

In the Name of ALLAH, Most Gracious, Most Merciful

DIRECTORS REPORT TO THE MEMBERS

On behalf of the Board of Directors' of Dubai Islamic Bank Pakistan Limited (DIBPL), I am pleased to present the un-audited condensed interim statement of financial information for the quarter ended March 31, 2017.

ECONOMIC CONDITION OF PAKISTAN

The inflation expectations in the current period continue to remain well anchored. Towards the end of the 1st quarter of 2017, the Country's headline inflation stood at 4.2% year-on-year basis as compared to 4% year-on-year basis in the previous corresponding period while the Country's foreign exchange reserve were maintained at USD 21.55 billion. The real economic activity continues to gather pace at the back of better agricultural output, increase in key large scale manufacturing sectors, and a healthy uptick in the credit to private sector. This expansion is helped by a range of factors including low cost of inputs, upbeat economic sentiments, improved energy supplies, and China-Pakistan Economic Corridor (CPEC) related investments. As a result, GDP growth is expected to further improve in current year. The expansion in economic activity has also translated into significant increase in imports, which along with lack of any sustained improvement in exports and a small decline in remittance has pushed the current account deficit to USD 5.5 billion. The KSE-100 Index closed at 48,156 points at end of March 31, 2017, as compared to 33,139 points in the previous corresponding period.

The State Bank of Pakistan (SBP), in its latest monetary policy decision decided to maintain the Policy Rate at 5.75% which has remain unchanged since May, 2016.

FINANCIAL HIGHLIGHTS

-----Rs. in millions-----

Statement of Financial Position	March 31, 2017	December 31, 2016	Growth
Investments	28,582	27,212	5.0%
Islamic financing and related assets	110,568	93,911	17.7%
Deposits and other accounts	137,041	129,265	6.0%
Total assets	163,974	152,133	7.8%
Net equity	13,861	12,107	14.5%
Number of branches	200	200	-

Profit and Loss Account	March 31, 2017	March 31, 2016	Growth
Profit before tax	435	274	58.8%
Profit after tax	282	178	58.4%
Earnings per share (Rs.)	0.27	0.26	3.9%

KEY ACHIEVEMENTS

By the Grace of Allah, DIBPL has maintained its growth momentum and recorded good results for the first quarter ended March 31, 2017. Bank has continued to focus on growing its balance sheet through high yielding financing and low-cost deposits.

The Country's banking industry spreads has remained under pressure due to competitive market conditions and SBP's record-low level policy rate of 5.75%. Despite the challenging conditions, DIBPL attained a growth of 58.4% in profit after tax for the period. The major contributors were fee and commission income, which grew by 22% while the net spread increased by 21%, as compared to the previous year's corresponding period. This has been achieved due to bank's continuous efforts in

strengthening non-funded income streams, further growing consumer and commercial financing and improving its presence in corporate and advisory market.

During the period, Alhamdulillah, the Bank was successful in raising further share capital by Rs. 1.427 billion as part of bank's overall strategy. As of March 31, 2017 Bank is MCR and CAR compliant.

FUTURE OUTLOOK

SBP's decision of maintaining the policy rate at the record lowest level has added to the pressure on the banking sector spreads. However, the Bank will continue to focus on its strategy for long-term sustainable growth. To achieve these objectives, the Bank has a well-managed infrastructure, technology platform and quality human resource. We believe in evolving our business models in-line with customer needs with focus on replacing high cost deposits and low-yield financing with a quality portfolio with improved yield.

CREDIT RATING


The JCR-VIS Credit Rating Company Limited assigned medium to long-term rating of 'A+' (Single A Plus) and short-term rating of 'A - 1' (A One) to the Bank with a 'Stable' outlook.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to record my gratitude to our valued Customers, Shareholders, Government of Pakistan, State Bank of Pakistan, Securities and Exchange Commission of Pakistan, our Employees and other Partners in performance.

We are fully convinced that DIBPL has the brand recognition, the commitment and more importantly the 'Team' to achieve the defined 'Objectives' of 2017.

For and on behalf of the Board



Junaid Ahmed
Chief Executive Officer
Dated: April 25, 2017