

DUBAI ISLAMIC BANK PAKISTAN LIMITED

**CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2013**



A. F. FERGUSON & CO.

INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dubai Islamic Bank Pakistan Limited** as at June 30, 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2013 and 2012 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2013.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2013 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter paragraph

We draw attention to note 1.4 to the condensed interim financial information which describes the matter relating to shortfall in minimum capital requirements of the bank as at June 30, 2013. Our conclusion is not qualified in respect of this matter.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: September 11, 2013

Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2013

	Note	June 30, 2013 (Un-audited)	December 31, 2012 (Audited) (Restated)
-----Rupees in '000-----			
ASSETS			
Cash and balances with treasury banks		4,892,414	4,196,103
Balances with other banks	9	461,648	5,660,301
Due from financial institutions		500,411	3,206,945
Investments	10	29,825,609	21,334,833
Islamic financing and related assets - net	11	31,132,447	26,314,667
Operating fixed assets	12	1,416,840	1,535,272
Deferred tax assets - net	13	321,606	216,850
Other assets		1,255,582	1,044,591
		<u>69,806,557</u>	<u>63,509,562</u>
LIABILITIES			
Bills payable		1,047,338	659,035
Due to financial institutions		2,850,000	1,600,000
Deposits and other accounts	14	57,805,721	53,110,048
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,360,189	1,264,379
		<u>63,063,248</u>	<u>56,633,462</u>
NET ASSETS		<u><u>6,743,309</u></u>	<u><u>6,876,100</u></u>
REPRESENTED BY			
Share capital		6,976,030	6,976,030
Reserves		-	69,140
Accumulated losses		(78,034)	(251,808)
Advance against future issue of share capital		18	18
		<u>6,898,014</u>	<u>6,793,380</u>
(Deficit) / Surplus on revaluation of assets - net of tax		<u>(154,705)</u>	<u>82,720</u>
		<u><u>6,743,309</u></u>	<u><u>6,876,100</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.

CHAIRMAN

PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2013

	Note	Quarter ended June 30, 2013	Half year ended June 30, 2013	Quarter ended June 30, 2012 (Restated)	Half year ended June 30, 2012 (Restated)
Rupees in '000					
Profit / return earned		1,434,364	2,759,884	1,498,883	2,797,752
Profit / return expensed		650,532	1,292,207	746,395	1,416,054
Net spread earned		783,832	1,467,677	752,488	1,381,698
Provision against non-performing Islamic financing and related assets - net	11.6	44,293	106,489	66,791	100,482
Provision for diminution in the value of investments		-	-	-	-
Bad debts written off directly		-	-	-	-
		44,293	106,489	66,791	100,482
Net spread earned after provisions		739,539	1,361,188	685,697	1,281,216
OTHER INCOME					
Fee, commission and brokerage income		167,298	286,836	114,410	198,030
Dividend income		-	-	-	30,812
Income from dealing in foreign currencies		24,236	41,822	41,781	71,897
Gain on sale of securities		13,893	26,908	3,792	3,792
Unrealised gain on revaluation of investments classified as held for trading		-	-	-	-
Other income		(18)	493	210	2,623
Total other income		205,409	356,059	160,193	307,154
		944,948	1,717,247	845,890	1,588,370
OTHER EXPENSES					
Administrative expenses		810,785	1,554,801	723,852	1,383,663
Other provisions / write offs		1,540	1,540	19,848	20,193
Other charges		1,460	2,026	2,817	4,809
Total other expenses		813,785	1,558,367	746,517	1,408,665
		131,163	158,880	99,373	179,705
Extraordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		131,163	158,880	99,373	179,705
Taxation - Current period		23,779	31,159	995	15,034
- Prior years		-	-	-	-
- Deferred		20,461	23,087	35,161	49,849
		44,240	54,246	36,156	64,883
PROFIT AFTER TAXATION		86,923	104,634	63,217	114,822
Basic earnings per share - Rupee	16	0.12	0.15	0.09	0.17
Diluted earnings per share - Rupee	16	0.12	0.15	0.09	0.17

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

CHAIRMAN

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2013

	Quarter ended June 30, 2013	Half year ended June 30, 2013	Quarter ended June 30, 2012	Half year ended June 30, 2012
	Rupees in '000			
Profit after taxation for the period	86,923	104,634	63,217	114,822
Comprehensive income transferred to equity	86,923	104,634	63,217	114,822
Components of comprehensive income not reflected in equity :				
(Deficit) / Surplus on revaluation of available for sale investments - net of tax	(164,117)	(237,425)	17,051	16,897
Total comprehensive (loss) / Income for the period	<u>(77,194)</u>	<u>(132,791)</u>	<u>80,268</u>	<u>131,719</u>


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CHAIRMAN


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DIRECTOR


DIRECTOR



DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013

	Note	June 30, 2013	June 30, 2012 (Restated)
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		158,880	179,705
Less: Dividend Income		-	(30,812)
		<u>158,880</u>	<u>148,893</u>
Adjustments			
Depreciation		112,586	111,443
Amortisation		41,669	42,201
Provision against non-performing Islamic financing and related assets - net		106,489	100,482
Gain on sale of securities		(26,908)	(3,792)
Other provisions / write offs		1,540	20,183
Liabilities no longer required written back		(56)	(1,955)
Gain on sale of operating fixed assets		(437)	(668)
		<u>234,883</u>	<u>267,904</u>
		393,763	416,797
(Increase) / decrease in operating assets			
Due from financial institutions		2,706,534	(4,160,001)
Islamic financing and related assets		(4,924,269)	1,041,800
Other assets (excluding advance taxation)		(212,531)	(116,652)
		<u>(2,430,266)</u>	<u>(3,234,853)</u>
Increase / (decrease) in operating liabilities			
Bills payable		388,303	290,445
Due to financial institutions		1,250,000	(558,500)
Deposits and other accounts		4,695,673	9,307,234
Other liabilities (excluding current taxation)		81,925	25,236
		<u>6,415,901</u>	<u>9,064,415</u>
		4,379,398	6,246,359
Income tax paid		(17,218)	(30,234)
Net cash generated from operating activities		<u>4,362,180</u>	<u>6,216,125</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		(8,829,136)	(5,858,317)
Dividend received		-	30,812
Investments in operating fixed assets		(37,516)	(119,444)
Proceeds realised on disposal of operating fixed assets		2,130	970
Net cash used in investing activities		<u>(8,864,522)</u>	<u>(5,945,979)</u>
(Decrease) / Increase in cash and cash equivalents		<u>(4,502,342)</u>	<u>270,146</u>
Cash and cash equivalents at beginning of the period		9,856,404	4,546,922
Cash and cash equivalents at end of the period	17	<u>5,354,062</u>	<u>4,817,068</u>

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

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2013

	Share capital	Advance against Future issue of share capital	Statutory Reserves	Accumulated losses	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 3.6 to this condensed interim financial information - net of tax	-	-	-	6,095	6,095
Balance as at January 01, 2012 - as restated	6,776,030	18	85,058	(616,186)	6,244,920
Profit after taxation for the half year ended June 30, 2012 transferred from Statement of Comprehensive Income	-	-	-	114,822	114,822
Transfer from Statutory reserves	-	-	(85,058)	85,058	-
Balance as at June 30, 2012 - as restated	6,776,030	18	-	(416,308)	6,359,742
Profit after taxation for the half year ended December 31, 2012 transferred from Statement of Comprehensive Income	-	-	-	230,876	230,876
Transfer to Statutory reserves	-	-	69,140	(69,140)	-
Issuance of shares	200,000	-	-	-	200,000
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	2,762	2,762
Balance as at December 31, 2012 as restated	6,976,030	18	69,140	(251,808)	6,793,380
Transfer from Statutory reserves	-	-	(69,140)	69,140	-
Profit after taxation for the half year ended June 30, 2013 transferred from Statement of Comprehensive Income	-	-	-	104,634	104,634
Balance as at June 30, 2013	6,976,030	18	-	(78,034)	6,898,014

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


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DIRECTOR


DIRECTOR



DUBAI ISLAMIC BANK PAKISTAN LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 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 shari'a.

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 28, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of its commencement of business from the SBP. The Bank is principally engaged in Corporate, Commercial and Consumer banking activities and investing activities.

- 1.2** Based on the financial statements of the Bank for the year ended December 31, 2012, 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 the outlook has been maintained as "Positive".
- 1.3** The Bank is operating through 100 branches as at June 30, 2013 (December 31, 2012: 100 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).
- 1.4** 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 10% respectively. However, the paid-up capital of the Bank (free of losses) as at December 31, 2012 amounted to Rs 6.724 billion although its CAR stood at 19.06 percent.

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 Bank will raise its paid up capital (free of losses) 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 letter, Capital Adequacy Ratio (CAR) requirement as of December 31, 2011 and December 31, 2012 was 15 percent.

The Bank had also been advised by the SBP 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 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.

Currently, the management of the Bank vide its letters dated July 15, 2013 and August 1, 2013 had requested the SBP for extension in submission of the capital plan till October 31, 2013. In response the SBP vide its letter no. BPRD/BA&CP-03/608/12613/2013 dated August 26, 2013 has advised the Bank to submit capital plan by September 20, 2013 and maintain CAR of 16 percent at all times.

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2 BASIS OF PRESENTATION

The Bank provides financing mainly through Murabaha, Musharaka cum Ijara, Shirkatulmilk, Istisna cum Wakala and other Islamic modes. The transactions of purchases, sales and leases executed under these arrangements are not reflected in this condensed interim financial information as such but are restricted to the amount of facility actually utilised and the appropriate portion of rental / profit thereon. The income on such Islamic financing 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 Advisor / Shari'a 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 of such International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) as issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or 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 or the requirements of the said directives 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 in Pakistan through BSD Circular Letter 10 dated August 28, 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 a full set of 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 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, the Surplus / (Deficit) on Revaluation of Available-For-Sale (AFS) Securities only may be included in the 'Statement of Comprehensive Income' but will continue to be shown separately in the Statement of Financial Position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.
- 3.5 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 condensed interim financial information in line with the format prescribed under BSD Circular Letter No. 2 dated May 12, 2004. 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 this condensed interim financial information is based on the requirements laid down by the SBP.

3.6 Change in accounting policy and disclosure

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 the 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.

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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) / increase in deferred tax asset	(4,769)	(3,282)
Impact on Statement of Changes in Equity		
Accumulated losses as previously reported	(260,665)	(622,281)
(Increase) / decrease in accumulated losses		
- Cumulative effect from prior years	6,095	6,095
- Impact for the year ended December 31, 2012	2,762	-
Accumulated losses as restated	(251,808)	(616,186)

3.7 Other standards, interpretations and amendments to published approved accounting standards that are effective in the current period

The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed by the Bank for the purpose of preparation of financial statements for the year ending December 31, 2013 while accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard is effective from June 12, 2013 and has no impact on this condensed interim financial information. The standard would result in certain new disclosures in the annual financial statements for the year ending December 31, 2013.

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

3.8 New standards, interpretations and amendments to published approved accounting standards that are not yet effective

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 material effect on the Bank's operations and are therefore not detailed in this condensed interim financial information.

4 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention except that certain investments, foreign currency balances, and commitments in respect of certain foreign exchange contracts are marked to market and are carried at fair value. Further, staff retirement benefits have been carried at present values determined under International Accounting Standard 19, "Employee Benefits (amended 2011)".

5 FUNCTIONAL AND PRESENTATION CURRENCY

This condensed interim financial information is 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 for the change as described in note 3.6.

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.

	June 30, 2013 (Un-audited)	December 31, 2012 (Audited)
	----- Rupees in '000 -----	
9 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	3,618	5,357
- in deposit accounts	10	10
	<u>3,628</u>	<u>5,367</u>
Outside Pakistan		
- in current accounts	458,020	5,654,934
- in deposit accounts	-	-
	<u>458,020</u>	<u>5,654,934</u>
	<u>461,648</u>	<u>5,660,301</u>

10 INVESTMENTS

	June 30, 2013 (Un-audited)			December 31, 2012 (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 Sukuks	23,983,390	-	23,983,390	18,818,594	-	18,818,594
WAPDA Sukuks	341,531	-	341,531	379,479	-	379,479
Other Sukuks	5,738,695	-	5,738,695	2,009,499	-	2,009,499
Total investments at cost	30,063,616	-	30,063,616	21,207,572	-	21,207,572
Less: Provision for diminution in value of investments	-	-	-	-	-	-
Investments - net of provisions	30,063,616	-	30,063,616	21,207,572	-	21,207,572
(Deficit) / Surplus on revaluation of available-for-sale securities	(238,007)	-	(238,007)	127,261	-	127,261
Total investments at market value	<u>29,825,609</u>	<u>-</u>	<u>29,825,609</u>	<u>21,334,833</u>	<u>-</u>	<u>21,334,833</u>

	Note	June 30, 2013 (Un-audited)	December 31, 2012 (Audited)
		----- Rupees in '000 -----	
11 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabaha	11.1	5,265,365	3,715,869
- Musharaka cum Ijara - Housing		4,893,783	4,917,598
- Musharaka cum Ijara - Autos	11.2	6,880,276	6,270,785
- Ijara Muntahiya Bil Tamleek - Autos		201,900	209,593
- Musharaka cum Ijara - Other		554,815	555,302
- Export Refinance under Islamic Scheme - SBP		1,886,741	1,600,000
- Export Refinance under Islamic Scheme - Own Source		-	41,126
- Wakala Istithmar - Pre manufacturing		387,344	689,537
- Wakala Istithmar - Post manufacturing		602,281	438,104
- Shirkatulmilk	11.3	3,433,354	1,756,305
- Service Ijara		998,000	1,000,000
- Musharaka		409,350	440,667
- Istisna cum Wakala	11.4	6,487,488	5,441,542
Islamic financing and related assets - gross		<u>32,000,697</u>	<u>27,076,428</u>
Less: Provisions against non-performing Islamic financing and related assets	11.6	(868,250)	(761,761)
Islamic financing and related assets - net of provisions		<u>31,132,447</u>	<u>26,314,667</u>

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	Note	June 30, 2013 (Un-audited)	December 31, 2012 (Audited)
		----- Rupees in '000 -----	
11.1 Murabaha			
Financing Advances		5,128,935	3,509,997
		136,430	205,872
		<u>5,265,365</u>	<u>3,715,869</u>
11.2 Musharaka cum Ijara			
Financing Advances		6,747,657	6,130,723
		132,619	140,062
		<u>6,880,276</u>	<u>6,270,785</u>
11.3 Shirkatulmilk			
Financing Advances		3,425,424	1,756,305
		7,930	-
		<u>3,433,354</u>	<u>1,756,305</u>
11.4 Istisna cum Wakala			
Financing Advances		4,972,817	3,418,509
		1,514,671	2,023,033
		<u>6,487,488</u>	<u>5,441,542</u>

11.5 Islamic financing and related assets include Rs 2,422.337 million (December 31, 2012: Rs 2,494.271 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2013 (Un-audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- Rupees in '000 -----									
Category of classification									
Substandard	197,641	-	197,641	13,618	-	13,618	13,618	-	13,618
Doubtful	934,822	-	934,822	84,496	-	84,496	84,496	-	84,496
Loss	1,289,874	-	1,289,874	716,910	-	716,910	716,910	-	716,910
	<u>2,422,337</u>	<u>-</u>	<u>2,422,337</u>	<u>815,024</u>	<u>-</u>	<u>815,024</u>	<u>815,024</u>	<u>-</u>	<u>815,024</u>

Category of classification	December 31, 2012 (Audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	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
	<u>2,494,271</u>	<u>-</u>	<u>2,494,271</u>	<u>708,535</u>	<u>-</u>	<u>708,535</u>	<u>708,535</u>	<u>-</u>	<u>708,535</u>

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

	June 30, 2013 (Un-audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	708,535	53,226	761,761
Charge for the period	165,143	-	165,143
Reversals during the period	(58,654)	-	(58,654)
Net charge	106,489	-	106,489
Write off	-	-	-
Closing balance	<u>815,024</u>	<u>53,226</u>	<u>868,250</u>

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
Write off	-	-	-
Closing balance	708,535	53,226	761,761

- 11.6.1 The non performing Islamic financing includes Islamic financing amounting to Rs 765 million disbursed to Agritech Limited. The required provision as at June 30, 2013 in accordance with the requirements of the Prudential Regulations of the State Bank of Pakistan against Agritech Limited amounted to Rs 266.700 million. However, the State Bank of Pakistan vide its letter no. BPRD / BRD - (Policy) / 2013-11339 dated July 25, 2013 has provided relaxation to the Bank, whereby the Bank is allowed to recognise provision in a phased manner against outstanding exposure and maintain at least 30%, 40%, 50%, 60%, 75%, 85% and 100% of the required provision as at June 30, 2013, September 30, 2013, December 31, 2013, March 31, 2014, June 30, 2014, September 30, 2014 and December 31, 2014. Following this relaxation provided by the SBP, the Bank has recorded total provision of Rs 80.010 million in respect of outstanding exposure of Agritech Limited.
- 11.6.2 The non performing Islamic financing includes Islamic financing amounting to Rs 75 million disbursed to Gulistan Textile Mills Limited. The required provision as at June 30, 2013 in accordance with the requirements of the Prudential Regulations of the State Bank of Pakistan against Gulistan Textile Mills Limited amounted to Rs 26.321 million. However, the State Bank of Pakistan vide its letter no. BPRD / BRD - 04 / Faysal / 2013 / 1695 dated February 13, 2013 has provided relaxation to the Bank, whereby the Bank is allowed to recognise provision in a phased manner against outstanding exposure and maintain at least 25%, 50%, 75%, and 100% of the required provision as at December 31, 2012, March 31, 2013, June 30, 2013 and September 30, 2013. Following this relaxation provided by the SBP, the Bank has recorded total provision of Rs 19.741 million in respect of outstanding exposure of Gulistan Textile Mills Limited.
- 11.6.3 The Bank has availed benefit of forced sale values amounting to Rs 622.602 million (December 31, 2012: Rs 582.414 million) in determining the provisioning against non-performing Islamic financing and related assets as at June 30, 2013.
- 11.7 General provisioning held against consumer finance portfolio has been 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 OPERATING FIXED ASSETS	June 30, 2013 (Un-audited)	December 31, 2012 (Audited)
	Rupees in '000	
Capital work-in-progress - net	55,838	52,687
Property and equipment	1,056,238	1,148,250
Intangible assets	304,764	334,335
	<u>1,416,840</u>	<u>1,535,272</u>

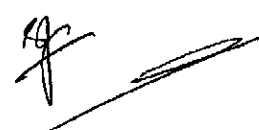
12.1 Additions to operating fixed assets	Half year ended	
	June 30, 2013 (Un-audited)	June 30, 2012 (Un-audited)
Rupees in '000		
Leasehold improvements	4,234	22,731
Furniture and fixtures	2,615	10,931
Electrical, office and computer equipment	12,396	43,894
Vehicles	3,023	-
Capital work-in-progress	3,151	36,195

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		Half year ended	
		June 30, 2013	June 30, 2012
		(Un-audited)	
		----- Rupees in '000 -----	
12.2	Intangibles		
	Software	12,097	5,693
12.3	Disposals and write offs of operating fixed assets		
	Furniture and fixture (WDV: Nil)		
	June 30, 2012 (WDV: Rs 0.248 million)	-	280
	Electrical, office and computer equipment (WDV:Rs 1.513 million)		
	June 30,2012 (WDV: Rs 0.054 million)	1,505	388
	Vehicles (WDV:Rs 0.180 million)		
	June 30,2012 (WDV: Nil)	625	-
13	DEFERRED TAX ASSETS - NET		
<p>The Bank has an aggregate amount of Rs 315.135 million (December 31, 2012: 485.916 million) unabsorbed tax losses as at June 30, 2013. The management carries out periodic assessments of these losses as the Bank would be able to set off the profit earned in future years against these carry forward losses. Based on this assessment the management has recognised the entire deferred tax debit balance on losses amounting to Rs 110.297 million (December 31, 2012: Rs170.071 million). The amount of this benefit has been determined based on the projected financial statements for the future periods. The determination of future taxable profits is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit composition, KIBOR rates, growth of deposits and financings, investment returns, product mix of financing, potential provision against assets and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.</p>			
		June 30, 2013	December 31, 2012
		(Un-Audited)	(Audited)
		----- Rupees in '000 -----	
14	DEPOSITS AND OTHER ACCOUNTS		
	Fixed deposits	21,081,799	21,788,048
	Savings deposits	19,246,104	17,454,344
	Current accounts - non-remunerative	17,412,538	13,823,613
	Margin accounts - non-remunerative	65,280	44,043
		<u>57,805,721</u>	<u>53,110,048</u>
15	CONTINGENCIES AND COMMITMENTS		
15.1	Transactions-related contingent liabilities		
	Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring		
	- Government	494,282	480,674
	- Banking companies and other financial institutions	29,007	30,329
	- Others	1,464,874	1,200,624
		<u>1,988,163</u>	<u>1,711,627</u>
15.2	Trade-related contingent liabilities		
	Import Letters of Credit	<u>2,483,835</u>	<u>1,574,556</u>
15.3	Commitments in respect of forward exchange promises to		
	Purchase	<u>2,549,953</u>	<u>1,718,862</u>
	Sale	<u>2,056,038</u>	<u>4,071,087</u>
15.4	Commitments for the acquisition of operating fixed assets	<u>13,899</u>	<u>30,515</u>

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16 BASIC / DILUTED EARNINGS PER SHARE

	----- Un-audited -----			
	Quarter ended June 30, 2013	Half year ended June 30, 2013	Quarter ended June 30, 2012	Half year ended June 30, 2012
	----- Rupees in '000 -----			
Profit after taxation	86,923	104,634	63,217	114,822
	----- Number of shares in '000 -----			
Weighted average number of ordinary shares	697,603	697,603	677,603	677,603
	----- Rupees -----			
Basic earnings per share	0.12	0.15	0.09	0.17
Diluted earnings per share	0.12	0.15	0.09	0.17

17 CASH AND CASH EQUIVALENTS

	June 30, 2013	June 30, 2012
	(Un-audited)	
	----- (Rupees '000) -----	
Cash and balances with treasury banks	4,892,414	4,245,345
Balances with other banks	461,648	571,723
	<u>5,354,062</u>	<u>4,817,068</u>

18 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Primary segment information

For management purposes the Bank is organised into four major business segments:

- Corporate Finance
- Trading and Sales
- Retail Banking
- Commercial Banking

All assets, liabilities, off balance sheet items and items of income and expense are distributed in primary segments in accordance with the core functions performed by the business groups.

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Others	Total
	Rupees in '000					
For the half year ended June 30, 2013						
Internal Income	-	(985,918)	1,590,588	(600,988)	(3,682)	-
Total income - net	30,152	1,185,967	1,062,088	833,816	3,920	3,115,943
Total expenses	-	(112,888)	(2,536,325)	(361,805)	(314)	(3,011,309)
Net Income / (Loss)	<u>30,152</u>	<u>87,184</u>	<u>116,351</u>	<u>(128,977)</u>	<u>(76)</u>	<u>104,634</u>
As at June 30, 2013						
Segment assets (Gross)	-	28,551,140	15,937,150	21,079,848	5,130,486	70,698,604
Segment non performing assets	-	-	1,038,721	1,354,893	52,520	2,446,134
Segment provision required	-	-	470,735	389,875	31,437	892,047
Segment liabilities	-	1,000,000	58,207,920	2,461,634	1,393,684	63,063,248
Segment return on assets (ROA) (%)	-	<u>8.35%</u>	<u>16.82%</u>	<u>9.83%</u>	<u>3.74%</u>	
Segment cost of funds (%)	-	<u>8.40%</u>	<u>4.46%</u>	<u>8.29%</u>	-	
For the half year ended June 30, 2012						
Internal Income	-	(1,012,300)	1,556,270	(537,126)	(6,844)	-
Total income - net	21,795	1,112,647	1,055,764	910,583	4,117	3,104,906
Total expenses	-	(74,940)	(2,580,735)	(334,409)	-	(2,990,084)
Net Income / (Loss)	<u>21,795</u>	<u>25,407</u>	<u>31,289</u>	<u>39,048</u>	<u>(2,727)</u>	<u>114,822</u>
Segment assets (Gross)	-	25,069,252	10,525,288	18,381,665	10,295,098	64,271,323
Segment non performing assets	-	-	1,054,504	1,408,802	30,985	2,494,271
Segment provision required	-	-	511,449	234,976	15,338	761,761
Segment liabilities	-	-	52,271,221	3,097,861	1,264,380	56,633,462
Segment return on assets (ROA) (%)	-	<u>10.23%</u>	<u>16.46%</u>	<u>11.69%</u>	<u>4.21%</u>	
Segment cost of funds (%)	-	<u>9.85%</u>	<u>5.81%</u>	<u>9.24%</u>	-	

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19 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, shareholders, directors, related group companies and associated undertakings, key management personnel including the 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.

Transactions with related parties other than remuneration and benefits to key management personnel including the Chief Executive Officer are as follows:

	Note	June 30, 2013 (Un-Audited)	December 31, 2012 (Audited)
		----- (Rupees '000) -----	
<u>Key management personnel</u>			
Islamic financing and related assets			
At beginning of the period / year		96,730	108,810
Disbursements		-	69,925
Repayments		(23,506)	(82,005)
At the end of the period / year		<u>73,224</u>	<u>96,730</u>
Deposits			
At beginning of the period / year		16,136	40,112
Deposits		67,857	203,743
Withdrawals		(69,100)	(227,719)
At the end of the period / year		<u>14,893</u>	<u>16,136</u>
<u>Directors</u>			
Deposits			
At beginning of the period / year		1,164	1,720
Deposits		9,508	2,687
Withdrawals		(7,900)	(3,243)
At the end of the period / year		<u>2,772</u>	<u>1,164</u>
<u>Holding company</u>			
Placements			
At beginning of the period / year	19.1	-	-
Placements		-	33,593,582
Repayments		-	(33,593,582)
At the end of the period / year		<u>-</u>	<u>-</u>

19.1 These include placements made by the holding company under Wakala arrangement on behalf of the Bank.

19.2 The Bank has also entered 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.

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	June 30, 2013 (Un-Audited) ----- (Rupees '000) -----	December 31, 2012 (Audited)
Deposits		
At beginning of the period / year	1,178	13,252
Deposits	418,700	823,005
Withdrawals	(415,944)	(835,079)
At the end of the period / year	<u>3,934</u>	<u>1,178</u>
Balance held abroad		
At beginning of the period / year	4,021,441	44,055
Deposits	19,271,746	85,201,173
Withdrawals	(23,182,581)	(81,223,787)
At the end of the period / year	<u>110,626</u>	<u>4,021,441</u>
Other payables	<u>5,430</u>	<u>-</u>
Other receivables	<u>9,324</u>	<u>9,324</u>
	June 30, 2013 (Un-audited) ----- (Rupees '000) -----	June 30, 2012
Purchase of foreign currency sukuks from Holding Company	3,986,380	1,689,064
Sale of foreign currency sukuks to Holding Company	768,431	-
Gain on sale of foreign currency sukuks to Holding Company	13,901	-
Profit earned on Islamic financing and related assets - Key Management Personnel	986	432
Return on deposits to key management personnel	55	77
Return on deposits to directors	30	-
Profit earned on placements with holding company	-	826
Remuneration to key management personnel	53,446	51,693
Fee charged by the holding company in respect of outsourcing arrangement	25,000	23,690
Employee benefit plans		
Contribution to Employees Gratuity Fund	14,748	12,708
Sale of sukuk to gratuity fund	90,607	-
Gain on sale of sukuk to gratuity fund	608	-
Contribution to Employees Provident Fund	18,493	15,430
Sale of sukuk to provident fund	211,418	-
Gain on sale of sukuk to provident fund	1,418	-

20 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 10 SEP 2013 by the Board of Directors of the Bank.

21 GENERAL

- 21.1 Captions, as prescribed by BSD Circular Letter No. 2 dated May 12, 2004 issued by the SBP, in respect of which there are no amounts, have not been reproduced in this condensed interim financial information, except for captions of the statement of financial position and profit and loss account.

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

21.3 Corresponding figures

21.3.1 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" last year and have now been reclassified to the respective heads.

Transfer from	Quarter ended June 30, 2012	Half year ended June 30, 2012	Transfer to	Quarter ended June 30, 2012	Half year ended June 30, 2012
	— Rs in '000 —			— Rs in '000 —	
Fee, commission and brokerage income	55,749	97,645	Administrative Expenses	55,749	97,645

21.3.2 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 financing and related assets. The said change in accounting policy was applied retrospectively in accordance with the treatment specified in the International Accounting Standard (IAS) 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'. Therefore, the condensed interim cash flow statement and condensed interim profit and loss account for the comparative period has been restated to comply with the said circular.

CHAIRMAN

PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR