

**DUBAI ISLAMIC BANK  
PAKISTAN LIMITED**

**CONDENSED INTERIM STATEMENT  
OF FINANCIAL POSITION  
FOR THE QUARTER ENDED MARCH 31, 2014**

**DUBAI ISLAMIC BANK PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2014**

		Unaudited March 31, 2014	Audited December 31, 2013
	Note		
----- Rupees in '000 -----			
<b>ASSETS</b>			
Cash and balances with treasury banks	9	8,573,520	5,291,178
Balances with other banks	10	577,469	1,840,378
Due from financial institutions		18,353,058	9,740,822
Investments	11	21,047,030	25,044,279
Islamic financing and related assets	12	37,004,639	35,540,386
Operating fixed assets	13	1,409,616	1,454,910
Deferred tax assets-net	14	48,417	234,187
Other assets		1,448,111	1,110,472
		<u>88,461,860</u>	<u>80,256,612</u>
<b>LIABILITIES</b>			
Bills payable		1,127,046	1,208,862
Due to financial institutions		1,457,469	2,938,000
Deposits and other accounts	15	73,666,980	67,639,224
Sub-ordinated loans	16	3,054,257	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,832,306	1,508,093
		<u>81,138,058</u>	<u>73,294,179</u>
<b>NET ASSETS</b>		<u><u>7,323,802</u></u>	<u><u>6,962,433</u></u>
<b>REPRESENTED BY</b>			
Share capital		6,976,030	6,976,030
Reserves		27,372	27,372
Accumulated profit / (losses)		154,237	(73,788)
		<u>7,157,639</u>	<u>6,929,614</u>
Advance against future issue of share capital		18	18
Surplus on revaluation of assets - net of tax		166,145	32,801
		<u><u>7,323,802</u></u>	<u><u>6,962,433</u></u>

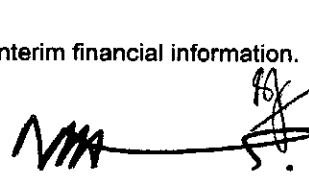
**CONTINGENCIES AND COMMITMENTS**


17

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

  
**CHAIRMAN**

  
**PRESIDENT / CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**DIRECTOR**

**DUBAI ISLAMIC BANK PAKISTAN LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED**  
**FOR THE QUARTER ENDED MARCH 31, 2014**

Note	March 31, 2014	March 31, 2013
----- Rupees in '000 -----		
Profit / return earned	1,737,191	1,325,520
Profit / return expensed	821,614	641,675
Net spread earned	915,577	683,845
Provision against non-performing Islamic financing and related assets - net	(579)	(62,196)
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
Net spread after provisions	914,998	621,649
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	179,004	119,538
Dividend Income	-	-
Income from dealing in foreign currencies	54,010	17,586
Gain on sale of securities	86,664	13,015
Unrealized gain on revaluation of investments classified as held for trading	-	-
Other income	(139)	511
Total other income	319,539	150,650
	1,234,537	772,299
<b>OTHER EXPENSES</b>		
Administrative expenses	864,568	744,016
Other provisions / write offs	-	-
Other charges	7,406	566
Total other expenses	871,974	744,582
Extra ordinary / unusual items	362,563	27,717
<b>PROFIT BEFORE TAXATION</b>	362,563	27,717
Taxation		
- Current	(20,567)	(7,380)
- Prior years	-	-
- Deferred	(113,971)	(2,626)
	(134,538)	(10,006)
<b>PROFIT AFTER TAXATION</b>	228,025	17,711
<b>Basic earnings per share – Rupees</b>	0.3269	0.0300
<b>Diluted earnings per share – Rupees</b>	0.3269	0.0300

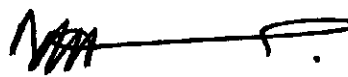
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CHAIRMAN



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DIRECTOR



DIRECTOR

**DUBAI ISLAMIC BANK PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME -UNAUDITED**  
**FOR THE QUARTER ENDED MARCH 31, 2014**

	<u>March 31, 2014</u>	<u>March 31, 2013</u>
	----- Rupees in '000 -----	
Profit after taxation for the period	228,025	17,711
Comprehensive income transferred to equity	<u>228,025</u>	<u>17,711</u>
Components of comprehensive income not reflected in equity :		
Surplus / (Deficit) on revaluation of available for sale investments - net of tax	133,344	(73,308)
Total comprehensive income for the period	<u>361,369</u>	<u>(55,597)</u>

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DIRECTOR

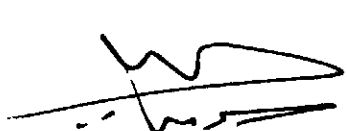



DIRECTOR

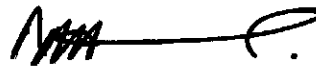
**DUBAI ISLAMIC BANK PAKISTAN LIMITED**  
**CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED**  
**FOR THE QUARTER ENDED MARCH 31, 2014**


Note	March 31, 2014	March 31, 2013
	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	362,563	27,717
<b>Adjustments for:</b>		
Depreciation	59,428	56,963
Amortisation	21,289	21,116
Provision against non-performing Islamic financing and related assets - net	579	62,196
Gain on sale of securities	(86,664)	(13,015)
Charge for defined benefit plan	8,190	-
Other income	-	(55)
Loss/(gain) on sale of operating fixed assets	139	(456)
	2,961	126,749
	365,524	154,466
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	(8,612,236)	1,904,958
Islamic financing and related assets	(1,464,832)	(1,646,230)
Others assets (excluding advance taxation)	(336,600)	(560,987)
	(10,413,668)	(302,259)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(81,816)	231,951
Due to financial institutions	(1,480,531)	990,000
Deposits and other accounts	6,027,756	772,547
Other liabilities (excluding current taxation)	324,213	6,903
	4,789,622	2,001,401
	(5,258,522)	1,853,608
Payment against defined benefit plan	(8,190)	-
Income tax paid	(21,607)	(8,225)
<b>Net cash generated from operating activities</b>	(5,288,319)	1,845,383
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net Investments in available for sale securities	4,289,057	(7,016,013)
Investments in operating fixed assets	(35,872)	(19,251)
Sale proceeds of property and equipment disposed off	310	711
<b>Net cash used in investing activities</b>	4,253,495	(7,034,553)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Sub-ordinated loans	3,054,257	-
<b>Net cash generated from financing activities</b>	3,054,257	-
<b>Increase / (decrease) in cash and cash equivalents</b>	2,019,433	(5,189,170)
Cash and cash equivalents at beginning of the period	7,131,556	9,856,404
<b>Cash and cash equivalents at end of the period</b>	<b>9,150,989</b>	<b>4,667,234</b>

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**CHAIRMAN**

  
**PRESIDENT / CHIEF EXECUTIVE**

  
**DIRECTOR**

  
**DIRECTOR**

**DUBAI ISLAMIC BANK PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY -UNAUDITED**  
**FOR THE QUARTER ENDED MARCH 31, 2014**

	Share capital	Advance against Future Issue of share capital	Statutory Reserves	Accumulated losses	Total
	Rupees in '000				
Balance as at January 01, 2013 as previously reported	6,976,030	18	69,140	(260,665)	6,784,523
Effect of change in accounting policy with respect to accounting for remeasurement gains on defined benefit plan - net of tax	-	-	-	8,857	8,857
Balance as at January 01, 2013 as restated	6,976,030	18	69,140	(251,808)	6,793,380
Transfer from Statutory reserve	-	-	(69,140)	69,140	-
Profit after taxation for the three months ended March 31, 2013 transferred from Statement of Comprehensive Income	-	-	-	17,711	17,711
Balance as at March 31, 2013 as restated	6,976,030	18	-	(164,957)	6,811,091
Profit after taxation for the nine months ended December 31, 2013 transferred from Statement of Comprehensive Income	-	-	-	119,149	119,149
Transfer to Statutory reserve	-	-	27,372	(27,372)	-
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	(608)	(608)
Balance as at December 31, 2013	6,976,030	18	27,372	(73,788)	6,929,632
Profit after taxation for the three months ended March 31, 2014 transferred from Statement of Comprehensive Income	-	-	-	228,025	228,025
Balance as at March 31, 2014	6,976,030	18	27,372	154,237	7,157,657

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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 QUARTER ENDED MARCH 31, 2014**

**1 STATUS AND NATURE OF BUSINESS**

- 1.1** Dubai Islamic Bank Pakistan Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 27, 2005 under the Companies Ordinance, 1984 to carry out the business of an Islamic Commercial Bank in accordance with the principles of shari'a.
- 1.2** The State Bank of Pakistan (the SBP) granted a "Scheduled Islamic Commercial Bank" license to the Bank on November 26, 2005 and subsequently the Bank received the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in Corporate, Commercial and Consumer banking activities and investing activities.
- 1.3** 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' (single A) and the short term rating as 'A-1' (A one) while the outlook has been maintained as "Positive".
- 1.4** The Bank is operating through 125 branches as at March 31, 2014 (December 2013: 125 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).
- 1.5** 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, 2013 was Rs 10 billion and 10% 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 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.

The SBP vide its letter no. BPRD/BA & CP/623/019653/2013 dated December 28, 2013 has allowed the Bank to raise FCY sub-ordinated debt of US\$ 32 million from sponsors and place the same in non-remunerative deposit account with SBP. The funds placed as non-remunerative deposit with SBP will be considered for CAR / MCR purposes subject to certain terms and conditions.

The amount of US\$ 31 million (equivalent to Rs 3.054 billion as per the SBP letter no Bkg. U-10/Sec/7791/60-(FB)-2014 dated April 9, 2014) in respect of FCY subordinated debt from the sponsors was received on January 10, 2014 and has been placed in non-remunerative deposit account with SBP.

The deposit of USD with SBP in lieu of paid up capital is a short term arrangement and the bank is required to comply with the MCR (free of losses) of Rs. 10 billion by December 31, 2016. The Bank is also required to initiate the process of share issuance for meeting any shortfall in the MCR of Rs. 10 billion in the 1st half of 2016.

**2 BASIS OF PRESENTATION**

The Bank invests and finances mainly through Murabaha, Musharaka, Musharaka cum Ijara, Shirkatulmilk, Istisna cum Wakala, Wakala Isthimar, Service Ijarah and other Islamic modes. The transactions of purchases, sales and leases executed under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. The income on such Islamic financing and related assets is recognised in accordance with the principles of Shari'a. However, income if any, received which does not comply with the principles of Shari'a is recognised as charity payable if so directed by the Shari'a Advisor / Shari'a Executive Committee.



### **3 STATEMENT OF COMPLIANCE**

- 3.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS-1 notified under the Companies Ordinance, 1984 and the directives issued by the SECP and SBP differ with the requirements of IFRS, the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the requirements of the 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 in Pakistan through BSD Circular Letter 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 these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3** 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 below equity. Accordingly, the above requirements have been adopted in the preparation of these financial statements.
- 3.4** 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 annual financial statements in line with the format prescribed under BSD Circular 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. 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.

### **4 BASIS OF MEASUREMENT**

These financial statements have been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value. In addition, obligation in respect of staff retirement benefit is carried at fair value.

### **5 FUNCTIONAL AND PRESENTATION CURRENCY**

These financial statements have been 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, 2013.

### **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, 2013.

### **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, 2013.



Note	March 31, 2014 (Un-audited)	December 31, 2013 (Audited)
	-----Rupees in '000-----	
<b>9 CASH AND BALANCES WITH TREASURY BANKS</b>		
In hand		
- local currency	1,268,624	1,108,709
- foreign currency	561,930	549,842
	1,830,554	1,658,551
With the State Bank of Pakistan in		
- local currency current account	2,200,198	2,131,864
- foreign currency current account	26,866	3,432
- foreign currency capital account	16 3,054,257	-
- foreign currency deposit accounts		
Cash Reserves Account	435,797	452,685
Special Cash Reserve Account	522,937	543,201
	958,734	995,886
With National Bank of Pakistan in		
- local currency current account	502,911	501,445
	8,573,520	5,291,178

#### 10 BALANCES WITH OTHER BANKS

In Pakistan		
- in current accounts	5,306	3,404
- in deposit accounts	740	44,790
Outside Pakistan		
- in current accounts	571,423	1,792,184
- in deposit accounts	-	-
	577,469	1,840,378

#### 11 INVESTMENTS

##### 11.1 Investments by type

	March 31, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
----- Rupees in '000 -----						
<b>Available for sale securities</b>						
GOP Ijarah Sukuk	16,521,280	-	16,521,280	18,062,874	-	18,062,874
WAPDA Sukuk	1,102,400	-	1,102,400	1,140,348	-	1,140,348
Other Sukuk	3,167,743	-	3,167,743	5,790,594	-	5,790,594
<b>Total Investments at cost</b>	20,791,423	-	20,791,423	24,993,816	-	24,993,816
Surplus on revaluation of available-for-sale securities	255,607	-	255,607	50,463	-	50,463
<b>Total Investments at market value</b>	21,047,030	-	21,047,030	25,044,279	-	25,044,279




	Note	March 31, 2014 (Un-audited)	December 31, 2013 (Audited)
		Rupees in '000	
<b>12 ISLAMIC FINANCING AND RELATED ASSETS</b>			
In Pakistan			
- Murabaha	12.1	6,909,118	7,182,260
- Musharaka cum Ijara – Housing		5,173,098	5,054,807
- Musharaka cum Ijara	12.2	7,280,263	7,137,338
- Ijara Muntahiya Bil Tamleek – Autos		261,409	242,860
- Musharaka cum Ijara – Other		549,279	554,704
- Export Refinance under Islamic Scheme - SBP		1,457,469	1,961,521
- Export Refinance under Islamic Scheme - Own Source		12,020	-
- Wakala Istithmar – Pre manufacturing		1,558,264	2,256,917
- Wakala Istithmar – Post manufacturing		1,292,859	554,120
- Shirkatulmilk		4,441,433	3,679,553
- Service Ijarah and related assets		875,000	996,000
- Musharaka		1,821,335	1,359,953
- Istisna cum Wakala	12.3	6,592,194	5,779,076
<b>Islamic financing and related assets – gross</b>		<b>38,223,741</b>	<b>36,758,909</b>
Less: Provision against non-performing Islamic financing and related assets	12.4 & 12.5	(1,219,102)	(1,218,523)
<b>Islamic financing and related assets – net of provisions</b>		<b>37,004,639</b>	<b>35,540,386</b>
<b>12.1 Murabaha</b>			
Financing		6,447,161	6,315,680
Advances		461,957	866,580
		<b>6,909,118</b>	<b>7,182,260</b>
<b>12.2 Musharaka cum Ijara</b>			
Financing		7,163,394	7,022,364
Advances		116,869	114,974
		<b>7,280,263</b>	<b>7,137,338</b>
<b>12.3 Istisna cum Wakala</b>			
Financing		4,217,119	3,913,500
Advances		2,375,075	1,865,576
		<b>6,592,194</b>	<b>5,779,076</b>

12.4 Islamic financings and related assets include Rs. 2,524.314 million (December 31, 2013: 2,602.630 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2014 (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	260,896	-	260,896	60,689	-	60,689	60,689	-	60,689
Doubtful	164,951	-	164,951	15,593	-	15,593	15,593	-	15,593
Loss	2,098,466	-	2,098,466	1,087,244	-	1,087,244	1,087,244	-	1,087,244
	<b>2,524,314</b>	<b>-</b>	<b>2,524,314</b>	<b>1,163,526</b>	<b>-</b>	<b>1,163,526</b>	<b>1,163,526</b>	<b>-</b>	<b>1,163,526</b>

Category of classification	December 31, 2013 (Audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Substandard	263,564	-	263,564	60,505	-	60,505	60,505	-	60,505
Doubtful	190,824	-	190,824	17,400	-	17,400	17,400	-	17,400
Loss	2,148,242	-	2,148,242	1,086,792	-	1,086,792	1,086,792	-	1,086,792
	<b>2,602,630</b>	<b>-</b>	<b>2,602,630</b>	<b>1,164,697</b>	<b>-</b>	<b>1,164,697</b>	<b>1,164,697</b>	<b>-</b>	<b>1,164,697</b>



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

	March 31, 2014 (Un-audited)		
	Specific	General	Total
	Rupees in '000		
Opening balance	1,164,697	53,826	1,218,523
Charge for the period	8,438	1,750	10,188
Reversals during the period	(9,609)	-	(9,609)
Net charge	(1,171)	1,750	579
Write off	-	-	-
Closing balance	1,163,526	55,576	1,219,102

	December 31, 2013 (Audited)		
	Specific	General	Total
	Rupees in '000		
Opening balance	708,535	53,226	761,761
Charge for the year	556,405	600	557,005
Reversals during the year	(100,243)	-	(100,243)
Net charge	456,162	600	456,762
Write off	-	-	-
Closing balance	1,164,697	53,826	1,218,523

**12.5.1** The Bank has availed benefit of forced sale values amounting to Rs. 522.284 million (December 31, 2013: Rs. 584.677 million) in determining the provisioning against non performing Islamic financings as at March 31, 2014.

**12.6** General provisioning is held against consumer finance portfolio in accordance with the requirements of the Prudential Regulations Issued by the State Bank of Pakistan except for Musharaka cum Ijara - Autos. The SBP vide its letter no BPRD / BLRD - 03 / 2009 / 6877 dated October 15, 2009 has allowed relaxation to the Bank from recognising general provision against Musharaka cum Ijara - Autos on the condition that the facility will be categorised as "Loss" on the 180th day from the date of default. In this regard, the SBP vide its letter no BPRD / BRD - 04 / DIB / 2013 / 1644 dated February 12, 2013 has decided that the exemption from general reserve requirement shall only be valid till classified Auto Financing portfolio of the Bank remains upto 5% i.e. if the classified Auto Financing portfolio increases beyond 5% threshold, the exemption shall stand withdrawn from that point of time.

	March 31, 2014 (Un-audited)	December 31, 2013 (Audited)
	Rupees in '000	
	-----	
<b>13 OPERATING FIXED ASSETS</b>		
Capital work-in-progress - net	9,913	6,757
Property and equipment	1,141,441	1,173,303
Intangible assets	258,262	274,850
	<u>1,409,616</u>	<u>1,454,910</u>
<b>13.1 Additions to operating fixed assets</b>		
Leasehold improvements	3,802	53,603
Furniture and fixtures	2,867	30,955
Electrical, office and computer equipment	21,347	168,141
Vehicles	-	3,023
Capital work-in-progress	3,156	121,354
<b>13.2 Intangibles</b>		
Software	4,701	24,288



	March 31, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- Rupees in '000 -----	
<b>14 DEFERRED TAX ASSETS - NET</b>		
Deferred tax debits arising due to:		
Available tax losses	-	12,006
Minimum tax	123,879	212,215
Provision against non-performing Islamic financings and related assets	63,114	84,630
Deferred tax credits arising due to:		
Accelerated tax depreciation on operating fixed assets	(49,113)	(57,002)
	137,880	251,849
<b>Equity</b>		
Surplus on revaluation of investments	(89,463)	(17,662)
	<u>48,417</u>	<u>234,187</u>

The Bank has an aggregate amount of deferred tax asset of Rs. 48.417 million (December 31, 2013 : 234.187 million). The management carries out periodic assessments as the Bank would be able to set off the profit earned in future years. Based on this assessment the management has recognised the entire deferred tax debit balance. The amount of this benefit has been determined based on the projected figures 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, kibar rates, growth of deposits and financings, investment returns, product mix of financings, 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.

	March 31, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- Rupees in '000 -----	
<b>15 DEPOSITS AND OTHER ACCOUNTS</b>		
Fixed deposits	23,435,962	23,016,851
Savings deposits	29,409,683	22,549,736
Current accounts - non-remunerative	20,760,438	21,992,239
Margin accounts - non-remunerative	60,897	80,398
	<u>73,666,980</u>	<u>67,639,224</u>

**16 SUB-ORDINATED LOAN**

As referred in note 1.5 to these condensed interim financial statements, the Bank has entered into sub-ordinated loan agreement with the sponsor. In terms of the said agreement, a sub-ordinated loan of USD \$ 31 million (equivalent to Rs 3.054 billion) has been provided to the Bank for meeting the shortfall in minimum capital requirement (free of losses) of Rs 10 billion as required by the State Bank of Pakistan (SBP). The amount so required has been placed by the Bank with SBP in a non remunerative account. The subordinate loan is a short term arrangement, i.e for a period of three years expiring on December 31, 2016. The Bank is also required to initiate the process of share issuance for meeting any shortfall in the MCR of Rs. 10 billion in the 1st half of 2016.

	March 31, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- Rupees in '000 -----	
<b>17 CONTINGENCIES AND COMMITMENTS</b>		
<b>17.1 Transactions-related contingent liabilities</b>		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring		
- Government	480,145	474,750
- Banking companies and other financial institutions	36,889	31,815
- Others	1,374,855	1,531,397
	<u>1,891,889</u>	<u>2,037,962</u>
<b>17.2 Trade-related contingent liabilities</b>		
Import Letters of Credit	<u>4,077,325</u>	<u>4,468,071</u>
<b>17.3 Commitments in respect of forward exchange promises to</b>		
Purchase	<u>4,468,846</u>	<u>4,029,920</u>
Sale	<u>2,246,912</u>	<u>4,908,501</u>
<b>17.4 Commitments for the acquisition of operating fixed assets</b>	<u>65,268</u>	<u>88,364</u>



## 18 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

The Bank has related party relationship with Dubai Islamic Bank P.J.S.C, U.A.E, the holding company, 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.


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.

	Note	March 31, 2014 (Un-Audited)	December 31, 2013 (Audited)
		----- Rupees in '000 -----	
<b><u>Key management personnel</u></b>			
<b>Islamic financing and related assets</b>			
At beginning of the period / year		88,562	96,730
Disbursements		49,300	22,581
Payments		(4,905)	(30,749)
At the end of the period / year		<u>132,957</u>	<u>88,562</u>
<b>Deposits</b>			
At beginning of the year		6,174	16,136
Deposits		75,450	121,134
Withdrawals		(50,057)	(131,096)
At the end of the period / year		<u>31,567</u>	<u>6,174</u>
<b><u>Directors</u></b>			
<b>Deposits</b>			
At beginning of the period / year		5,375	1,164
Deposits		21,192	13,552
Withdrawals		(14,811)	(9,341)
At the end of the period / year		<u>11,756</u>	<u>5,375</u>

- 18.1 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.

	March 31, 2014 (Un-Audited)	December 31, 2013 (Audited)
	----- Rupees in '000 -----	
<b>Deposits</b>		
At beginning of the year	60,428	1,178
Deposits	335,615	941,864
Withdrawals	(387,997)	(882,614)
At the end of the period / year	<u>8,046</u>	<u>60,428</u>
<b>Balance held abroad</b>		
At beginning of the year	160,875	4,021,441
Deposits	14,137,952	31,699,556
Withdrawals	(14,208,858)	(35,560,122)
At the end of the period / year	<u>89,969</u>	<u>160,875</u>
Other payables	<u>22,850</u>	-
Other receivables	<u>19,871</u>	<u>9,324</u>



	March 31, 2014	March 31, 2013
	(Un-Audited)	
	Rupees in '000	
Profit earned on Islamic financing and related assets to key management personnel	723	1,169
Return on deposits to key management personnel	62	56
Remuneration to key management personnel	29,599	31,114
Return on deposits to directors	4	6
Remuneration to directors	4,536	2,147
Purchase of foreign currency sukuk from holding company	-	3,272,705
Sale of foreign currency sukuk from to holding company	2,277,376	
Gain on sale of foreign currency sukuk from to holding company	30,717	-
Fee charged by the holding company in respect of outsourcing arrangement	12,250	11,742
<b>Employee benefit plans</b>		
Contribution to employees gratuity fund	8,190	7,374
Sale of sukuk to employees gratuity fund	-	90,607
Gain on sale of sukuk to employees gratuity fund	-	607
Contribution to employees provident fund	10,131	9,163
Sale of sukuk to employees provident fund	-	211,418
Gain on sale of sukuk to employees provident fund	-	1,418

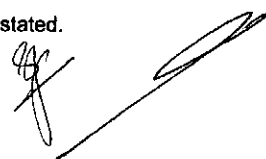
#### 19 DATE OF AUTHORISATION FOR ISSUE

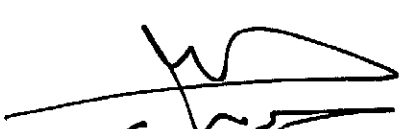
This condensed interim financial information was authorised for issue on April 23, 2014 by the Board of Directors of the Bank.


#### 20 GENERAL


20.1 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.


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



 CHAIRMAN

 PRESIDENT / CHIEF EXECUTIVE

 DIRECTOR

 DIRECTOR