

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL INFORMATION

AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013


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

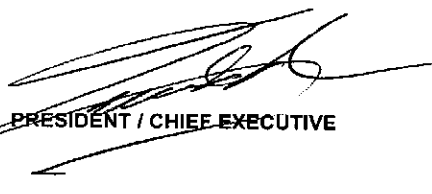
	Note	September 30, 2013 (Un-audited)	December 31, 2012 (Audited) (Restated)
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks		4,730,620	4,196,103
Balances with other banks	9	412,891	5,660,301
Due from financial institutions		3,503,037	3,206,945
Investments	10	28,994,062	21,334,833
Islamic financing and related assets	11	30,842,660	26,314,667
Operating fixed assets	12	1,404,529	1,535,272
Deferred tax assets-net		306,824	216,850
Other assets		1,704,835	1,044,591
		<u>71,899,458</u>	<u>63,509,562</u>
LIABILITIES			
Bills payable		1,420,430	659,035
Due to financial institutions		1,317,544	1,600,000
Deposits and other accounts	13	60,990,532	53,110,048
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,370,668	1,264,379
		<u>65,099,174</u>	<u>56,633,462</u>
NET ASSETS		<u>6,800,284</u>	<u>6,876,100</u>
REPRESENTED BY			
Share capital		6,976,030	6,976,030
Reserves		-	69,140
Accumulated losses		(98,007)	(251,808)
		<u>6,878,023</u>	<u>6,793,362</u>
Advance against future issue of share capital		18	18
Surplus on revaluation of assets - net of tax		(77,757)	82,720
		<u>6,800,284</u>	<u>6,876,100</u>


CONTINGENCIES AND COMMITMENTS


14

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


 CHAIRMAN


 PRESIDENT / CHIEF EXECUTIVE

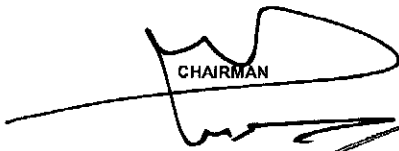
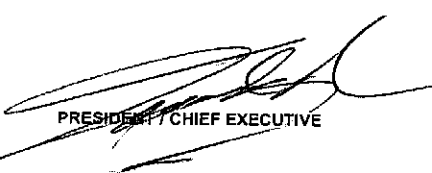



 DIRECTOR


 DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2013

Note	Quarter ended Sep. 30, 2013	Nine months ended Sep. 30, 2013	Quarter ended Sep. 30, 2012 (Restated)	Nine months ended Sep. 30, 2012 (Restated)
----- Rupees in '000 -----				
Profit / return on financing, investment and placements	1,471,192	4,231,076	1,438,942	4,236,694
Return on deposits and other dues expensed	657,829	1,950,037	726,002	2,142,056
Net spread earned	813,363	2,281,039	712,940	2,094,638
Provision against non-performing islamic financing and related assets - net	(201,039)	(307,528)	(62,327)	(162,809)
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
Net spread after provisions	612,324	1,973,511	650,613	1,931,829
OTHER INCOME				
Fee, commission and brokerage income	147,533	434,370	119,196	317,226
Dividend Income	-	-	-	30,812
Income from dealing in foreign currencies	20,422	62,244	58,053	129,950
Gain on sale of securities	2,050	28,958	51,577	55,369
Unrealized gain on revaluation of investments classified as held for trading	-	-	-	-
Other income	230	723	491	3,114
Total other income	170,235	526,295	229,317	536,471
	782,559	2,499,806	879,930	2,468,300
OTHER EXPENSES				
Administrative expenses	806,414	2,361,219	739,676	2,123,339
Other provisions / write offs	5,844	7,384	4,819	25,012
Other charges	506	2,532	2,855	7,664
Total other expenses	812,764	2,371,135	747,350	2,156,015
Extra ordinary / unusual items	(30,205)	128,671	132,580	312,285
PROFIT BEFORE TAXATION	(30,205)	128,671	132,580	312,285
Taxation				
- Current	(16,414)	(47,573)	(8,161)	(23,195)
- Prior years	-	-	-	-
- Deferred	26,651	3,563	(42,203)	(92,052)
PROFIT AFTER TAXATION	10,237	(44,010)	(50,364)	(115,247)
	(19,968)	84,661	82,216	197,038
Basic and diluted earnings per share – Rupee	(0.03)	0.12	0.12	0.29


The annexed notes 1 to 17 form an integral part of this condensed interim financial information.

 CHAIRMAN
 PRESIDENT / CHIEF EXECUTIVE
 DIRECTOR
 DIRECTOR

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

	Quarter ended Sep. 30, 2013	Nine months ended Sep. 30, 2013	Quarter ended Sep. 30, 2012	Nine months ended Sep. 30, 2012
	Rupees in '000			
Profit after taxation for the period	(19,968)	84,661	82,216	197,038
Comprehensive income transferred to equity	(19,968)	84,661	82,216	197,038
Components of comprehensive income not reflected in equity :				
Surplus/(deficit) on revaluation of available for sale investments - net of tax	76,948	(160,477)	(12,121)	4,776
Total comprehensive income / (loss) for the period	<u>56,980</u>	<u>(75,816)</u>	<u>70,095</u>	<u>201,814</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.




CHAIRMAN



PRESIDENT / CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

	September 30, 2013	September 30, 2012 (Restated)
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	128,671	312,285
Less: Dividend Income	-	(30,812)
	<u>128,671</u>	<u>281,473</u>
Adjustments for:		
Depreciation	166,874	167,825
Amortisation	62,315	62,520
Provision against non-performing Islamic financing and related assets - net	307,528	162,809
Other provisions / write offs	7,384	25,012
Gain on sale of securities	(28,958)	(55,369)
Liabilities no longer required written back	-	(2,608)
Gain on sale of operating fixed assets	(666)	(506)
	<u>514,477</u>	<u>359,683</u>
	643,148	641,156
(Increase) / decrease In operating assets		
Due from financial institutions	(296,092)	(4,496,447)
Islamic financing and related assets	(4,835,523)	688,495
Others assets (excluding advance taxation)	(667,627)	(441,637)
	<u>(5,799,242)</u>	<u>(4,249,589)</u>
Increase / (decrease) in operating liabilities		
Bills payable	761,395	552,194
Due to financial institutions	(282,456)	(458,500)
Deposits and other accounts	7,880,484	10,818,467
Other liabilities (excluding current taxation)	92,154	(3,605)
	<u>8,451,577</u>	<u>10,908,556</u>
	3,295,483	7,300,123
Income tax paid	(33,438)	(33,146)
Net cash generated from operating activities	<u>3,262,045</u>	<u>7,266,977</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investments in available for sale securities	(7,877,158)	(4,012,767)
Investments in operating fixed assets	(100,139)	30,812
Dividend received	-	(221,980)
Proceeds realised on disposal of operating fixed assets	2,359	3,885
Net cash used in investing activities	<u>(7,974,938)</u>	<u>(4,200,050)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	200,000
(Decrease) / increase in cash and cash equivalents	<u>(4,712,893)</u>	<u>3,266,927</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	<u>5,143,511</u>	<u>7,813,849</u>

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


CHAIRMAN


PRESIDENT / CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 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	-	-	-	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 nine months ended September 30, 2012 transferred from Statement of Comprehensive Income	-	-	-	197,038	197,038
Transfer from Statutory reserves	-	-	(85,058)	85,058	-
Balance as at September 30, 2012 - as restated	6,776,030	18	-	(334,090)	6,441,958
Profit after taxation for the three months ended December 31, 2012 transferred from Statement of Comprehensive Income	-	-	-	148,660	148,660
Transfer to Statutory reserve	-	-	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 nine months ended September 30, 2013 transferred from Statement of Comprehensive Income	-	-	-	84,661	84,661
Balance as at September 30, 2013	6,976,030	18	-	(98,007)	6,878,041

The annexed notes 1 to 17 form an integral part of this condensed interim financial information.


CHAIRMAN


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 NINE MONTHS ENDED SEPTEMBER 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 Sharia.

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 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 102 branches as at September 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.

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.

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 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 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 policies 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.

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	(260,665)	(622,281)
(Increase) / decrease in accumulated losses		
- Cumulative effect from prior years	2,762	6,095
- Impact for the year ended December 31, 2012	6,095	-
Accumulated losses as restated	(251,808)	(616,186)

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.

	September 30, 2013 (Un-audited)	December 31, 2012 (Audited)
	----- Rupees in '000 -----	
9 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	3,491	5,357
- in deposit accounts	10	10
Outside Pakistan		
- in current accounts	409,390	5,654,934
- in deposit accounts	-	-
	<u>412,891</u>	<u>5,660,301</u>



10 INVESTMENTS

10.1 Investments by type

	September 30, 2013			December 31, 2012		
	(Un-audited)			(Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Total	
Rupees in '000						
Available for sale securities						
GOP Ijarah Sukuks	22,966,713	-	22,966,713	18,818,564	-	18,818,564
WAPDA Sukuks	303,583	-	303,583	379,479	-	379,479
Other Sukuks	5,843,392	-	5,843,392	2,009,498	-	2,009,498
Total investments at cost	29,113,688	-	29,113,688	21,207,572	-	21,207,572
(Deficit) / Surplus on revaluation of available-for-sale securities	(119,826)	-	(119,826)	127,261	-	127,261
Total investments at market value	28,994,062	-	28,994,062	21,334,833	-	21,334,833

	Note	September 30,	December 31,
		2013 (Un-audited)	2012 (Audited)
Rupees in '000			
11 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabaha	11.1	6,895,827	3,715,869
- Musharaka cum Ijara – Housing		4,977,272	4,917,598
- Musharaka cum Ijara	11.2	7,048,360	6,270,785
- Ijara Muntahiya Bil Tamleek – Autos		234,676	209,593
- Musharaka cum Ijara – Other		554,765	555,302
- Export Refinance under Islamic Scheme - SBP		921,058	1,600,000
- Export Refinance under Islamic Scheme - Own Source		-	41,126
- Wakala Istithmar – Pre manufacturing		477,601	689,537
- Wakala Istithmar – Post manufacturing		271,502	438,104
- Shirkatulmilk	11.3	3,589,595	1,756,305
- Service Ijarah and related assets		998,000	1,000,000
- Musharaka		403,355	440,667
- Istisna cum Wakala	11.4	5,539,938	5,441,542
Islamic financing and related assets – gross		31,911,949	27,076,428
Less: Provision against non-performing Islamic financing and related assets	11.5 & 11.6	(1,069,289)	(761,761)
Islamic financing and related assets – net of provisions		30,842,660	26,314,667
11.1 Murabaha			
Financing		5,370,844	3,509,997
Advances		1,524,983	205,872
		6,895,827	3,715,869
11.2 Musharaka cum Ijara			
Financing		6,919,623	6,130,723
Advances		128,737	140,062
		7,048,360	6,270,785
11.3 Shirkatulmilk			
Financing		3,589,595	7,910,063
Advances		-	(7,580,182)
		3,589,595	329,881
11.4 Istisna cum Wakala			
Financing		4,344,843	3,418,509
Advances		1,195,095	2,023,033
		5,539,938	5,441,542

11.5 Islamic financing and related assets include Rs. 2,447.396 million (December 31, 2012: 2,494.271 million) which have been placed under non-performing status as detailed below:

Category of classification	September 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									

Substandard	137,644	-	137,644	12,381	-	12,381	12,381	-	12,381
Doubtful	219,762	-	219,762	14,398	-	14,398	14,398	-	14,398
Loss	2,089,760	-	2,089,760	989,288	-	989,288	989,288	-	989,288
	2,447,396	-	2,447,396	1,016,063	-	1,016,063	1,016,063	-	1,016,063

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									

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	687,173	-	687,173	687,173	-	687,173
	2,494,271	-	2,494,271	708,535	-	708,535	708,535	-	708,535

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

	September 30, 2013 (Un-audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	708,535	53,226	761,761
Charge for the period	366,182	-	366,182
Reversals during the period	(58,654)	-	(58,654)
Net charge	307,528	-	307,528
Write off	-	-	-
Closing balance	<u>1,016,063</u>	<u>53,226</u>	<u>1,069,289</u>

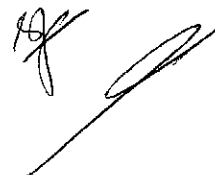
	December 31, 2012 (Audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	512,798	56,110	568,908
Charge for the year	409,342	(2,884)	406,458
Reversals during the year	(213,605)	-	(213,605)
Net charge	195,737	(2,884)	192,853
Write off	-	-	-
Closing balance	<u>708,535</u>	<u>53,226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

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 September 30, 2013 in accordance with the requirements of the Prudential Regulations of the State Bank of Pakistan against Agritech Limited amounted to Rs 525 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 210 million in respect of outstanding exposure of Agritech Limited.

11.6.2 The Bank has availed benefit of forced sale values amounting to Rs. 587.195 million (December 31, 2012: Rs. 582.414 million) in determining the provisioning against non performing financings as at September 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.

	September 30,	December 31,
	2013	2012
	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
12 OPERATING FIXED ASSETS		
Capital work-in-progress - net	101,547	52,687
Property and equipment	1,015,435	1,148,250
Intangible assets	287,547	334,335
	<u>1,404,529</u>	<u>1,535,272</u>



13 DEPOSITS AND OTHER ACCOUNTS

September 30, 2013 **December 31, 2012**
(Un-audited) **(Audited)**
 ----- Rupees in '000 -----

Fixed deposits	21,555,693	21,788,048
Savings deposits	20,433,337	17,454,344
Current accounts - non-remunerative	18,929,705	13,823,613
Margin accounts - non-remunerative	71,797	44,043
	<u>60,990,532</u>	<u>53,110,048</u>

14 CONTINGENCIES AND COMMITMENTS**14.1 Transactions-related contingent liabilities**

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

- Government
- Banking companies and other financial institutions
- Others

445,551	480,674
29,007	30,329
1,391,300	1,200,624
<u>1,865,858</u>	<u>1,711,627</u>

14.2 Trade-related contingent liabilities

Import Letters of Credit

<u>3,521,570</u>	<u>1,574,556</u>
------------------	------------------

14.3 Commitments in respect of forward exchange promises to

Purchase

<u>6,128,014</u>	<u>1,718,862</u>
------------------	------------------

Sale

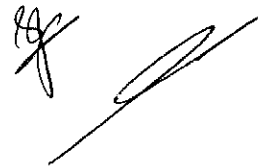
<u>6,098,458</u>	<u>4,071,087</u>
------------------	------------------

14.4 Commitments for the acquisition of operating fixed assets

<u>218,862</u>	<u>30,515</u>
----------------	---------------

	September 30, 2013 (Un-Audited)	December 31, 2012 (Audited)
	----- Rupees in '000 -----	
Deposits		
At beginning of the year	1,178	13,252
Deposits	589,828	823,005
Withdrawals	(585,321)	(835,079)
At the end of the period / year	<u>5,685</u>	<u>1,178</u>
Balance held abroad		
At beginning of the year	4,021,441	44,055
Deposits	24,273,989	85,201,173
Withdrawals	(28,145,421)	(81,223,787)
At the end of the period / year	<u>150,009</u>	<u>4,021,441</u>
Other payables	<u>20,030</u>	-
Other receivables	<u>9,324</u>	<u>9,324</u>

	September 30, 2013 (Un-Audited)	September 30, 2012
	----- Rupees in '000 -----	
Profit earned on Islamic financing and related assets to key management personnel	993	954
Return on deposits to key management personnel	83	231
Remuneration to key management personnel	106,239	76,316
Return on deposits to directors	14	100
Remuneration to directors	6,485	4,450
Purchase of foreign currency sukuk from holding company	4,305,116	3,013,323
Profit earned on placements with holding company	-	866
Sale of foreign currency sukuk from to holding company	768,431	3,026,694
Gain on sale of foreign currency sukuk from to holding company	13,901	51,538
Fee charged by the holding company in respect of outsourcing arrangement	39,600	35,606
Employee benefit plans		
Contribution to employees gratuity fund	22,123	19,033
Sale of sukuk to employees gratuity fund	90,607	-
Gain on sale of sukuk to employees gratuity fund	607	-
Contribution to employees provident fund	27,680	23,768
Sale of sukuk to employees provident fund	211,418	-
Gain on sale of sukuk to employees provident fund	1,418	-



16 **DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on October 30, 2013 by the Board of Directors of the Bank.

17 **GENERAL**

17.1

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.

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

17.3 **Corresponding figures**

17.3.1 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" have now been reclassified to the respective heads.

Transfer from	Quarter ended September 30, 2013	Nine months ended September 30, 2013	Transfer to	Quarter ended September 30, 2013	Nine months ended September 30, 2013
	----- Rupees in '000 -----			----- Rupees in '000 -----	
Fee, commission and brokerage income	37,470	135,115	Administrative Expenses	37,470	135,115

17.3.2 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 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.

CHAIRMAN

PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR