

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL STATEMENTS
March 31,2017

Dubai Islamic Bank Pakistan Limited
Condensed Interim Statement of Financial Position
As at March 31, 2017

	Note	March 31, 2017 (Un-audited) ----- Rupees in '000 -----	December 31, 2016 (Audited)
ASSETS			
Cash and balances with treasury banks	7	10,213,466	14,007,320
Balances with other banks	8	878,095	543,363
Due from financial institutions	9	9,071,103	12,536,061
Investments	10	28,582,135	27,211,659
Islamic financing and related assets	11	110,568,420	93,910,902
Operating fixed assets	12	1,850,627	1,870,060
Deferred tax assets		-	-
Other assets		2,810,567	2,054,034
		<u>163,974,413</u>	<u>152,133,399</u>

LIABILITIES

Bills payable		2,357,399	2,218,979
Due to financial institutions		6,880,842	5,670,091
Deposits and other accounts	13	137,040,985	129,264,513
Sub-ordinated loans		-	-
Deferred tax liabilities	14	75,521	16,784
Other liabilities		3,758,365	2,855,697
		<u>150,113,112</u>	<u>140,026,064</u>
NET ASSETS		<u><u>13,861,301</u></u>	<u><u>12,107,335</u></u>


REPRESENTED BY


Share capital		11,652,288	10,225,567
Reserves		461,162	404,694
Unappropriated profit		1,638,750	1,416,263
		<u>13,752,200</u>	<u>12,046,524</u>
Surplus on revaluation of investments - net of tax		109,101	60,811
		<u><u>13,861,301</u></u>	<u><u>12,107,335</u></u>


CONTINGENCIES AND COMMITMENTS

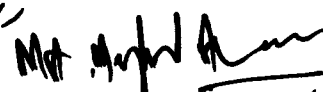
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The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


DIRECTOR


PRESIDENT / CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

Dubai Islamic Bank Pakistan Limited
Condensed Interim Profit and Loss Account (Un-Audited)
For the quarter ended March 31, 2017

	March 31, 2017	March 31, 2016
	----- Rupees in '000 -----	
Profit / return earned	2,431,888	2,481,694
Profit / return expensed	<u>891,491</u>	<u>1,208,052</u>
Net spread earned	1,540,397	1,273,642
Provision against non-performing Islamic financing and related assets - net	11.7 (60,524)	(28,663)
Provision for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
	<u>(60,524)</u>	<u>(28,663)</u>
Net spread earned after provisions	1,479,873	1,244,979
OTHER INCOME		
Fee, commission and brokerage income	404,893	333,217
Dividend income	-	-
Loss from dealing in foreign currencies	(12,575)	(4,624)
Gain on sale of securities	-	9,753
Other income	-	37
Total other income	<u>392,318</u>	<u>338,383</u>
	1,872,191	1,583,362
OTHER EXPENSES		
Administrative expenses	1,426,963	1,303,194
Other provisions / write offs	-	-
Other charges	10,163	5,896
Total other expenses	<u>1,437,126</u>	<u>1,309,090</u>
	435,065	274,272
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	<u>435,065</u>	<u>274,272</u>
Taxation		
- Current	(119,988)	(100,204)
- Deferred	(32,736)	4,426
	<u>(152,724)</u>	<u>(95,778)</u>
PROFIT AFTER TAXATION	<u>282,341</u>	<u>178,494</u>
	----- Rupees -----	
Basic & diluted earnings per share	<u>0.27</u>	<u>0.26</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


DIRECTOR


PRESIDENT / CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

Dubai Islamic Bank Pakistan Limited
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the quarter ended March 31, 2017

	March 31, 2017	March 31, 2016
	---- Rupees in '000 ----	
Profit after taxation for the period	<u>282,341</u>	<u>178,494</u>
Comprehensive income transferred to equity	<u>282,341</u>	<u>178,494</u>

Components of comprehensive income not reflected in equity:

Surplus on revaluation of investments	74,291	(38,181)
Related deferred tax liability	(26,001)	13,363
	<u>48,290</u>	<u>(24,818)</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


DIRECTOR


PRESIDENT / CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

Dubai Islamic Bank Pakistan Limited
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the quarter ended March 31, 2017

	Share capital	Advance against share subscription	Statutory reserve	Unappropriated profit	Total
	Rupees in '000				
Balance as at January 01, 2016	6,976,030	18	233,586	753,135	7,962,769
Total comprehensive income for the quarter					
Profit after taxation for the quarter ended March 31, 2016	-	-	-	178,494	178,494
Transaction with owners recognized directly in equity					
Transfer to statutory reserve	-	-	35,699	(35,699)	-
Balance as at March 31, 2016	6,976,030	18	269,285	895,930	8,141,263
Total comprehensive income for the period					
Profit after taxation for the nine months period ended December 31, 2016	-	-	-	677,046	677,046
Remeasurements of defined benefit plan - net	-	-	-	(14,299)	(14,299)
Transaction with owners recognized directly in equity					
Conversion of subordinated loan	-	3,249,519	-	-	3,249,519
Issuance of right shares at par	3,249,537	(3,249,537)	-	-	-
Transaction costs on issuance of right shares	-	-	-	(7,005)	(7,005)
Transfer to statutory reserve	-	-	135,409	(135,409)	-
Balance as at December 31, 2016	10,225,567	-	404,694	1,416,263	12,046,524
Total comprehensive income for the quarter					
Profit after taxation for the quarter ended March 31, 2017	-	-	-	282,341	282,341
Transaction with owners recognized directly in equity					
Advance against further issuance of share capital	-	1,426,721	-	-	1,426,721
Issuance of right shares at par	1,426,721	(1,426,721)	-	-	-
Transaction costs on issuance of right shares	-	-	-	(3,386)	(3,386)
Transfer to statutory reserve	-	-	56,468	(56,468)	-
Balance as at March 31, 2017	11,652,288	-	461,162	1,638,750	13,752,200

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


DIRECTOR


PRESIDENT / CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

Dubai Islamic Bank Pakistan Limited
Condensed Interim Cash Flow Statement (Un-Audited)
For the quarter ended March 31, 2017

	Note	March 31, 2017	March 31, 2016
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		435,065	274,272
Adjustments for:			
Depreciation		81,031	72,000
Amortisation		30,237	22,057
Provision against non-performing Islamic financing and related assets - net	11.7	60,524	28,662
Gain on sale of securities		-	(9,753)
Loss / (gain) on sale of operating fixed assets		80	(35)
		<u>171,872</u>	<u>112,931</u>
		606,937	387,203
(Increase) / decrease in operating assets			
Due from financial institutions		3,464,958	(8,442,858)
Islamic financing and related assets		(16,718,042)	11,945,286
Others assets (excluding advance taxation)		(756,533)	(395,688)
		<u>(14,009,617)</u>	<u>3,106,740</u>
Increase / (decrease) in operating liabilities			
Bills payable		138,420	651,281
Due to financial institutions		1,210,751	569,253
Deposits and other accounts		7,776,472	(6,976,024)
Other liabilities (excluding current taxation)		920,306	(51,344)
		<u>10,045,949</u>	<u>(5,806,834)</u>
		(3,356,731)	(2,312,891)
Income taxes paid		(141,012)	(33,474)
Net cash used in from operating activities		<u>(3,497,743)</u>	<u>(2,346,365)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(1,296,185)	(2,301,159)
Investments in operating fixed assets		(92,694)	(68,071)
Proceeds from sale of operating fixed assets		779	37
Net cash used in investing activities		<u>(1,388,100)</u>	<u>(2,369,193)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of share capital		1,426,721	-
Effect of exchange difference on translation of foreign currency sub-ordinated loan		-	428
Net cash generated from financing activities		<u>1,426,721</u>	<u>428</u>
Decrease in cash and cash equivalents		<u>(3,459,122)</u>	<u>(4,715,130)</u>
Cash and cash equivalents at beginning of the period		14,550,683	18,053,033
Cash and cash equivalents at end of the period	16	<u>11,091,561</u>	<u>13,337,903</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


DIRECTOR


PRESIDENT / CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

Dubai Islamic Bank Pakistan Limited

Notes to and forming part of the condensed interim financial information (Un-Audited)

For the quarter ended March 31, 2017

1 STATUS AND NATURE OF BUSINESS

- 1.1 Dubai Islamic Bank Pakistan Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 27, 2005 under the Companies Ordinance, 1984 to carry out the business of an Islamic Commercial Bank in accordance with the principles of Shari'a.
- 1.2 The State Bank of Pakistan (the SBP) granted a "Scheduled Islamic Commercial Bank" license to the Bank on November 26, 2005 and subsequently the Bank received the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in Corporate, Commercial and Consumer Islamic banking activities and investing activities.
- 1.3 Based on the financial statements of the Bank for the year ended December 31, 2015, JCR-VIS Credit Rating Company Limited determined the Bank's medium to long-term rating as 'A+' (A plus) and the short term rating as 'A-1' (A one) while the outlook has been assigned as "Stable".
- 1.4 The Bank is operating through 200 branches as at March 31, 2017 (December 31, 2016: 200 branches). The registered office of the Bank is situated at Hassan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE (the Holding Company).

2 BASIS OF PRESENTATION

- 2.1 The Bank provides Islamic financing and makes investments mainly through Murabaha, Musharaka, Running Musharaka, Musharaka cum Ijara, Shirkatulmilk, Istisna cum Wakala, Wakala Isthimar, Service Ijarah and export refinance under Islamic export refinance scheme of State Bank of Pakistan (SBP) and other Islamic modes as briefly explained in the notes to these financial statements. The transactions of purchases, sales and leases executed under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. The income on such Islamic financing and related assets is recognised in accordance with the principles of Shari'a. However, income if any, received which does not comply with the principles of Shari'a is recognised as charity payable if so directed by the Shari'a Board / Resident Shari'a Board Member.
- 2.2 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and this condensed interim financial information should be read in conjunction with the financial statements of the Bank for the year ended December 31, 2016.

3 STATEMENT OF COMPLIANCE

- 3.1 The condensed interim financial information of the Bank for the period ended March 31, 2017 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where the requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

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4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2016.

6 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2016.

	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
<i>Note</i>	----- Rupees in '000 -----	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	2,053,266	1,825,449
- foreign currency	<u>547,466</u>	<u>666,844</u>
	2,600,732	2,492,293
With the State Bank of Pakistan in		
- local currency current account	5,008,854	8,506,372
- foreign currency current account	2,965	22,637
- foreign currency deposit accounts		
Cash reserves account	<u>856,118</u>	<u>805,984</u>
Special cash reserve account	<u>1,027,636</u>	<u>967,160</u>
	1,883,754	1,773,144
With National Bank of Pakistan in		
- local currency current account	<u>717,161</u>	<u>1,212,874</u>
	<u>10,213,466</u>	<u>14,007,320</u>
8 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	151,741	49,241
- in deposit accounts	49,988	49,938
Outside Pakistan		
- in current accounts	676,366	444,184
- in deposit accounts	-	-
	<u>878,095</u>	<u>543,363</u>
9 DUE FROM FINANCIAL INSTITUTIONS		
Commodity Murabaha	9.1 <u>9,071,103</u>	<u>12,536,061</u>

9.1 This represent amounts due from financial institutions at expected profit rates ranging from 5.80% to 6.10% per annum (December 31, 2016: 5.75% to 6.25%) with maturities latest by May 05, 2017 (December 31, 2016: January 30, 2017).

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10 INVESTMENTS

10.1 Investments by types

	March 31, 2017			December 31, 2016		
	(Un-audited)			(Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
----- Rupees in '000 -----						
Available-for-sale securities						
GOP Ijarah sukuk	12,607,959	-	12,607,959	12,608,975	-	12,608,975
Other sukuk certificates	8,316,481	-	8,316,481	8,416,929	-	8,416,929
Global sukuk certificates	7,486,648	-	7,486,648	6,092,422	-	6,092,422
Units of open-end mutual fund	20,046	-	20,046	16,623	-	16,623
	<u>28,431,134</u>	<u>-</u>	<u>28,431,134</u>	<u>27,134,949</u>	<u>-</u>	<u>27,134,949</u>
Less: Provision for diminution in value of investments	(16,846)	-	(16,846)	(16,846)	-	(16,846)
Investments (net of provisions)	<u>28,414,288</u>	<u>-</u>	<u>28,414,288</u>	<u>27,118,103</u>	<u>-</u>	<u>27,118,103</u>
Surplus on revaluation of available-for-sale securities	167,847	-	167,847	93,556	-	93,556
Total investments	<u>28,582,135</u>	<u>-</u>	<u>28,582,135</u>	<u>27,211,659</u>	<u>-</u>	<u>27,211,659</u>

	Note	March 31,	December 31,
		2017	2016
		(Un-audited)	(Audited)
---- Rupees in '000 ----			
11 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabaha	11.1	18,263,227	14,361,521
- Musharaka cum Ijara – Housing	11.2	9,133,339	8,639,739
- Musharaka cum Ijara – Autos	11.3	14,309,171	13,495,621
- Ijara Muntahiya Bil Tamleek – Autos		412,536	408,507
- Musharaka cum Ijara – Other		61,910	69,910
- Export Refinance under Islamic Scheme - SBP	11.4	5,307,233	3,778,120
- Wakala Istithmar – Pre manufacturing		11,636,837	10,335,916
- Wakala Istithmar – Post manufacturing		157,788	147,449
- Shirkatulmilk		17,527,967	17,874,089
- Service Ijarah and related assets		593,750	718,750
- Musharaka		14,498,950	13,576,303
- Running Musharaka		11,351,755	4,718,026
- Istisna cum Wakala	11.5	6,812,430	5,545,267
- Salam		1,850,000	1,656,000
- Musawama		514,698	388,331
Islamic financing and related assets – gross		<u>112,431,591</u>	<u>95,713,549</u>
Less: Provision against non-performing Islamic financing & related assets	11.7	(1,863,171)	(1,802,647)
Islamic financing and related assets – net of provisions		<u>110,568,420</u>	<u>93,910,902</u>

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	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
	---- Rupees in '000 ----	
11.1 Murabaha		
Financing	8,249,742	8,308,279
Advances	10,013,485	6,053,242
	<u>18,263,227</u>	<u>14,361,521</u>
11.2 Musharaka cum Ijara - Housing		
Financing	9,065,423	8,496,989
Advances	67,916	142,750
	<u>9,133,339</u>	<u>8,639,739</u>
11.3 Musharaka cum Ijara - Auto		
Financing	12,954,649	12,430,918
Advances	1,354,522	1,064,703
	<u>14,309,171</u>	<u>13,495,621</u>
11.4 Export Refinance under Islamic Scheme		
Financing	5,177,733	3,630,620
Advances	129,500	147,500
	<u>5,307,233</u>	<u>3,778,120</u>
11.5 Istisna cum Wakala		
Financing	6,789,164	5,517,062
Advances	23,266	28,205
	<u>6,812,430</u>	<u>5,545,267</u>

11.6 Islamic financings and related assets include Rs. 2,366.225 million (December 31, 2016: Rs. 2,414.427 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2017 (Un-audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Other Assets									
Especially									
Mentioned	32,033	-	32,033	-	-	-	-	-	-
Substandard	75,062	-	75,062	6,702	-	6,702	6,702	-	6,702
Doubtful	423,694	-	423,694	190,356	-	190,356	190,356	-	190,356
Loss	1,835,436	-	1,835,436	1,569,974	-	1,569,974	1,569,974	-	1,569,974
	<u>2,366,225</u>	<u>-</u>	<u>2,366,225</u>	<u>1,767,032</u>	<u>-</u>	<u>1,767,032</u>	<u>1,767,032</u>	<u>-</u>	<u>1,767,032</u>

Category of classification	December 31, 2016 (Audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Other Assets									
Especially									
Mentioned	52,946	-	52,946	-	-	-	-	-	-
Substandard	429,743	-	429,743	150,504	-	150,504	150,504	-	150,504
Doubtful	37,795	-	37,795	1,854	-	1,854	1,854	-	1,854
Loss	1,893,943	-	1,893,943	1,563,970	-	1,563,970	1,563,970	-	1,563,970
	<u>2,414,427</u>	<u>-</u>	<u>2,414,427</u>	<u>1,716,328</u>	<u>-</u>	<u>1,716,328</u>	<u>1,716,328</u>	<u>-</u>	<u>1,716,328</u>

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

	March 31, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- Rupees in '000 -----					
Opening balance	1,716,328	86,319	1,802,647	1,609,478	87,859	1,697,337
Charge for the period / year	71,318	9,820	81,138	269,814	-	269,814
Reversals during the period / year	(20,614)	-	(20,614)	(156,540)	(1,540)	(158,080)
	50,704	9,820	60,524	113,274	(1,540)	111,734
Amount written-off	-	-	-	(6,424)	-	(6,424)
Closing balance	<u>1,767,032</u>	<u>96,139</u>	<u>1,863,171</u>	<u>1,716,328</u>	<u>86,319</u>	<u>1,802,647</u>

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- 11.8** As allowed by the SBP, the Bank has availed the benefit of Forced Sale Values (FSV) amounting to Rs. 294.821 million (December 31, 2016: Rs. 329.763 million) in determining the provisioning requirement against non performing Islamic financings as at March 31, 2017. The additional profit arising from availing the FSV benefit - net of tax at March 31, 2017 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs. 191.634 million (December 31, 2016: Rs. 214.347 million).
- 11.9** General provisioning is held against consumer finance portfolio and small enterprise financings in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan except for Musharaka cum Ijara - Autos. The SBP vide its letter no BPRD / BLRD - 03 / 2009 / 6877 dated October 15, 2009 has allowed relaxation to the Bank from recognising general provision against Musharaka cum Ijara - Autos on the condition that the facility will be categorised as "Loss" on the 180th day from the date of default. In this regard, the SBP vide its letter no BPRD / BRD - 04 / DIB / 2013 / 1644 dated February 12, 2013 has decided that the exemption from general reserve requirement shall only be valid till classified Auto Financing portfolio of the Bank remains upto 5% i.e. if the classified Auto Financing portfolio increases beyond the 5% threshold, the exemption shall stand withdrawn from that point of time.

	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
	----Rupees in '000 ----	
12 OPERATING FIXED ASSETS		
Capital work-in-progress - net	68,782	54,283
Property and equipment	1,549,474	1,590,828
Intangible assets	232,371	224,949
	<u>1,850,627</u>	<u>1,870,060</u>
13 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	39,183,478	35,240,781
Savings deposits	55,576,636	50,042,301
Current accounts - non-remunerative	41,475,018	40,674,001
Margin accounts - non-remunerative	511,393	275,101
	<u>136,746,525</u>	<u>126,232,184</u>
Financial Institutions		
Remunerative deposits	204,949	2,916,170
Non-remunerative deposits	89,511	116,159
	<u>137,040,985</u>	<u>129,264,513</u>
14 DEFERRED TAX LIABILITY - NET		
Deferred tax credits / (debits) recognised in profit and loss arising due to:		
Provision for diminution in value of investments	(5,896)	(5,896)
Provision against non-performing Islamic financings and related assets	(12,577)	(53,682)
Provision against other assets	(6,647)	(6,647)
Accelerated tax depreciation and amortization on operating fixed assets	49,594	57,963
	24,474	(8,262)
Deferred tax credits / (debits) recognised in other comprehensive income arising due to:		
Deficit on defined benefit plan	(7,699)	(7,699)
Surplus on revaluation of investments	58,746	32,745
	<u>51,047</u>	<u>25,046</u>
	<u>75,521</u>	<u>16,784</u>

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March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
----Rupees in '000 ----	

15 CONTINGENCIES AND COMMITMENTS**15.1 Transactions-related contingent liabilities**

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring

- Governmen	3,839,871	3,833,623
- Banking companies and other financial institutions	334,051	333,921
- Others	2,269,257	1,812,141
	<u>6,443,179</u>	<u>5,979,685</u>

15.2 Trade-related contingent liabilities

Import Letters of Credit (including acceptances)

<u>19,798,397</u>	<u>16,543,664</u>
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15.3 Claims not acknowledged as debt

<u>10,000</u>	<u>10,000</u>
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15.3.1 The Competition Commission of Pakistan vide its order dated June 28, 2012 had imposed a penalty of Rs 10 million on the Bank. The penalty was imposed upon CCPs contentions that the ATM Service Charges charged by I-Link member banks was unfair. However, the same order was set aside by the Competition Appellate Tribunal. Consequently, CCP has filed an appeal with the Supreme Court of Pakistan for imposing the order of penalty on every member bank of I-Link. The management of the Bank is confident that the above matter will be decided in their favour and hence, no provision against any liability which may arise in this respect has been made in these condensed interim financial information.

March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
----Rupees in '000 ----	

15.4 Commitments in respect of forward exchange contracts

Purchase
Sale

<u>15,071,516</u>	<u>17,958,966</u>
<u>10,552,796</u>	<u>11,895,409</u>

15.5 Commitments in respect of financing facilities

<u>1,177,513</u>	<u>1,230,000</u>
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15.6 Commitments for the acquisition of operating fixed assets

<u>2,796</u>	<u>86,885</u>
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15.7 During the year ended December 31, 2015, the Additional Commissioner Inland Revenue (ACIR) amended the assessments of the Bank for the tax years 2010, 2011, 2012 and 2013. The amended assessment orders have been passed by adding / disallowing certain expenses / deductions in each of the tax years and calculation of turnover tax based on treatment of murabaha income at its gross value resulting in additional tax liability to the Bank.

The Bank's appeal with the Appellate Tribunal of Inland Revenue (ATIR) against the above order were decided during the year. On the issue of turnover tax levy over Murabaha transactions amounting to Rs. 3,326 million, the issue has been remanded back to the department.

The management is of the view that the contention of the taxation authorities is not justified based on the fact that Clause (11A) Part IV of the Second Schedule to the Income Tax Ordinance, 2001 specifically excludes Murabaha transactions from the definition of turnover for the purpose of charging minimum tax. Although the relevant clause of the Second Schedule is not applicable for banks, however, the spirit of the law cannot be different for a bank and another entity. Consequently, keeping in view the legal and factual position of the issue, the Bank and its tax advisor are confident of a favourable outcome in the higher appellate forums.

The impact of the remaining adjustments amounts to Rs. 280.78 million which are also pending before the relevant authorities and any additional levy / surcharge which may arise thereon. The Bank, after consulting with its tax advisor, is confident that these adjustments will also be decided in the Bank's favor in the higher appellate forums. Accordingly, no provision has been made in these condensed interim financial information in respect of these matters.

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March 31, March 31,
2017 2016
(Un-audited)
----Rupees in '000 ----

16 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks	10,213,466	12,424,435
Balances with other banks	878,095	913,468
	<u>11,091,561</u>	<u>13,337,903</u>

17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	March 31, 2017 (Un-audited)					Total
	Corporate Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	
	----- Rupees in '000 -----					
External revenue						
Profit earned	-	344,276	655,709	1,301,976	129,927	2,431,888
Fee, commission and brokerage	33,936	50,102	200,488	107,792	-	392,318
Other income	-	-	-	-	-	-
Intersegment revenue	-	(223,195)	986,270	(634,515)	(128,560)	-
Total revenue	33,936	171,183	1,842,467	775,253	1,367	2,824,206
Depreciation and amortisation	-	(5,286)	(87,630)	(18,352)	-	(111,268)
Impairment of assets	-	-	(8,953)	(50,150)	(1,421)	(60,524)
Other immaterial non cash items	-	-	-	-	-	-
Other expenses	(5,310)	(159,210)	(1,491,978)	(560,851)	-	(2,217,349)
Total expenses	(5,310)	(164,496)	(1,588,561)	(629,353)	(1,421)	(2,389,141)
Reportable segment profit	28,626	6,687	253,906	145,901	(55)	435,065
Tax expense	(10,047)	(2,347)	(89,115)	(51,234)	19	(152,724)
Segment assets	-	26,189,944	36,612,727	83,274,626	19,796,124	165,873,421
Segment liabilities	-	1,884,460	105,010,067	40,105,678	3,112,907	150,113,112
Segment average return on net assets	-	4.23%	10.57%	7.01%	3.71%	
Segment cost of funds	-	5.37%	2.35%	3.26%	-	
	----- Rupees in '000 -----					
	March 31, 2016 (Un-audited)					
	Corporate Banking	Trading & Sales	Retail Banking	Commercial Banking	Others	Total
	----- Rupees in '000 -----					
External revenue						
Profit earned	-	435,075	553,485	1,488,216	4,918	2,481,694
Fee, commission and brokerage	10,800	26,451	218,619	82,513	-	338,383
Other income	-	-	-	-	-	-
Intersegment revenue	-	(249,714)	1,020,209	(765,577)	(4,918)	-
Total revenue	10,800	211,812	1,792,313	805,152	-	2,820,077
Depreciation and amortisation	-	(4,631)	(77,116)	(12,310)	-	(94,057)
Impairment of assets	-	-	(6,068)	(22,595)	-	(28,663)
Other immaterial non cash items	-	-	-	-	-	-
Other expenses	(4,347)	(209,056)	(1,677,171)	(532,511)	-	(2,423,085)
Total expenses	(4,347)	(209,056)	(1,683,239)	(555,106)	-	(2,451,748)
Reportable segment profit	6,453	(1,874)	31,959	237,734	-	274,272
Tax expense	(2,254)	654	(11,160)	(83,018)	-	(95,778)
Segment assets	-	35,719,512	32,750,073	77,324,895	5,675,923	153,234,385
Segment liabilities	-	5,620,000	104,649,339	27,607,790	5,482,922	143,360,051
Segment average return on net assets	-	4.88%	11.53%	7.17%	3.77%	
Segment cost of funds	-	6.29%	3.10%	3.97%	-	

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18 RELATED PARTY TRANSACTIONS

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 a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

The Bank has related party relationship with Dubai Islamic Bank P.J.S.C, U.A.E, the holding company, shareholder, directors, related group companies and associated undertakings, key management personnel including Chief Executive Officer and Staff Retirement Funds.

A number of banking transactions are entered into with related parties in the normal course of business. These include financing and deposit transactions. These transactions are executed substantially on the same terms including profit rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk. Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their appointment.

Usual transactions with related parties include deposits, financing, returns and provision of other banking services. Transactions with executives are undertaken at terms in accordance with employment agreements and service rules.

	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
	----Rupees in '000 ----	
<u>Key management personnel</u>		
Islamic financing and related assets		
At beginning of the period / year	141,721	170,550
Disbursements	25,647	107,610
Payments	(23,372)	(112,311)
Adjustment for incoming members	-	20,515
Adjustment for outgoing members	-	(44,643)
At the end of the period / year	<u>143,996</u>	<u>141,721</u>
Deposits		
At beginning of the period / year	46,013	35,147
Deposits	88,108	327,349
Withdrawals	(86,405)	(312,011)
Adjustment for incoming members	-	1,513
Adjustment for outgoing members	(499)	(5,985)
At the end of the period / year	<u>47,217</u>	<u>46,013</u>
<u>Directors</u>		
Deposits		
At beginning of the period / year	6,214	4,244
Deposits	81,667	19,926
Withdrawals	(41,379)	(17,956)
Adjustment for retiring directors	-	-
At the end of the period / year	<u>46,502</u>	<u>6,214</u>

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	March 31, 2017 (Un-audited)	December 31, 2016 (Audited)
	----Rupees in '000----	
<u>Holding company</u>		
Deposits		
At beginning of the period / year	29,362	45,724
Deposits	253,887	1,204,939
Withdrawals	(246,635)	(1,221,301)
At the end of the period / year	<u>36,614</u>	<u>29,362</u>
Balance held abroad		
At beginning of the period / year	53,113	1,154,055
Deposits	18,542,925	98,380,691
Withdrawals	(18,548,938)	(99,481,633)
At the end of the period / year	<u>47,100</u>	<u>53,113</u>
Other receivables	<u>2,212</u>	<u>4,719</u>
Foreign exchange deals outstanding with Dubai Islamic Bank P.J.S.C.		
Foreign currency purchase contracts	<u>3,924,374</u>	<u>5,818,314</u>
Foreign currency sale contracts	<u>3,924,374</u>	<u>5,818,314</u>
	March 31, 2017 (Un-audited)	March 31, 2016 (Audited)
	----Rupees in '000----	
Profit earned on Islamic financing and related assets to key management personnel	1,561	2,102
Return on deposits to key management personnel	158	214
Remuneration to key management personnel	78,549	85,066
Return on deposits to directors	7	4
Remuneration to directors	3,850	71
Purchase of foreign currency sukuk from holding company	1,389,531	4,456,232
Employee benefit plans		
Contribution to employees gratuity fund	12,448	10,566
Contribution to employees provident fund	18,848	19,063
Foreign exchange deals incurred during the period with Dubai Islamic Bank P.J.S.C.		
Foreign currency purchase contracts	<u>20,607,309</u>	<u>25,329,962</u>
Foreign currency sale contracts	<u>19,688,780</u>	<u>26,167,256</u>

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19 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

RECURRING FAIR VALUE MEASUREMENTS

On-Balance Sheet Financial Instruments	March 31, 2017 (Un-audited)			
	Level 1	Level 2	Level 3	Total

----- Rupees in '000 -----

INVESTMENTS**Available for sale securities**

GOP Ijara Sukuk	-	12,627,661	-	12,627,661
Other Sukuk Certificates	-	8,419,525	-	8,419,525
Global Sukuk	7,514,504	-	-	7,514,504
Units of open-end mutual funds	20,445	-	-	20,445
	<u>7,534,949</u>	<u>21,047,186</u>	<u>-</u>	<u>28,582,135</u>

Off-Balance Sheet Financial Instruments

Forward promise to purchase foreign currencies	-	15,023,662	-	15,023,662
Forward promise to sell foreign currencies	-	10,527,210	-	10,527,210

On-Balance Sheet Financial Instruments	December 31, 2016			
	Level 1	Level 2	Level 3	Total

----- Rupees in '000 -----

INVESTMENTS**Available for sale securities**

GOP Ijara Sukuk	-	12,662,564	-	12,662,564
Other Sukuk Certificates	-	8,484,556	-	8,484,556
Global Sukuk	6,047,669	-	-	6,047,669
Units of open-end mutual funds	16,870	-	-	16,870
	<u>6,064,539</u>	<u>21,147,120</u>	<u>-</u>	<u>27,211,659</u>

Off-Balance Sheet Financial Instruments

Forward promise to purchase foreign currencies	-	17,886,578	-	17,886,578
Forward promise to sell foreign currencies	-	11,858,008	-	11,858,008

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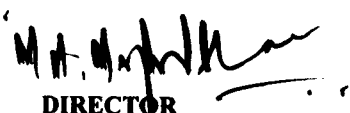
20 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on APRIL 25, 2017 by the Board of Directors of the Bank.

21 GENERAL

21.1 This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

21.2 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated. ^{ch}

			
DIRECTOR	PRESIDENT / CHIEF EXECUTIVE	DIRECTOR	DIRECTOR