

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL INFORMATION
AS OF AND FOR THE PERIOD ENDED MARCH 31, 2013

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

	Note	Un-audited March 31, 2013	Audited December 31, 2012 (Restated)
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks		3,984,210	4,196,103
Balances with other banks	9	683,024	5,660,301
Due from financial institutions		1,301,987	3,206,945
Investments	10	28,251,081	21,334,833
Islamic financing and related assets	11	27,898,701	26,314,667
Operating fixed assets		1,476,189	1,535,272
Deferred tax assets-net		253,697	216,850
Other assets		1,605,662	1,044,591
		<u>65,454,551</u>	<u>63,509,562</u>

LIABILITIES

Bills payable		890,986	659,035
Due to financial institutions		2,590,000	1,600,000
Deposits and other accounts	12	53,882,595	53,110,048
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,270,467	1,264,379
		<u>58,634,048</u>	<u>56,633,462</u>
NET ASSETS		<u>6,820,503</u>	<u>6,876,100</u>

REPRESENTED BY

Share capital		6,976,030	6,976,030
Reserves		-	69,140
Accumulated losses		(164,957)	(251,808)
		<u>6,811,073</u>	<u>6,793,362</u>
Advance against future issue of share capital		18	18
Surplus on revaluation of assets - net of tax		9,412	82,720
		<u>6,820,503</u>	<u>6,876,100</u>

CONTINGENCIES AND COMMITMENTS

13

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


President / Chief Executive


Director


Director


Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013

Note	March 31, 2013	March 31, 2012 (Restated)
	----- Rupees in '000 -----	
Profit / return on financing, investment and placements	1,325,520	1,298,869
Return on deposits and other dues expensed	641,675	669,659
Net spread earned	683,845	629,210
Provision against non-performing islamic financing and related assets - net	11.5 (62,196)	(33,691)
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
Net spread after provisions	621,649	595,519
OTHER INCOME		
Fee, commission and brokerage income	119,538	83,620
Dividend Income	-	30,812
Income from dealing in foreign currencies	17,586	30,116
Gain on sale of securities	13,015	-
Unrealized gain on revaluation of investments classified as held for trading	511	-
Other income	150,650	2,413
Total other income	772,299	146,961
OTHER EXPENSES		
Administrative expenses	744,016	659,811
Other provisions / write offs	-	345
Other charges	566	1,992
Total other expenses	744,582	662,148
Extra ordinary / unusual items	27,717	80,332
PROFIT BEFORE TAXATION	27,717	80,332
Taxation		
- Current	(7,380)	(14,039)
- Prior years	-	-
- Deferred	(2,626)	(14,688)
PROFIT AFTER TAXATION	(10,006)	(28,727)
	17,711	51,605
Basic and diluted earnings per share – Rupees	0.03	0.08

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President / Chief Executive


Director

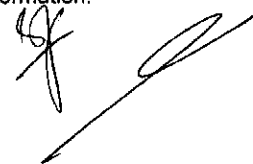

Director


Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013

	March 31, 2013 ----- Rupees in '000 -----	March 31, 2012 ----- Rupees in '000 -----
Profit after taxation for the period	17,711	51,605
Comprehensive income transferred to equity	<u>17,711</u>	<u>51,605</u>
Components of comprehensive income not reflected in equity :		
Surplus/(deficit) on revaluation of available for sale investments - net of tax	(73,308)	(4,930)
Total comprehensive income for the period	<u><u>(55,597)</u></u>	<u><u>46,675</u></u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.




President/Chief Executive

Director

Director

Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013

Note	March 31, 2013	March 31, 2012 (Restated)
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	27,717	80,332
Less: Dividend Income	-	(30,812)
	<u>27,717</u>	<u>49,520</u>
Adjustments for:		
Depreciation	56,963	55,099
Amortisation	21,116	21,764
Provision against non-performing Islamic financing and related assets - net	62,196	33,691
Other provisions / write offs	-	345
Gain on sale of securities	(13,015)	-
Other income	(55)	(1,800)
Gain on sale of operating fixed assets	(456)	(613)
	<u>126,749</u>	<u>108,486</u>
	<u>154,466</u>	<u>158,006</u>
(Increase) / decrease in operating assets		
Due from financial institutions	1,904,958	(1,757,211)
Islamic financing and related assets	(1,646,230)	583,963
Others assets (excluding advance taxation)	(560,987)	(276,733)
	<u>(302,259)</u>	<u>(1,449,981)</u>
Increase / (decrease) in operating liabilities		
Bills payable	231,951	98,933
Due to financial institutions	990,000	(766,500)
Deposits and other accounts	772,547	3,577,579
Other liabilities (excluding current taxation)	6,903	(82,348)
	<u>2,001,401</u>	<u>2,827,664</u>
	<u>1,853,608</u>	<u>1,535,689</u>
Income tax paid	(8,225)	(13,332)
Net cash generated from operating activities	<u>1,845,383</u>	<u>1,522,357</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(7,016,013)	84,064
Investments in operating fixed assets	(19,251)	(26,273)
Sale proceeds of property and equipment disposed-off	711	844
Net cash (used in) / generated from investing activities	<u>(7,034,553)</u>	<u>58,635</u>
(Decrease) / increase in cash and cash equivalents	<u>(5,189,170)</u>	<u>1,580,992</u>
Cash and cash equivalents at beginning of the year	9,856,404	4,546,922
Cash and cash equivalents at end of the year	<u>4,667,234</u>	<u>6,127,914</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


President / Chief Executive


Director


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Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2013

	Share capital	Advance against Future issue of share capital	Statutory Reserves	Accumulated loss (Restated)	Total
	----- Rupees in '000 -----				
Balance as at January 01, 2012 as previously reported	6,776,030	18	85,058	(622,281)	6,238,825
Effect of change in accounting policy as disclosed in note 3.5 to this condensed interim financial information	-	-	-	6,095	6,095
Balance as at January 01, 2012 as restated	<u>6,776,030</u>	<u>18</u>	<u>85,058</u>	<u>(616,186)</u>	<u>6,244,920</u>
Profit after taxation for the quarter ended March 31, 2012 transferred from Statement of Comprehensive Income	-	-	-	51,605	51,605
Transfer from Statutory reserve	-	-	(85,058)	85,058	-
Balance as at March 31, 2012 as restated	<u>6,776,030</u>	<u>18</u>	<u>-</u>	<u>(479,523)</u>	<u>6,296,525</u>
Profit after taxation for the nine months ended December 31, 2012 transferred from Statement of Comprehensive Income	-	-	-	294,093	294,093
Transfer to Statutory reserve	-	-	69,140	(69,140)	-
Issuance of shares	200,000	-	-	-	200,000
Unrealised actuarial gain realised as a result of adoption of revised IAS 19 transferred from other comprehensive income - net of tax	-	-	-	2,762	2,762
Balance as at December 31, 2012 as restated	<u>6,976,030</u>	<u>18</u>	<u>69,140</u>	<u>(251,808)</u>	<u>6,793,380</u>
Transfer from Statutory reserve	-	-	(69,140)	69,140	-
Profit after taxation for the quarter ended March 31, 2013 transferred from Statement of Comprehensive Income	-	-	-	17,711	17,711
Balance as at March 31, 2013	<u>6,976,030</u>	<u>18</u>	<u>-</u>	<u>(164,957)</u>	<u>6,811,091</u>

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.


President/Chief Executive


Director


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, 2013

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 Sharia.
- 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 banking activities and investing activities.
- 1.3** Based on the financial statements of the Bank for the year ended December 31, 2011, JCR-VIS Credit Rating Company Limited determined the Bank's medium to long-term rating as 'A' and the short term rating as 'A-1' while outlook has been improved from "Stable" to "Positive".
- 1.4** The Bank is operating through 100 branches as at March 31, 2013 (2012: 100 branches). The registered office of the Bank is situated at Hasan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE (the Holding company).
- 1.5** The State Bank of Pakistan (SBP) vide circular no.7 dated April 15, 2009 has set the Minimum Capital Requirement (MCR) for banks upto Rs. 10 billion to be achieved in a phased manner by December 31, 2013. As per this circular, MCR (free of losses) and Capital Adequacy Ratio (CAR) requirements as of December 31, 2012 was Rs. 9 billion and 15% respectively.

In the year 2010, the Bank was granted exemption from meeting the MCR for a period of two years i.e. December 31, 2010 and December 31, 2011 subject to compliance of certain conditions as mentioned in SBP letter dated February 2, 2011. In addition, the Bank was also required to submit a capital enhancement plan to SBP which was duly submitted after the approval of the Board of Directors of the Bank. In response, SBP vide its letter dated May 31, 2011 stated that it may offer the Bank extension till December 31, 2012 subject to firm commitment from the sponsors to enhance capital as per the following schedule:

- The paid up capital (free of losses) will be raised to Rs 6.4 billion by December 31, 2011;
- The paid up capital (free of losses) will be raised to Rs 7.5 billion by December 31, 2012; and
- The paid up capital (free of losses) will be raised to Rs 10 billion by December 31, 2013.

Further, as per this circular, Capital Adequacy Ratio (CAR) requirement as of December 31, 2011 was 15 percent and as of December 31, 2012 was also 15 percent. However, the paid-up capital of the Bank (free of losses) as of December 31, 2012 amounted to Rs 6.715 billion although its CAR stood at 19.06 percent.

The Bank was asked to submit its request for exemption from MCR till December 31, 2012 along with a modified capital enhancement plan so as to process the request for approval, if the Bank agrees with the above proposal. In this regard the Bank vide its letter dated February 1, 2012 had requested the SBP to allow extension to the Bank for meeting its MCR of Rs 6.4 billion (free of losses) upto April 30, 2012.

The SBP vide its letter dated February 17, 2012 had granted extension to the Bank for meeting the aforementioned MCR (free of losses) till April 30, 2012 subject to the above mentioned conditions as stipulated vide BSD letter dated February 2, 2011. The Bank had also been advised to submit a concrete time bound capital enhancement plan, duly approved by the Board of Directors along with a firm commitment from the sponsors for meeting the MCR (free of losses).

The sponsors of the Bank injected capital amounting to Rs 200 million in the month of August 2012 in order to meet the MCR (free of losses) of Rs 6.4 billion.

The management of the Bank, in consultation with the sponsors, had also discussed the option of placing foreign currency deposit by the sponsor with the State Bank of Pakistan (SBP) instead of injecting further equity into the Bank. In this regard, the SBP vide its letter dated July 31, 2012 has allowed the Bank to raise FCY (Foreign Currency) subordinated debt from the sponsors and place it in interest free deposits with SBP. This subordinated debt can then be treated as MCR compliant subject to certain terms and conditions.



The Bank was asked to approach BSD (Bank Surveillance Department) with a formal request for approval of the competent authority, if the Bank intends to avail the option of "Raising FCY subordinated debt from the sponsors and placing it in non-remunerative deposit with SBP".

The Board of Directors of the Bank in their meeting held in December 2012 have approved the option of "Raising FCY subordinated debt from the sponsors and placing it in non-remunerative deposit with SBP" and have authorised the Chairman to take up the matter with the sponsors. Once the concurrence of the sponsor shareholder is obtained, the plan can then be shared with SBP.

The management of the Bank vide its letter dated February 6, 2013 has requested the SBP for extension in time for submission of the plan for the purpose of meeting MCR upto June 30, 2013 as the matter of "Raising FCY subordinated debt from the sponsors and placing it in non-remunerative deposit with SBP" will be discussed with the sponsor shareholder and it would take some time. In response, the SBP vide its letter no. BPRD/BAID/623/2012/2013 dated February 20, 2013 has allowed Dubai Islamic Bank Pakistan Limited extension in submission of capital plan for meeting MCR till April 30, 2013.

2 BASIS OF PRESENTATION

The Bank provides financing through Shariah compliant financial products. The transactions of purchases, sales and leases executed arising 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. However, Murabaha transactions are accounted for under the Islamic Financial Accounting Standard – 1. Income, if any, received which does not comply with the principles of Shariah is segregated and recognized as charity payable if so directed by the Sharia Advisory / Sharia Executive Committee.

3 STATEMENT OF COMPLIANCE

- 3.1** This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standard - 1 (IFAS-1) "Murabaha" issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP), the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS-1 "Murabaha" or the directives issued by the SECP and SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS-1 "Murabaha" or the requirements of the said directives issued by the SECP and SBP prevail.
- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** 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 annual financial statements of the Bank for the year ended December 31, 2012.
- 3.4** SBP through its BSD Circular 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, the Surplus / (deficit) on revaluation of Available-For-Sale Securities (AFS) only may be included in the 'Statement of Comprehensive Income' but will continue to be shown separately in the Statement of Financial Position. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.



3.5 Change in accounting policies and disclosure

3.5.1 IAS 19 Employee Benefits (amended 2011) is effective for annual periods beginning on or after January 1, 2013. The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognised immediately in "other comprehensive income" by removing corridor method which was applied previously by the bank and the amendment requires the expected return on plan assets recognised in profit or loss to be calculated based on the rate used to discount the defined benefit obligation, previously the expected rate of return on plan assets and discount rate used for arriving at the present value of defined benefit obligation were determined separately.

The change has been treated as a change in accounting policy and has been accounted for retrospectively in accordance with the requirements of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated. The effect of the change in accounting policy on the current and prior period financial statements have been summarised below:

	December 31, 2012	December 31, 2011
	------(Rupees in '000)-----	
Impact on statement of financial position		
Increase in other assets	13,626	9,377
Decrease in deferred tax asset	(4,769)	(3,282)
Impact on statement of changes in equity		
Accumulated losses as previously reported		(622,281)
Impact of change in accounting policy		
- Current year	2,762	6,095
- Prior years	6,095	-
Accumulated losses as restated	8,857	(616,186)

4 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention except that certain investments and commitments in respect of certain foreign exchange contracts are marked to market and are carried at fair value.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6 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, 2012 except as disclosed in note 3.5.1 to this condensed interim financial information. Consequently, corresponding figures have also been restated as mentioned in note 3.5.1 to this condensed interim financial information.

7 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, 2012.

8 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, 2012.

9 BALANCES WITH OTHER BANKS

	Un-audited March 31, 2013	Audited December 31, 2012
	Rupees in '000	
In Pakistan		
- Current accounts	3,858	5,357
- Deposit accounts	10	10
Outside Pakistan		
- Current accounts	679,156	5,654,934
- Deposit accounts	-	-
	<u>683,024</u>	<u>5,660,301</u>



10 INVESTMENTS

10.1 Investments by type

	Un-audited March 31, 2013			Audited December 31, 2012		
	Held by Bank	Given as collateral	Total	Held by Bank	Given as collateral	Total
Rupees in '000						
Available for sale securities						
WAPDA Sukuk Certificates	341,531	-	341,531	379,479	-	379,479
GOP Ijara Sukuk	22,599,079	-	22,599,079	18,818,594	-	18,818,594
Other Sukuk Certificates	5,295,990	-	5,295,990	2,009,499	-	2,009,499
Investments at cost	28,236,600	-	28,236,600	21,207,572	-	21,207,572
Surplus on revaluation of available for sale securities	14,481	-	14,481	127,261	-	127,261
Total Investments	28,251,081	-	28,251,081	21,334,833	-	21,334,833

	Note	Un-audited March 31, 2013	Audited December 31, 2012
Rupees in '000			
11 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabaha	11.1	2,840,007	3,715,869
- Musharaka cum Ijara – Housing		4,910,543	4,917,598
- Musharaka cum Ijara	11.2	6,550,235	6,270,785
- Ijara Muntahiya Bil Tamleek – Autos		218,154	209,593
- Musharaka cum Ijara – Other		555,199	555,302
- Export Refinance under Islamic Scheme - SBP		1,550,000	1,600,000
- Export Refinance under Islamic Scheme - Own Source		20,741	41,126
- Wakala Istithmar – Pre manufacturing		704,566	689,537
- Wakala Istithmar – Post manufacturing		461,971	438,104
- Shirkatulmilk		2,426,364	1,756,305
- Service Ijarah and related assets		998,000	1,000,000
- Musharaka		439,830	440,667
- Istisna cum Wakala	11.3	7,047,048	5,441,542
Islamic financing and related assets – gross		28,722,658	27,076,428
Less: Provision against non-performing financing	11.4 & 11.5	(823,957)	(761,761)
Islamic financing and related assets – net of provisions		27,898,701	26,314,667
11.1 Murabaha			
Financing		2,621,149	3,509,997
Advances		218,858	205,872
		2,840,007	3,715,869
11.2 Musharaka cum Ijara			
Financing		6,362,424	6,130,723
Advances		187,810	140,062
		6,550,235	6,270,785
11.3 Istisna cum Wakala			
Financing		4,638,627	3,418,509
Advances		2,408,421	2,023,033
		7,047,048	5,441,542

11.4 Islamic financing and related assets include Rs. 2,462.191 million (December 31, 2012: 2,494.271 million) which have been placed under non-performing status as detailed below:

				March 31, 2013 (Un-audited)					
				Provision required			Provision held		
				Domestic	Overseas	Total	Domestic	Overseas	Total
				Rupees in '000					
Category of classification									
Substandard	143,511	-	143,511	12,920	-	12,920	12,920	-	12,920
Doubtful	1,090,879	-	1,090,879	76,615	-	76,615	76,615	-	76,615
Loss	1,228,001	-	1,228,001	681,196	-	681,196	681,196	-	681,196
	2,462,191	-	2,462,191	770,731	-	770,731	770,731	-	770,731
				December 31, 2012 (Audited)					
				Provision required			Provision held		
				Domestic	Overseas	Total	Domestic	Overseas	Total
				Rupees in '000					
Category of classification									
Substandard	1,021,088	-	1,021,088	27,307	-	27,307	27,307	-	27,307
Doubtful	285,729	-	285,729	14,055	-	14,055	14,055	-	14,055
Loss	1,187,454	-	1,187,454	667,173	-	667,173	667,173	-	667,173
	2,494,271	-	2,494,271	708,535	-	708,535	708,535	-	708,535

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

March 31, 2013 (Un-audited)			
	Specific	General	Total
	Rupees in '000		
Opening balance	708,535	53,226	761,761
Charge for the period	132,032	-	132,032
Reversals during the period	(69,836)	-	(69,836)
Net charge	62,196	-	62,196
Closing balance	770,731	53,226	823,957

December 31, 2012 (Audited)			
	Specific	General	Total
	Rupees in '000		
Opening balance	512,798	56,110	568,908
Charge for the year	409,342	(2,884)	406,458
Reversals during the year	(213,605)	-	(213,605)
Net charge	195,737	(2,884)	192,853
Closing balance	708,535	53,226	761,761

11.5.1 The Bank has availed benefit of forced sale values amounting to Rs. 673.349 million (December 31, 2012: Rs. 582.414 million) in determining the provisioning against non performing financings as at March 31, 2013.

11.5.2 General provisioning held against consumer finance portfolio is calculated 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.

12 DEPOSITS AND OTHER ACCOUNTS

	Un-audited March 31, 2013	Audited December 31, 2012
	Rupees in '000	
Fixed deposits	20,904,650	21,788,048
Savings deposits	17,521,850	17,454,344
Current accounts - non-remunerative	15,413,292	13,823,613
Margin accounts - non-remunerative	42,803	44,043
	<u>53,882,595</u>	<u>53,110,048</u>

13 CONTINGENCIES AND COMMITMENTS

13.1 Transactions-related contingent liabilities

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

i) Government	478,240	480,674
ii) Banking companies and other financial institutions	29,007	30,329
iii) Others	1,379,182	1,200,624
	<u>1,886,429</u>	<u>1,711,627</u>

13.2 Trade-related contingent liabilities

Import Letters of Credit	<u>1,367,972</u>	<u>1,574,556</u>
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13.3 Commitments in respect of forward exchange promises to

Purchase	<u>1,869,477</u>	<u>1,718,862</u>
Sale	<u>1,520,205</u>	<u>4,071,087</u>

13.4 Commitments for the acquisition of operating fixed assets

	<u>10,596</u>	<u>30,515</u>
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14 RELATED PARTY TRANSACTIONS

The related parties of the Bank comprise group companies, directors and their close family members, employee benefits plan, executives and the holding company of the Bank i.e. Dubai Islamic Bank PJSC, UAE.

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.

	Un-audited March 31, 2013	Audited December 31, 2012
	----- (Rupees '000) -----	
<u>Key management personnel</u>		
Islamic financing and related assets		
At beginning of the year	96,730	108,810
Disbursements	-	69,925
Payments	(3,879)	(82,005)
At the end of the period / year	<u>92,851</u>	<u>96,730</u>
Deposits		
At beginning of the year	16,136	40,112
Deposits	29,329	203,743
Withdrawals	(28,851)	(227,719)
At the end of the period / year	<u>16,614</u>	<u>16,136</u>
<u>Directors</u>		
Deposits		
At beginning of the year	1,164	1,720
Deposits	7,192	2,687
Withdrawals	(5,494)	(3,243)
At the end of the period / year	<u>2,862</u>	<u>1,164</u>
<u>Holding company</u>		
Placements		
At beginning of the year	-	-
Placements	-	33,593,582
Payments	-	(33,593,582)
At the end of the period / year	<u>-</u>	<u>-</u>
Deposits		
At beginning of the year	1,178	13,252
Deposits	219,150	823,005
Withdrawals	(219,128)	(835,079)
At the end of the period / year	<u>1,200</u>	<u>1,178</u>
Balance held abroad		
At beginning of the year	4,021,441	44,055
Deposits	13,758,169	85,201,173
Withdrawals	(17,650,416)	(81,223,787)
At the end of the period / year	<u>129,194</u>	<u>4,021,441</u>

- 14.1 The bank usually enters into transactions pertaining to sale and purchase of foreign currencies (in ready / spot / tom and forward markets) with Dubai Islamic Bank PJSC in the ordinary course of business.

	Un-audited March 31, 2013	Audited December 31, 2012
	----- (Rupees '000) -----	
Other payables	-	-
Other receivables	<u>9,324</u>	<u>9,324</u>



	Un-audited March 31, 2013	Un-audited March 31, 2012
	----- (Rupees '000) -----	
Profit earned on Islamic financing and related assets to Key Management Personnel	1,169	363
Return on deposits to Key Management Personnel	56	42
Remuneration to Key Management Personnel	31,114	54,492
Profit earned on financing to Directors	-	-
Return on deposits to Directors	6	33
Purchase of foreign currency sukuk from holding company	3,272,705	-
Profit earned on placements with holding company	-	650
Fee charged by the holding company in respect of outsourcing arrangement	11,742	15,440
Employee benefit plans		
Contribution to Employees Gratuity Fund	7,374	6,354
Sale of sukuk to gratuity fund	90,607	-
Gain on sale of sukuk to gratuity fund	607	-
Contribution to Employees Provident Fund	9,163	7,268
Sale of sukuk to provident fund	211,418	-
Gain on sale of sukuk to provident fund	1,418	-

15 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on May ~~27~~²⁹, 2013 by the Board of Directors of the Bank.

16 GENERAL

16.1 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.

16.2 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparisons. No significant reclassifications were made during the current period except for the following expenses, which were netted off from "Fee, commission and brokerage income" have now been reclassified to the respective heads

Transfer from	Amount Rs in '000	Transfer to	Amount Rs in '000
Fee, commission and brokerage income	41,896	Administrative Expenses:	41,896
		Brokerage and commission	29,224
		Others	11,463
		Rent, taxes, insurance, electricity, etc.	1,209

The State Bank of Pakistan (SBP) vide BSD Circular letter No.3 of 2013 dated January 22, 2013 had made certain changes to the 'Revised Forms of Annual Financial Statements', which were effective from December 31, 2012. As required under the said directives, the Bank had changed its accounting policy in respect of presentation and disclosure of Islamic financings and related assets. The said change in accounting policy was applied retrospectively in accordance with the treatment specified in International Accounting Standard (IAS) 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Therefore, cash flow statement for the comparative period has been restated to comply with the said circular.

PRESIDENT & CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DIRECTOR