hasilpur Branch**

68/B, Baldia Road, Hasilpur
Tel: (92-62) 2443300-1

Havelian**Havelian Branch**

Near Old TMA Office, Main Bazar Havelian,
Distt. Abbottabad
Tel: (92-992) 811501-3

Hub (Lasbela)**Hub Chowki Branch**

Hub City, District Lasbela, Balochistan
Tel: (92-853) 310252-3

Hyderabad**Auto Bhan Branch**

Shop No 6 & 7, Boulevard Enclave Auto
Bhan Road Latifabad No. 3, Hyderabad
Tel: (92-22) 3821291-8

Citizen Colony Branch

Shop No.1-4, Citizen Plaza, Citizen
Colony, Jamshoro Road, Hyderabad
Tel: (92-22)2100904-8

Cloth Market Branch

C/916/918, Guru Nagar, Hyderabad
Tel: (92-22) 2621341-2

Gari Khata Branch

City Survey No. F/1054,
Ward - F, Gari Khata, Hyderabad
Tel: (92-22) 2725671-2

Hyderabad Branch

Saddar Bazar Cantonment, Hyderabad
Tel: (92-22) 2782772

Latifabad Branch

3/D Commercial Area, Latifabad No. 7,
Hyderabad
Tel: (92-22) 3866964-5

Market Road Branch

Market Road Hyderabad, Survey No.
2669, 2669/1, Ward-A, Market Road,
Hyderabad
Tel: (92-22) 2638362-6

Qasimabad Branch

Plot No. QEA/R-6/03-4, 11-12,
Housing Scheme No. 1, Main Road
Qasimabad, Hyderabad
Tel: (92-22) 2670511-5

Station Road Branch

Shop No.F-438/2, F-438/3, Ward "F",
Station Road, Hyderabad
Tel: (92-22) 2729791-94

Islamabad**Aabpara Branch**

Plot No. Ramna 6/1-4, Aabpara Market,
Sector G-6, Islamabad
Tel: (92-51) 2603061-4

Barakahu Branch

Fazal ul Haq Plaza, Main Murree Road,
Baharakahu, Islamabad
Tel: (92-51) 2232881-2

DHA Phase II Branch

Plot No. 7, Sector A, Near Gate No-3,
Kalsum Plaza, DHA Phase-II, Islamabad
Tel: (92-51) 5161562-4

E-11 Markaz Branch

Plot No. 02, 03, 04, Square Eleven Plaza,
Islamabad Garden Phase II, Sector
E-11/1 Islamabad.
Tel: (92-51) 2305691-92

F-6 Markaz Branch

Ground & First Floor, Sethi Plaza, Super
Market, F-6 Markaz, Islamabad
Tel: (92-51) 2601791-5

F-7 Jinnah Super Market Branch

Unit No. 14, Plot No. 12-B, F-7 Markaz,
Jinnah Super Market, Islamabad
Tel: (92-51) 2655001-4

F-8 Branch

Panther Plaza, F-8 Markaz, Islamabad
Tel: (92-51) 2817403-5

F-10 Markaz Branch

Plot No. 2-F, F-10 Markaz, Islamabad
Tel: (92-51) 2112762-3

F-11 Branch

Shops No. 2, 3, 9, 10, 11 & 12, Ground Floor,
Sardar Arcade, F-11 Markaz, Islamabad
Tel: (92-51) 2228384-5, 2228388-9

Jinnah Super Branch

Plot No.11, Class-III, Shopping Centre,
Sector F-7/2, Islamabad, Pakistan.
Tel: (92-51) 111 852 852

G-8 Branch

Plot No. 40-A , I & T Centre, Jhelum
Road , G - 8/1 , Islamabad.
Tel:(92-51) 2261040 - 41

G-9 Markaz Branch

21-B, G-9 Markaz, Islamabad
Tel: (92-51) 2285849-51

G-11 Branch

Plot No.15, Penorama Arcade,
G-11 Markaz, Islamabad
Tel: (92-51) 2830513-6

G-13 Branch

Plot No 2-A , Qaiser Wasim Plaza, G-13
Markaz, Islamabad
Tel:(92-51)2285849 - 50

G-15 Markaz Branch

Plot No. 18 , Family Plaza, Jammu & Kashmir
Housing Society, G-15 Markaz Islamabad
Tel: (92-51)2328317-8

I-8 Branch

Plot No. 25, VIP Square, I-8 Markaz, Islamabad
Tel: (92-51) 4861389-92

I-9 Branch

Plot No. 2/A, Industrial Area, I-9, Islamabad
Tel: (92-51) 4859644-7

I-10 Branch

Shop No. 7-10, Ahmadal Plaza, Plot No.
3-I, Sector I-10 Markaz, Islamabad
Tel: (92-51) 4432711-3

I-11 Sabzi Mandi Branch

Plot No.189/A, Sabzi Mandi, I-11, Islamabad
Tel: (92-51) 4100637-40

Jinnah Avenue Branch

Plot No. 37-B, Tahir Plaza, Jinnah
Avenue, Blue Area, Islamabad
Tel: (92-51) 2276712-5, 2801112-5

PWD Branch
Plot No. 786-G, Block-C, Pakistan PWD
Employees Co-operative Housing Society,
Lohi Bher, Islamabad.
Tel: (92-51) 5170756-8

Jalalpur Jattan

Circular Road Branch
Khewat No.1729/1730 Khatooni No.
2355-2358 2359-2362, Circular Road,
Jalalpur Jattan
Tel: (92 53) 3430313-5

Jampur

Jampur Branch
Indus Highway, Dera Road,
Opposite Nadra Office, Jampur
Tel: (92-604) 569446-8

Jhang

Rail Bazar Chowk Branch
P-864, Block-9, Circular Road,
Rail Bazar Chowk, Jhang
Tel: (92-47) 7652203-4

Yousaf Shah Road Branch
P- 5, Yousaf Shah Road, Near Church
Chowk, Jhang
Tel: (92-47) 7652101-3

Jhelum

Jhelum Branch
B-VI-24-S-II, Mehar Plaza, Civil Lines,
Jhelum
Tel: (92-544) 611751-5

Kabirwala

Kabirwala Branch
Property No. 162, Khanewal Road,
Opposite PSO Petrol Pump, Kabirwala
Tel: (92-65) 2400721-3

Kahrora Pakka

Kahrora Pakka Branch
Plot No.107/C/4, Khewat No.27, Dunya
Pur Road, Kahrora Pakka, District Lodhran
Tel: (92-608) 341016-17

Kamoki

G.T Road Kamoki Branch
Main G.T Road, Kamoki
Tel: (92-55) 6810351-3

Karachi

26 Street DHA Karachi Branch
C-38- D, 26 Tauheed Commercial St.,
Phase V, D.H.A, Karachi, Pakistan
Tel: (92-21) 35833182

Abdullah Haroon Road Branch
S/1, Plot No. P.R 2/31/5, Preedy Quarters,
Abdullah Haroon Road, Karachi
Tel: (92-21) 32700143-5

Abul Hasan Isphani Road Branch
Plot No. 25-A, Main Abul Hasan Isphani
Road, Azeem Khan Goth, Gulshan-e-
Iqbal, Block 4-A, Karachi
Tel: (92-21) 34810729-32

Al-Hilal Society Branch
Nafees Arcade, Plot No. SC-14, Chandni
Chowk, KDA Scheme No.7, Main
University Road, Karachi
Tel: (92-21) 34124111-5

Al-Tijarah Centre Branch
S-8, Ground Floor, Al-Tijarah Centre,
Block-6, PECHS, Shahr-e-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

Azizabad Branch
Shop Nos. S-3, S-4, S-5, S-6, Plot
No.CS-54, Azizabad, Block 7, Federal B
Area, KDA Scheme No.16, Karachi.
Tel: (92-21) 36376211-15

Babar Market Landhi Branch
2-A/167,168 & 169, Babar Market,
Landhi Township, Karachi
Tel: (92-21) 35011071-5

Bahadurabad Branch
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

Barakat-e-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/D-I, Serai Quarters, Boulton
Market, M.A. Jinnah Road, Karachi
Tel: (92-21) 32467811-5

Bombay Bazar Branch
Plot No. 105, Shop No. 1 & 2, Mashallah
Terrace, Old Town Quarters, Bombay
Bazar, Karachi
Tel: (92-21) 3246-8701 -05

Buffer Zone Branch
R-914, Sector-15-A/1, Buffer Zone,
North Karachi, Karachi
Tel: (92-21) 36965851-5

Citi Tower Branch
Citi Tower, 33-A, Block 6, PECHS,
Shahr-e-Faisal, Karachi, Pakistan
Tel: (92-21) 34373263

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,
12th Commercial Street, DHA Phase II
Extension, Karachi
Tel: (92-21) 35311953-8

DHA Phase IV Branch
Plot No 78, 10th, Commercial Street,
Phase IV, DHA, 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,
Shahr-e-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

Gole Market Nazimabad Branch
Plot No.2-E/3,Gole Market Nazimabad,
Karachi
Tel: (92-21) 3641 8011-15

Gulbahar Branch
Shop No. G-8, G-9, G-10 and G-11, Sub
Plot No.20/3, Sana Towers, Firdous
Co-operative Housing Society, Golimar
Chowrangi, Nazimabad, Karachi
Tel: (92-21) 36701155-9

Gulbai SITE Area Branch
Plot No. C-25, Gulbai, SITE Area, Karachi
Tel: (92-21) 32594711-5

Gulberg Branch
Plot No. B-1, Block 18, Gulberg, F.B.
Area, Karachi
Tel: (92-21) 36829112-5

Gulistan-e-Jauhar Branch
Plot No. ST -9, Block 15, Scheme 36,
Gulistan-e-Jauhar, 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
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-Iqbal Block 6 Branch
Plot No. FL-6 /1A-4, Al-Shams Plaza,
Block-6, KDA Scheme No. 24, Rashid
Minhas Road, Gulshan-e-
Iqbal, Karachi
Tel: (92-21) 3481-3521-25

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

**Indus Mehran Cooperative Housing
Society Branch**
Plot No.14-A, Naiclass No.55, Indus
Mehran Co-operative Housing Society
Malir, Karachi
Tel: (92-21) 3449640-44

Jama-e-Millia Malir Branch
Plot No.S-25, Survey No.282, Gulzar-e-
Ibrahim, Jama-e-Millia Malir, Karachi
Tel: (92-21) 3416-2270-74

Jamshed Road Branch
Plot No. 713/6, Shaheen Tower, Jamshed
Quarters, M.A Jinnah Road, Karachi
Tel: (92-21) 34923281-5

Jodia Bazar Branch
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

Jubilee Market Branch
Plot No.64, Ghulam Hussain Hidayatullah
Colony, Jubilee Market Karachi
Tel: (92-21) 32720454-58

Katchi Gali No.2 Branch
No. G-1, situated at Katchi Gali No. 2,
Marriot Road, Karachi
Tel: (92-21) 32443526-7

K.A.E.C.H.S Branch
Plot No. SA/49 (Commercial), Block-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

Kehkashan Clifton Branch
Building No.BC-1, Ground Floor,
Al-Karam Center, Block 7, Clifton,
Karachi, Pakistan
Tel: (92-21) 111 000 852

Khadda Market Branch
(Khayaban-e-Shamsheer) Branch
Plot No.4-C, Khadda Market,
Khayaban-e-Shamsheer, DHA Phase V,
Karachi
Tel: (92-21) 35240811-5

**Khadija Market, Block I North Nazimabad
Branch**
Plot No.SC-4, Shop Nos. 2, 2-A, 3, 4,5
Khadija Market, Block I North Nazimabad
Karachi.
Tel: (92-21) 3672-2790 - 94

Khalid Bin Waleed 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

Korangi Industrial Area II Branch
Plot No.27 & 28, Sector - 16, Korangi
Industrial Area, Karachi
Tel: (92-21) 3514-4341-45

Lea Market Branch
Plot No. 3/20, Khajoor Bazar, Lea Market,
Karachi
Tel: (92-21) 32521650-4

Liaquatabad Branch
No.18, Plot No. 1/19, S.M.Taufiq Road,
Liaquatabad, Karachi
Tel: (92-21) 34125673

Liaquat Market Malir Branch
Plot No.LS-38, ST-32 Block-04, Malir
Township Liaquat Market Malir
Tel: (92-21) 34502880-84

Light House Branch
Plot No.57, Jahangir Mansion, Shop No.14,
Thatia Compound Street, Wadhmal
Odham 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

Mehmoodabad Branch
Plot No. 178 -179, Survey No. 250- 251
Sheet No. MAC-II Mehmoodabad
Tel: (92-21) 35319051 - 055

Metroville SITE Branch
Plot No.E-11, E-12 Block-1 Metroville,
SITE Karachi
Tel: (92-21) 36752601-5

Model Colony Branch
Plot No. 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

New Town Branch
Plot No.371 Kutiana Centre, Shop
No.10-13, Jamshed Quarters, Karachi
Tel: (92-21) 34943581-5

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

Power House Branch
Plot No. R-17, Sector 5-C/4, North Karachi.
Tel: (92-21) 36902608-12

Rashid Minhas Road Branch
Ground Floor, Aqsa Tower, Block-C,
Rashid Minhas Road, KDA Scheme
No.33, Karachi
Tel: (92-21) 34978062, 34978064,

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

Shaheen Complex Branch
Shaheen Commercial Complex, M.R. Kayani
Road, GPO Box 121, Karachi, Pakistan
Tel: (92-21) 111 852 852

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 Coopera-
tive 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. ST-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

SITE-II, Super Highway Branch
Showroom # 1 & 2, Plot # D/41-A, SITE-
Super Highway Phase-II, Karachi
Tel: (92-21) 36880342 - 349

Soldier Bazar Branch
G-2, Ground Floor, Plot No. SOL.B-2/16,
VII-E/100/1, Soldier Bazar Quarters, Karachi.
Tel: (92-21) 32290320-24

Stock Exchange Branch
Office # 41, 42 & 43 1st Floor Stock
Exchange Building, I.I Chundrigar Road
Karachi
Tel: (92-21) 32470920-8

Super Highway Branch
Highway Trade Centre, Shop 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

Timber Market Branch
Plot No. 03, Main Timber Market,
Siddique Wahab Road Karachi
Tel: (92-21) 32740060 - 64

Urdu Bazar Branch
Shops No. 11 & 12, Anfal Centre,
Plot No. RB-9/1, Rambagh Quarters,
Urdu Bazar, Karachi
Tel: (92-21) 32603031-5

Water Pump Branch
Plot No. BS-13, Block-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

Kasur

Kasur Branch
216-9, R-IV, Railway Road, Kasur
Tel: (92-492) 2764999

Khairpur

Khairpur Branch
Shop No.1,2,3 Ground Floor
Civic Centre, Mall Road, Khairpur
Tel: (92-243) 715772-73

Khanewal

Khanewal Branch
Plot No. 624-625, Block No. 8, Sir Syed
Road, Khanewal
Tel: (92-65) 2556625-7

Khanpur

Khanpur Branch
Kutchery Road, Khanpur
Tel: (92-68) 5577127-8

Kharian

G.T Road Kharian Branch
Ground Floor, Barakat Plaza, Main G.T
Road, Kharian
Tel: (92-537) 533497-8

Khushab

Katha Chowk Khushab Branch
P-4106-27-1, Sargodha Road, Katha
Chowk, Khushab
Tel: (92-454) 711683-4

Kohat

Kohat Branch
1st Floor, Jinnah Municipal Plaza, TMA,
Near King Gate, Bannu Road, Kohat
Tel: (92-922) 523037-40

Kot Addu

Kot Addu Branch
Khewat No. 264/241, Ward No. 2,
Mauza Pirhar Sharqi, G.T.Road,
Kot Addu.
Tel: (92-66) 2240333-37

Kunri

Kunri Branch
Plot No. 12, Survey No. 263,
Station Road, Deh Gorraho, Kunri,
District Umerkot
Tel: (92-238) 558412-15

Lahore

Al-Saeed Chowk Branch
Al-Saeed Chowk, near Phool Mandi,
Saggian By pass, Jaranwala Road, Tehsil
Ferozwala, District Sheikhpura, Lahore
Tel: (92-42) 37163873-5

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

Bahria Town Branch
Plot No.68/69-B, Sector-C, Bahria Town Lahore.
Tel: (92-42) 35976270-72



Bank Square, Model Town Branch
Ground Floor, Central Commercial Market
Area, Model Town, Lahore, Pakistan.
Tel: (92-42) 35915601

Bedian Road Branch
Khasra No. 3799, Mauza Lidhar, Main
Bedian Road, Lahore
Tel: (92-42) 35749607-10

Bedon Road Branch
Plot No.15 Bedon Road Lahore.
Tel: (92-42) 36290273-76

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
Mughalpura Lahore Branch PlotNo. 125,
StNo. 33, Naya Pul, Punj Pir Road, Canal
Bank Road, Mughalpura, Lahore
Tel: (92-42) 365543-44

Cavalry Ground Branch
72-Commercial Area, Cavalry Ground,
Lahore Cantt.
Tel: (92-42) 36619780-3

Chowk Yateem Khana Branch
Bund Road Chowk Yateem Khana Lahore
Tel: (92-42)37467113-16

Circular Road Branch
141- Circular Road, Outside ShahAlam
Gate, Lahore
Tel: (92-42) 37642001-4

Civic Centre Johar Town Branch
Property No. 20, Civic Centre, Johar
Town, Lahore
Tel: (92-42) 35189531-3

Cloth Market Branch
F-2332, Rrara Tailian, Near Kashmir
Block, Azam Cloth Market, Lahore
(92-42) 7380461-65

College Road Branch
6-2/C-1, College Road Township, Lahore
Tel: (92-42) 35157184-6

G.T Road Daroghawala Branch
Plot No. 329-F, Main G.T Road,
Daroghawala, Lahore
Tel: (92-42) 36550501-3

DHA Phase I Branch
167- G, DHA Phase I, Lahore
Tel: (92-42) 35742891-2

DHA Phase III Branch
Plot No. 97-Y, DHA Phase III Commercial,
Opposite Sheba Park, Lahore
Tel: (92-42) 35742582-3

DHA Phase IV Branch
210-CCA, Phase-IV DHA, Lahore
Tel: (92-42) 35747761-2

DHA Phase V Branch
Plot No.6 - CCA Phase V, DHA Lahore
Tel: (92-42) 37182334-5

DHA Phase VI Branch
Plot No. 101, Main Boulevard Phase VI
(Commercial), DHA Lahore
Tel: (92-42) 35006026, 042-35006028-9

DHA Phase VIII Branch
Plot No.C-3, Commercial Broadway,
Phase VIII, DHA Lahore
Tel: (92-42) 38107774-75

Doctors Hospital - Johar Town Branch
Plot No.3-A, G-Block,
Doctors Hospital, Johar Town, Lahore
Tel: (92-42) 35453153-55

EME Housing Society Branch
Plot No. 1 & 37, Block-D Commercial,
EME Sector, DHA, Lahore
Tel: (92-42) 37498956-8

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

J-III Johar Town Branch
Plot No. 12, Block- J-III,
Opposite Expo Centre Johar Town, Lahore
Tel: (92-42) 35311862 - 864

Johar Town Branch
63/R-1, M.A Johar Town Branch, Lahore
Tel: (92-42) 35314631-4

Karim Block Branch
Baig Plaza, 21 Commercial Zone, Karim
Block, Allama Iqbal Town, Lahore
Tel: (92-42) 35296701-5

Main Boulevard Branch
E-44-1-4-COM, Iqbal Park Commercial,
Main Boulevard DHA, Lahore.
Tel: (92-42) 36621482-4

McLeod Road Branch
SE-10-R-2/12, Nihal Chand Building,
McLeod Road, Lahore
Tel: (92-42) 36284501-4

Mini Market College Road Gulberg II Branch
Plot No.25-L, College Road, Gulberg II Lahore.
Tel:(92-42)35246614-16

Model Town C-Block Lahore Branch
Shop No. 24 & 25, Central Commercial
Market, Model Town, Lahore
Tel: (92-42) 35844202-4

Model Town Link Road Branch
Plot No. 13, Model Town Link Road, Lahore
Tel: (92-42) 35942355-8

Moon Market Allama Iqbal Town 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

Multan Road Branch
S-94, R-334, Multan Road, Near Social
Security Hospital, Multan Chungi, Lahore.
Tel: (92-42) 37492383-85

New Fruit Market Branch
Property No.116-117 New Fruit Market
Ravi Road Lahore
Tel: (92-42) 37729213-17

New Garden Town Branch
Ground Floor, Ibrahim Centre, 1-Aibak
Block, New Garden Town, Lahore
Tel: (92-42) 35941474-7

Badami Bagh Branch
35-Peco Road, Badami Bagh, Lahore
Tel: (92-42) 37369610-3

**Punjab Cooperative Housing Society
Branch**
66-F, Phase I, Punjab Co-operative
Housing Society, Ghazi Road, Lahore Cantt.
Tel: (92-42) 35924683-4

Q-Block DHA Phase II Branch
295-Q Commercial Area, Phase II DHA,
Lahore
Tel: (92-42) 35708324-7

Qartaba Chowk Branch
Qartaba Chowk, Temple Road, Rehman
Chamber, Lahore
Tel: (92-42) 37112406-10

Quaid-e-Azam Industrial Estate Branch
169 - S, Quaid-e-Azam Industrial Estate,
Kot Lakhpat, Lahore
Tel: (92-42) 35215765

Ravi Road Branch
33, Main Ravi Road,
Opposite Bilal Masjid, Lahore
Tel: (92-42) 37706835-7

Sabzazar Branch
Plot No.325, Block - B, Main Boulevard,
Sabzazar, Lahore.
Tel: (92-42) 35962280-82

Saddar Bazar Branch
Property No. 1184, Dubai Chowk, Main
Tufail Road, Saddar Bazar, Lahore
Tel: (92-42)-36622824-6

Samanabad Branch
Plot No. 210, Main Poonch Road,
Samanabad, Lahore
Tel: (92-42) 37587213-5

Shad Bagh Branch
13-A, Tajpura Chowk, Near PTCL exchange,
Shad Bagh, Lahore
Tel: (92-42) 37600667-9

Shadman Colony Branch
91 Shadman Colony - 1, Shadman, Lahore
Tel: (92-42) 37522976-9

Shahdra Branch
113 G.T. Road, Lahore
Tel: (92-42) 37921266-7

Shahalam Market Branch
D-2050, Fawara Chowk,
Inside Shahalam Market, Lahore
Tel: (92-42) 37377340-3

Shahkam Chowk, Canal Road Branch
Plot 47-48, Block B, Mohlanwal Scheme,
Shahkam Chowk Canal Road, Lahore
Tel: (92-42) 35966778

Shalimar Garden Branch

Chowk Shalimar Bagh, G.T Road,
Baghban Pura, Lahore
Tel: (92-42) 36846584-8

Thokar Niaz Baig Branch

Ahmed Centre, 1.5 KM Raiwand Road,
Lahore
Tel: (92-42) 37516128-30

Urdu Bazar Branch

4-Kabeer Street, Urdu Bazar, Lahore
Tel: (92-42) 37116684-7

Valancia Town Branch

Plot No.1-D, Valencia Society Lahore
Tel: (92-42) 35225894-98

Walton Road Branch

E-29/21-A, Bank Stop, Walton Road, Lahore
Tel: (92-42) 36626602-5

WAPDA Town Chowk Branch

Plot No. 429, Block-E, Main Boulevard,
P.I.A Employees Co-operative Housing
Society, Wapda Town Chowk, Lahore
Tel: (92-42) 35211591-4

Wahdat Road Branch

Plot No.16-A, Wahdat Road Branch, Lahore.
Tel: (92-42) 35912954-56

West Wood Colony Branch

Plot No 24, West Wood Colony, Canal
Road, Lahore.
Tel: (92-42) 37498592-93

Zahoor Elahi Road Branch

Building No.3-A, Block A, Gulberg II,
Zahoor Elahi Road, Lahore, Pakistan.
Tel: (92-42) 111 852 852

Zarrar Shaheed Road Branch

Khasra No. 3939/3296, Block-B,
Al-Faisal Town, Zarrar Shaheed Road,
Lahore Cantt.
Tel: (92-42) 36674862

Lalamusa**Lalamusa Branch**

Col. Plaza, Plot No. 9, Camping Ground,
G.T. Road, Lalamusa
Tel: (92-53) 513022, 7513032

Larkana**Larkana Branch**

Property No.1796, Ward No. A, Bank
Square, Bunder Road, Larkana
Tel: (92-74) 4055923-5

Layyah**Layyah Branch**

Property No. B-II-174, 175, 176, Chobara
Road, Layyah
Tel: (92-606) 412975-7

Lodhran**Lodhran Branch**

Plot No. 493-A, A-1, A-2/5H, Ghosia
Chowk, Multan Bahawalpur Road, Lodhran
Tel: (92-608) 364797-8

Loralai**Loralai Branch**

Plot No. 1060, Zhob Road, Loralai, Balochistan
Tel: (92-824) 4660103

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

Mansehra**Lari Adda Branch**

Near Madni Masjid, Lari Adda,
Karakoram Highway, Mansehra
Tel: (92-997) 307640-2

Mansehra Branch

Meezan Plaza, Near Markazi Jamia
Masjid, Abbottabad Road, Mansehra
Tel: (92-997) 308315-8

Mardan**Mardan Branch**

Bank Road, Mardan
Tel: (92-937) 9230561-3

Par Hoti Branch

Malik Khalid Khan Market, Par Hoti, Mardan
Tel: (92-937) 560013-4

Mehar**Mehar Branch**

Plot No. 151, Khairpur Nathan Shah
Road, Mehar
Tel: (92-25) 4730913-4

Mian Channu**Mian Channu Branch**

17-B, Ghazi More, G.T. Road, Mian Channu
Tel: (92-65) 2662001-3

Mianwali**Mianwali Branch**

Property No. D-3-4/A, Ballo Khel Road,
Mianwali
Tel: (92-459) 233305-9

Mirpur Azad Kashmir**Mirpur Branch**

Plot No. 123, Sector F/1, Sultan Plaza,
Kotli Road, Mirpur Azad Kashmir
Tel: (92-5827) 438891-3

Mirpurkhas**Mirpurkhas Branch**

Plot No. 15, Ward No. A, Adam Mohallah
Town, Umerkot Road, Mirpurkhas
Tel: (92-233) 876103-8

Moro**Moro Branch**

Property No. 60, Ward 13,
Main Road National Highway, Moro
Tel: (92-242) 411008-14

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

Qadafi Choak Branch

Khatooni No. 1261, Qadafi Chowk
Masoom Shah Road, Multan.
Tel: (92-61) 6780853-54

Rasheed Abad Branch

Khatooni No.1101, Shop No.1, 2, 3
Anees Plaza, Chowk Rasheedabad,
Khanewal Road, Multan.
Tel: (92-61) 6305714-6

Shah Rukn-e-Alam Branch

Shop No. 26-27, Block F, Main Market,
T-Chowk, Shah Rukn-e-Alam Colony, Multan
Tel: (92-61) 6784324-5

Sher Shah Road Branch

Property No. 50/A, Opposite Garden Town,
Sher Shah Road, Multan
Tel: (92-61) 6536752-5

University Road Branch

Khewat No.856/833, Khatooni No.1309,
Shalimar Colony Chowk, University
Road, Multan.
Tel : (92-61) 6224974-5

Vehari Chowk Branch

Shop Nos. 82,83,84,112, Madni Commer-
cial Center, Near Vehari Chowk, Multan
Tel: (92-61) 6241201-3

Vehari Road Branch

Rehman Commercial Centre, Near Grain
Market, Vehari Road, Multan
Tel: (92-61) 6244153-5

Muridkay**Muridkay Branch**

Khewat No. 1061, Khatooni No. 2615,
G.T Road Muridkay District Sheikhupura.
Tel: (92-42) 37980131-133

Muslim Bagh**Muslim Bagh Branch**

Shop No 40 - 41, School Road, Muslim Bagh
Tel: (92-823) 669592-3

Muzaffarabad**Madina Market Muzaffarabad Branch**

Mohallah Madina Market,
Muzaffarabad, AJ&K
Tel: (92-5822) 920457-9, 920458-60

Muzaffarabad Branch

Secretariat Road, Sathra Muzaffarabad,
Azad Jammu & Kashmir
Tel: (92-5822) 920458-60

Muzaffargarh**Muzaffargarh Branch**

Property No. 470, Block No. IV, Hakeem
Plaza, Multan Road, Muzaffargarh
Tel: (92-662) 428708-10

Nawabshah**Nawabshah Branch**

Plot No. 573, Ground Floor, Ward-B,
Katcheri Road, Nawabshah
Tel: (92-244) 330902-6

Nowshera**Nowshera Branch**

Ground Floor, Taj Building Main G.T
Road Nowshera Cantt-Pakistan.
Tel: (92-3) 613174-5



Okara

Okara II Branch
Khatooni No. 448, Depalpur Chowk, G.T Road, Okara
Tel: (92-44) 2701106-07

Okara Branch
MA Jinnah Road, Okara
Tel: (92-44) 2521935-7

Pabbi

Pabbi Branch
Khasra No.2080, Main G.T Road, Pabbi
Tel: (92-923) 528401-403

Pakpattan

Pakpattan Branch
College Road, Pakpattan
Tel: (92-457) 352711-13

Pattoki

Pattoki Branch
Shop No. 09-11, Abdullah Centre, Opposite Ghalla Mandi, Shahrah-e-Quaid-e-Azam, Pattoki
Tel: (92-49) 4421025-8

Peshawar

Charsadda Road Branch
Property No. 190, Opposite Al Hajj Market, Mirch Mandi, Charsadda Road, Peshawar
Tel: (92-91) 5270543-5

Chowk Yadgar Branch
Mohmand Plaza, Naz Cinema Road, Peshawar City, Peshawar
Tel: (92-91) 9213950-2

G.T. Road Branch
Al-Arif House, Near Al-Amin Hotel, GT Road, Peshawar
Tel: (92-91) 9214001-4

Gulbahar Branch
Plot No. 45, New Nanak Pura Gulbahar, Peshawar
Tel: (92-91) 2603091-3

Hayatabad Township Branch
Plot No. 08, Bilal Market, Sector D-1, Phase 1, Hayatabad, Peshawar
Tel: (92-91) 5816163-5

Karkhano Market Branch
Royal Shopping Plaza, Hayatabad, Peshawar
Tel: (92-91) 5893471-4

Khyber Bazar Branch
Plot No. 78, Shoba Chowk, Khyber Bazar, Peshawar
Tel: (92-91) 2564019-21

Kohat Road Branch
Khasra No.1493 & 1953, Mauza Achar Hadbast No.254, Opposite Small Industrial Estate, Kohat Road Peshawar
Tel: (92-91) 2320676-576

Saddar Road Branch
6 Saddar Road, Peshawar Cantt. Peshawar
Tel: (92-91) 9213471-5

University Road Branch
Khattak Plaza, University Road, Peshawar
Tel: (92-91) 5703400-2

Warsak Road Branch
Azam Market. Opp. Peshawar Public School & College, Warsak Road, Peshawar.
Tel: (92-91) 5201307- 9

Pir Mahal

Pir Mahal Branch
Plot No. P-10-11, Kousar Abad, Chak Abadi 779-GB, Qasba Pir Mahal
Tel: (92-46) 3367601-7

Quetta

Alamdard Road Branch
Khasra # 11690/5518, Alamdar Road, Quetta
Tel: (92-81) 2662502-503

Alamo Chowk Branch
Shop No.17-19, Al-Emirate City Plaza, Alamo Chowk, Air Port Road, Quetta
Tel: (92-81) 2820158-9

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

Quetta Cantt Branch
Jinnah Welfare Shopping Complex, Jinnah Road Quetta Cantt
Tel: (92-81) 2820889

Rahim Yar Khan

Factory Area Branch
Plot No.21, 22, Shahbaz Pur Road, Factory Area Rahim Yar Khan
Tel: (92-68) 5888603-04

Rahim Yar Khan Branch
17, 18, City Centre, Rahim Yar Khan
Tel: (92-68) 5887603-4

Raiwind

Raiwind Branch
Khasra No. 5024 & 5031, Main Bazar, Opposite Railway Phattak, Raiwind
Tel: (92-42) 35394620-2

Rajanpur

Rajanpur Branch
Khata No.1270, Khasra No.617/1, Jinnah Road, Rajanpur
Tel: (92-604) 688071-72

Rashidabad

Rashidabad Branch
Survey No. 510-511, Deh Daro, Main Hyderabad Mirpurkhas Road, Rashidabad.
Tel: (92-22) 2732153-55

Rawalakot

Rawalakot Branch
Plot No. D-269, D-113, Housing Scheme, Rawalpindi Road, Rawalakot Azad Jammu Kashmir
Tel: (92-5824) 442240-41

Rawalpindi

Adyala Road Branch
Ground Floor, Daulat Plaza, Near Dhaman Morh, Main Adyala Road, Rawalpindi
Tel: (92-51) 5574880-2

Bahria Town Branch
Bahria Heights, Bahria Town, Phase-1, Rawalpindi
Tel: (92-51) 5730171-3

Bahria Town Phase-7 Branch
Plot No.36, Sikandar Arcade, Service Road Spring North, Bahria Town Phase-7 Rawalpindi
Tel: (92-51) 5400373 -75

Bank Road Branch
No. 47/62, Bank Road Saddar, Rawalpindi
Tel: (92-51) 9273404-6

Bohar Bazar Branch
D-327, Hakim Muhammad Amjal Khan Road, Bohar Bazar, Rawalpindi
Tel: (92-51) 5778875, 5778834

Cantt Branch
Plot No.366, Bank Road Saddar, Rawalpindi, Pakistan.
Tel: (92-51) 5120201- 8

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, Turnol, Rawalpindi
Tel: (92-51) 2226406

Gulzar-e-Quaid Branch
Mangral Plaza, Mauza Gangal, Main Airport Road, Gulzar-e-Quaid, Rawalpindi.
Tel: (92-51) 5191802-3

Hamilton Road Branch
Shop No. AA-710 - 713, Hamilton Road, Raja Bazar, Rawalpindi.
Tel: (92-51) 5777192 - 194

Jinnah Road Branch
Property No. 167, Commercial Area, Mohan Pura, Jinnah Road - City Saddar Road, Rawalpindi City
Tel: (92-51) 5778511-2

Kallar Syedan Branch
Khewat No.105, Khatooni No.211, Choa Road, Mouza & Tehsil Kallar Syedan, District Rawalpindi
Tel: (92-51) 3572261-263

Kalma Chowk Branch
Ground Floor, Rajco Plaza, Kalma Chowk, Kamal Abad, Rawalpindi
Tel: (92-51) 5684491-2

Khana Pul Branch
Khewat No.1674, Khatooni No.2185, Khasra No.833, Mouza Khana Dak, Tehsil & District Rawalpindi
Tel: (92-51) 4473781-84

Muslim Town Branch
B-IV, 628-629, Chirah Road, Muslim Town, Rawalpindi
Tel: (92-51) 4476013

Peshawar Road Branch
61-A, Chour Chowk, Rawalpindi
Tel: (92-51) 5469543-4

Saidpur Road Branch
Plot No. CA-294/A, Chistiabad,
Shabbir Plaza, Near Siddiqui Chowk,
Saidpur Road Rawalpindi
Tel: (92-51) 4416215-17

Shamsabad Branch
Khewat # 79,80,89,107/1, Khatooni #
97,100,124,132/1, Khasra #
101,102,103,107,106,104,110
Shamsabad Murree Road Rawalpindi.
Tel: (92-51) 4854471-4

Sadiqabad

Sadiqabad Branch
31-D, Main Bazar, Sadiqabad
Tel: (92-68) 5701207-8

Sahiwal

Sahiwal Branch
276-B-I, Alpha Tower, High Street, Sahiwal
Tel: (92-40) 4465009, 4466592

G.T. Road Sahiwal Branch
Property No. IV-343/334, 343/335, Ghalla
Mandi G.T Road, Sahiwal
Tel: (92-40) 4224911-2

Sakrand

Sakrand Branch
Deh.18, Taluka City Sakrand, District,
Nawabshah
Tel: (92-244) 322054-57

Sanghar

Sanghar Branch
Property No.124 / A-1, Housing Society
Town, Sanghar
Tel: (92-235) 543662-3

Sara-e-Alamgir

Sara-e-Alamgir Branch
Khewat No.92-93, Khatooni No.106-107,
Near Mirpur Bus Stand G.T Road,
Sara-e-Alamgir
Tel: (92-544) 286103-5

Sargodha

Gole Chowk Branch
Plot No.123-25, Block No. 10, Gole
Chowk, Sargodha
Tel: (92-48) 3700943-45

Muslim Bazar Branch
12-Block Chowk, Muslim Bazar, Sargodha
Tel: (92 48) 3741609-13

Queens Chowk, Sargodha Cantt Branch
Property No 193/1, 194/2,
Mansoorabad, Queens Chowk Canton-
ment Area Sargodha.
Tel: (92-48) 3722904-6

Sargodha Branch
91 Civil Lines, University Road, Sargodha
Tel: (92-48) 3741608-10

Satellite Town Branch
Plot No. 34 Block-C, Main Chowk,
Satellite Town, Sargodha
Tel: (92-48) 3223731-5

Shahdarpur

Shahdarpur Branch
Property No. 293/1, Ward-C, Station
Road, Shahdarpur
Tel: (92-235) 842952-3

Sheikhupura

Sheikhupura Branch
Civic Center, Sargodha Road, Sheikhupura
Tel: (92-56) 3813360-2

Sialkot

Aziz Shaheed Road Branch
Qayyum Trade Center, Aziz Shaheed
Road, Sialkot Cantt, Pakistan.
Tel: (92-52) 111 852 852

Kashmir Road Branch
Kashmir Road, Sialkot
Tel: (92-52) 4295301-3

Kutchery Road Branch
Kutchery Road, Sialkot
Tel: (92-52) 4263461

Pasrur Road Branch
Plot No.BXIV-II-S-I/B/RH, Pul Aik, Pasrur
Road Sialkot
Tel: (92-52) 3521701-04

Shahabpura Road Branch
Plot No 31-A, Shahabpura Road,
Adjacent to Grays of Cambridge Ltd. Sialkot
Tel: (92-52) 3242941-43

Sialkot Cantt. Branch
Property No.1-4 & 5-8, Aziz Shaheed
Road, Sialkot Cantt.
Tel: (92-52) 4560143-5

Sukkur

Military Road Branch
Plot No.E-717, Military Road Sukkur.
Tel: (92-71) 5630631- 33

March Bazar Branch
C-45, Station Road, Sukkur
Tel: (92-71) 5620771-3

Sukkur Branch
3-45, Ward-C, Station Road, Sukkur
Tel: (92-71) 5617192-4

Swabi

Swabi Branch
Amjad Mughalbaz Khan Plaza,
Near TMA Office Mardan Road, Swabi
Tel: (92-938) 222704-6

Swari

Swari Branch
Khata No.579, Khatoni No.715, Khasra
No.2964, Moza Swari, Tehsil Gagra,
District Buner.
Tel: (92-93) 9555204-5

Swat

Green Chowk Branch
Abasin Tower, Green Chowk,
Madyan Road, Mingora Swat
Tel: (92-946) 711581-83

Mingora Branch
Makanbagh Chowk, Mingora Swat
Tel: (92-946) 714316-8

Tando Adam

Tando Adam Branch
Muhammad Chowk, Tando Adam,
District Sanghar Tel: (92-235) 576565-66

Tando Allahyar

Tando Allahyar Branch
Survey No. 1610/07, Opposite General
Bus Stand, Tando Allahyar
Tel: (92-22) 3892021, 3891242

Tando Mohammad Khan

Tando Mohammad Khan Branch
Shop # 25,26 & 27, Deh Pataar main
Hyderabad-Badin Road Tando
Mohammad Khan
Tel: (92-22) 3341584-5

Tarlai

Tarlai Branch
Khewat No.88, Khatooni No.168, Khasra
No.411/2, Near Tramdi Chowk, Lehtrar
Road Tarlai Kalan,
Tehsil & District Islamabad.
Tel: (92-51) 2243700 - 701

Taunsa

Taunsa Branch
Property ETO No.347, 348, 349, 350-III,
Wahuwa Road, Taunsa
Tel: (92-64) 2601301-03, 2601201-02

Taxila

Taxila Branch
Khewat 17, Khatooni 29, Khasra 403,
Nabi Plaza, Chowk Sara-e-Kala, Taxila
Tel: (92-51) 4544119, 4547116

Timergara

Timergara Branch
Al-Imran Hotel G.T Road,
Timergara Bazar, Timergara
Tel: (92-945) 825271-3

Toba Tek Singh

Toba Tek Singh
Toba Tek Singh Branch P-103, Farooq
Road, Toba Tek Singh
Tel: (92-46) 2513765-6

Umerkot

Umerkot Branch
Survey No.699,115, Shops No.15-17,
Gulshan-e-Akber Housing Project Phase
II, Mirpurkhas Road, Umerkot
Tel: (92-238) 570409-411

Vehari

Karkhana Bazar Vehari Road Branch
Plot No. 23, Block-A,
Karkhana Bazar, Vehari
Tel: (92-67) 3366031-3

Wah Cantt

Wah Cantt Branch
Ground Floor, Mall View Plaza, Mall Road,
Wah Cantt
Tel: (92-51) 4530584-6

Wazirabad

Wazirabad Branch
Plot No. I-14S-37, Sialkot Road,
Wazirabad Tel: (92-55) 6600313-4

Zhob

Zhob Branch
Patta No. I-46, Market Road, Zhob
Tel: (92-822) 413803



Glossary

AAOIFI

Accounting and Auditing Organization for Islamic Financial Institutions.

Acceptances

Promise to pay created when the drawee of a time draft stamps or writes the words "accepted" above his signature and a designated payment date. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is an Islamic international autonomous non-for-profit corporate body that prepares accounting, auditing, governance, ethics and Shariah standards for Islamic financial institutions and the industry.

Bai al-salam

This term refers to advance payment for goods which are to be delivered later. Normally, no sale can be effected unless the goods are in existence at the time of the bargain, but this type of sale forms an exception to the general rule, provided the goods are defined and the date of delivery is fixed. One of the conditions of this type of contract is advance payment; the parties cannot reserve their option of rescinding it but the option of revoking it on account of a defect in the subject matter is allowed.

Basel II

Basel II is the second of the Basel Committee on Bank Supervision's recommendations, and unlike the first accord, Basel I, where focus was mainly on credit risk, the purpose of Basel II was to create standards and regulations on how much capital financial institutions must put aside. Banks need to put aside capital to reduce the risks associated with their investing and lending practices.

Bills For Collection

A bill of exchange drawn by the exporter usually at a term, on an importer overseas and brought by the exporter to this bank with a request to collect the proceeds.

Breakup Value per share

The total worth (equity) of the business per share, calculated as shareholders' equity or Net Assets excluding the impact of revaluation on fixed assets, divided by the total number of share outstanding at year end.

CARGAR

An abbreviation for Compound Annual Growth Rate.

Capital Adequacy Ratio (CAR)

The relationship between capital and risk weighted assets as defined in the framework developed by the State Bank of Pakistan.

Cash Equivalents

Short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash Reserve Ratio (CRR)

Cash Reserve Ratio is the amount of funds that the banks have to keep with the State Bank of Pakistan.

Closed-end funds

Mutual funds with a fixed number of shares (or units). Unlike open-end funds, new shares/units in a closed-end fund are not created by managers to meet demand from investors. Instead, the shares can only be purchased (and sold) in the secondary market.

Commitment to Extend Credit

Credit facilities approved but not yet utilized by the client as at the Balance Sheet date.

Contingencies

A condition or situation existing at Balance Sheet date where the outcome will be confirmed only by occurrence of one or more future events.

Corporate Governance

The process by which corporate entities are governed. It is concerned with the way in which power is exercised over the management and direction of an entity, the supervision of executive actions and accountability to owners and others.

Cost/Income Ratio

Operating expenses as a percentage of total income.

Deferred Taxation

Sum set aside for tax in the Financial Statements that will become payable in a financial year other than the current financial year.

Diminishing Musharakah

In Diminishing Musharakah, the financier and the client participate either in joint ownership of a property or equipment whereby the share of the financier is divided into a number of units and the client undertakes to purchase these units one by one periodically until he is the sole owner of the property/equipment.

Dividend

A sum of money paid by a company to its shareholders out of its profits (or reserves).

Dividend Payout Ratio

Dividends (cash dividend plus bonus shares) paid per share as a fraction of earnings per share (EPS).

Dividend Yield Ratio

Dividend per share divided by the market value of share.

Earnings Per Share

Profit after taxation divided by the weighted average number of ordinary shares in issue.

Effective Tax Rate

Provision for taxation excluding deferred tax divided by the profit before taxation.

Equity

The amount of the funds on a company's Balance Sheet contributed by the owners (the stockholders) plus the retained earnings (or minus the losses).

Financial losses and provisions

Amount set aside against identified and possible losses on loans, advances and other credit facilities as a result of their becoming partly or wholly un-collectible.

Fiscal Year

A year as reckoned for taxing or accounting purposes.

Forced Sale Value (FSV)

Forced Sale Value means the value which fully reflects the possibility of price fluctuations and can currently be obtained by selling the mortgaged/pledged assets in a forced/distressed sale conditions.

Government Securities

Government Securities shall include such types of Pak. Rupee obligations of the Federal Government or a Provincial Government or of a Corporation wholly owned or controlled, directly or indirectly, by the Federal Government or a Provincial Government and guaranteed by the Federal Government as the Federal Government may, by notification in the Official Gazette, declare, to the extent determined from time to time, to be Government Securities.

Gross Dividends

The portion of profits distributed to the shareholders including the tax withheld.

Guarantees

An agreement involving a promise by a person (the

guarantor) to fulfill the obligations of another person owning debt if that person fails to perform.

Hibah

Gift

Historical Cost Convention

Recording transactions at the actual value received or paid.

IAS

International Accounting Standards

IFRIC

International Financial Reporting Interpretation Committee

IFRS

International Financial Reporting Standards

Ijara/Ijarah

Letting on lease. Technically, sale of a definite usufruct in exchange for a definite reward. Commonly used for wages. It also refers to a mode of financing adopted by Islamic banks. It is an arrangement under which an Islamic bank leases equipment, a building or other facility to a client against an agreed rental.

Impairment allowances

A provision held on the balance sheet as a result of the raising of a charge against profit for the incurred loss inherent in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

Income in suspense

Income suspended on non-performing financings.

Income Spread

Represents the difference between the average rate of income earned and the average rate of cost paid on funds.

ISO 27001

ISO/IEC 27001 formally specifies a management system that is intended to bring information security under explicit management control. Being a formal specification means that it mandates specific requirements. Organizations that claim to have adopted ISO/IEC 27001 can therefore be formally audited and certified compliant with the standard.

Istijrar

A recurring or repeat sale for continuous purchase. A master agreement between a buyer and supplier which facilitates purchasing of goods on ongoing basis (such

as monthly) without explicit offer and acceptance each time; the price is fixed either upfront or concluded after a predetermined period which is subject to certain conditions.

Istisna'a/Istisna

This is a kind of sale where a commodity is transacted before it comes into existence. It means: To order a manufacturer to manufacture a specific commodity for the purchaser. If the manufacturer undertakes to manufacture the goods for him with material from the manufacturer, the transaction of Istisna comes into existence. But it is necessary for the validity of istisna that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.

Liquid Assets

The assets which are readily convertible into cash without recourse to a court of law.

Market Capitalisation

Number of ordinary shares in issue multiplied by the market value of shares as at the year end.

Materiality

The relative significance of a transaction or an event the omission or misstatement of which could influence the economic decisions of users of financial statements.

Microfinance

The provision of financial services to micro-entrepreneurs and small businesses, which lack access to banking and related services due to the high transaction costs associated with serving these client categories.

Mudarabah

An agreement between two or more persons whereby one or more of them provide finance, while the others provide entrepreneurship and management to carry on any business venture whether trade, industry or service, with the objective of earning profits. They share the profit in an agreed proportion. The loss is borne only by the financier(s) in proportion to their share in total capital.

Mudarib

A working partner; the partner who provides entrepreneurship and management in a Mudarabah agreement.

Musawamah

A sale transaction where the cost incurred for the goods being sold by the seller is not disclosed to the buyer.

Musharakah

A partnership contract where all the partners invest funds

as well as work for the partnership.

Net Assets Value Per Share

Shareholders' funds divided by the number of ordinary shares in issue.

Net Dividends

Dividends net of withholding tax.

Non Performing Loans (NPL)

A financing where the client is not repaying the financier as agreed.

Non Performing Loan-Substandard Category

Where markup/interest or principal is overdue by 90 days or more from the due date.

Nostro

An accounting term used to distinguish an account held for another entity from an account another entity holds.

NPLs to Gross Advances/Loans

Represents the infected portfolio of the bank and is calculated by dividing the total non-performing loans by gross advances.

Off Balance Sheet Transactions

Transactions that are not recognized as assets or liabilities in the Balance Sheet but which give rise to contingencies and commitments.

Open-end Fund

A regulated investment company with a pool of assets that regularly sells and redeems its shares.

Pension Fund

A fund from which pensions are paid, accumulated from contributions from employers, employees, or both.

Price Earnings Ratio (P/E Ratio)

Market price of a share divided by earnings per share.

Qardh

A loan given for a good cause in the name of Allah (SWT), in hopes of reward in the Hereafter.

Rabb-ul-Maal

A person who invests capital in a Mudarabah.

Return on Assets (ROA)

Indicator of profitability of the business relative to the value of its assets, calculated by dividing the net profit (profit after tax) to the average total assets for the period.

Return on Average Equity

Net profit for the year, less preference share dividends

if any, expressed as a percentage of average ordinary shareholders' equity.

Revenue Reserve

Reserves set aside for future distribution and investment.

Riba

Riba literally means increase, addition, expansion or growth. It is, however, not every increase, or growth, which has been prohibited by Islam. In the Shariah, Riba technically refers to the premium that must be paid without any consideration. According to the jurists of Islam this definition covers the two types of Riba, namely Riba Al Fadhl and Riba Al Naseah.

Risk Weighted Assets

On Balance Sheet, assets and the credit equivalent of off balance sheet assets multiplied by the relevant risk weighting factors.

Shareholders' Funds

Total of issued and fully paid share capital and capital and revenue reserves.

Shariah-compliant

An act or activity that complies with the requirements of the Shariah, or Islamic law. The term is often used in the Islamic banking industry as a synonym for "Islamic"—for example, Shariah-compliant financing or Shariah-compliant investment.

Shirkatul-aqd

A partnership created through contract as opposed to co-ownership that may be the result of a joint purchase or agreement or it may result from inheritance or from some other legal situation.

Shukuk/Sukook/Sukuk

Check, certificate of debt, certificates of investment; plural of Saqq.

Subsidiary Company

A company is a subsidiary of another company if the parent company holds more than 50% of the nominal value of its equity capital or holds some share in it and controls the composition of its Board of Directors.

Takaful

Islamic Insurance. A scheme of mutual support that provides insurance to individuals against hazards of falling into unexpected and dire need.

Tijarah

Sale & Agency based financing facility for customers who

sell finished goods on credit basis. This facility enables customers to sell their finished goods stock, meet their working capital requirements and enjoy the benefits of cash sales.

VaR

Value at Risk is an estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day.

Wakalah

Agency.

Weighted Average Cost of Deposits

Percentage of the total cost expensed on average deposits of the bank for the period.

The Company Secretary
Meezan Bank Limited
Meezan House C-25,
Estate Avenue S.I.T.E.,
Karachi.

I/We _____ of _____ being a member(s) of Meezan Bank Limited
and holder of _____ ordinary shares as per Share Register Folio No. _____ and/or CDC Investor Account
No. / CDC Participant I.D No. _____ and Sub Account No. _____ do hereby
appoint _____ of _____ or failing him/her
_____ of _____ as my/our proxy to vote and act for me/us on my/our behalf at the
19th Annual General Meeting of Meezan Bank Ltd. to be held on Friday, March 27, 2015 at Meezan House C-25, Estate Avenue S.I.T.E.,
Karachi, and at any adjournment thereof.

Signed this _____ day of _____ 2015.

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 (1) 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 **Shares Registrar, THK Associates (Pvt.) Ltd., Second Floor, State Life Building-3, Dr. Ziauddin Ahmed Road, Karachi. Phone No. 111-000-322**, along with copy of valid CNIC. The shareholders who are maintaining their accounts with Participants/Brokers also update their record and provide valid CNIC to the respective Participants/Brokers.
3. In case of non-receipt of copy of valid CNIC and non-compliance of the above mentioned SRO of SECP, the Shares Registrar may be constrained to withhold dispatch of Dividend warrants in future.
4. In pursuant to the provisions of Finance Act, 2014 effective July 1, 2014, the rates of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001 has prescribed following tax rates for payment of dividend for filer & non-filers of income tax returns:
 1. Rate of tax deduction for filer of income tax returns 10%
 2. Rate of tax deduction for non-filers of income tax return 15%

The status of deduction of withholding tax will be determined as per 'Active Taxpayer List (ATL)' available on FBR website.

In the meantime, shareholders are requested to forward their National Tax Number (NTN) and CNIC Number to our Shares Registrar.

شیئر ہولڈرز کے لیے اہم نوٹس

- ۱۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے تمام لسٹڈ کمپنیوں کو بذریعہ SRO No. ۷۷۹(۱)۲۰۱۱ 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 لیے۔
 - ۲۔ اس لحاظ سے وہ حصص یافتگان جن کے پاس کاغذی شکل میں حصص موجود ہوں، وہ ہمارے شیئرز 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، شیئرز رجسٹرار مستقبل میں ڈیویڈنڈ وارنٹ کی ترسیل روکنے پر مجبور ہو جائے گا۔
 - ۴۔ یکم جولائی ۲۰۱۴ء سے نافذ العمل فنانس ایکٹ ۲۰۱۳ء کی دفعات کے تحت، انکم ٹیکس آرڈیننس ۲۰۰۱ء کی دفعہ ۱۵۰ کے مطابق انکم ٹیکس ادا کرنے والوں اور ادا نہ کرنے والوں کے لیے ڈیویڈنڈ کی ادائیگی کے لیے انکم ٹیکس کی کٹوتی کے ریٹس مندرجہ ذیل ہیں۔
 - ۱۔ انکم ٹیکس جمع کرنے والوں کے لیے ٹیکس کی کٹوتی کے ریٹس 10%
 - ۲۔ انکم ٹیکس نہ جمع کروانے والوں کے لیے ٹیکس کی کٹوتی کے ریٹس 15%وہ ہولڈنگ ٹیکس کی کٹوتی کا تعین FBR کی ویب سائٹ پر دستیاب Active Taxpayer List (ATL) کے مطابق کیا جائے گا۔
- اس دوران حصص یافتگان سے درخواست ہے کہ وہ اپنے نیشنل ٹیکس نمبر (NTN) اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر ہمارے شیئرز رجسٹرار کو ارسال کریں۔



Meezan Bank
The Premier Islamic Bank

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