

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL INFORMATION
AS OF AND FOR THE QUARTER ENDED MARCH 31, 2015

DUBAI ISLAMIC BANK PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2015

	Unaudited March 31, 2015	Audited December 31, 2014
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----- Rupees in '000 -----

ASSETS

Cash and balances with treasury banks	9	10,436,606	10,480,052
Balances with other banks	10	1,075,694	529,277
Due from financial institutions	11	20,226,603	10,147,169
Investments	12	19,211,136	18,258,604
Islamic financing and related assets	13	57,838,380	58,840,280
Operating fixed assets	14	1,755,523	1,751,032
Deferred tax assets-net	15	-	62,434
Other assets		2,060,563	1,484,151
		<u>112,604,505</u>	<u>101,552,999</u>

LIABILITIES

Bills payable		1,433,971	1,250,385
Due to financial institutions		3,313,472	3,567,342
Deposits and other accounts	16	94,822,927	83,844,395
Sub-ordinated loans	17	3,160,270	3,114,976
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities-net	15	3,567	-
Other liabilities		2,264,730	2,336,820
		<u>104,998,937</u>	<u>94,113,918</u>
		<u>7,605,568</u>	<u>7,439,081</u>

NET ASSETS


REPRESENTED BY


Share capital		6,976,030	6,976,030
Reserves		147,475	147,475
Accumulated profit		532,643	406,760
		<u>7,656,148</u>	<u>7,530,265</u>
Advance against future issue of share capital		18	18
Deficit on revaluation of assets - net of tax		(50,598)	(91,202)
		<u>7,605,568</u>	<u>7,439,081</u>


CONTINGENCIES AND COMMITMENTS

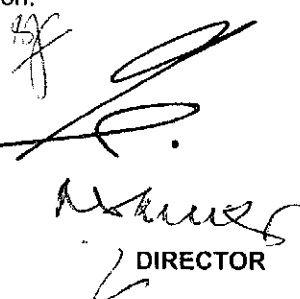
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The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


CHAIRMAN


PRESIDENT / CHIEF EXECUTIVE

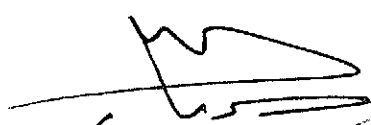

DIRECTOR


DIRECTOR

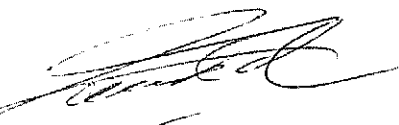
DUBAI ISLAMIC BANK PAKISTAN LIMITED
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2015

Note	March 31, 2015	March 31, 2014
	----- Rupees in '000 -----	
Profit / return earned	2,120,043	1,737,191
Profit / return expensed	978,192	821,614
Net spread earned	1,141,851	915,577
Provision against non-performing Islamic financing and related assets - net	13.5 (16,251)	(579)
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	(16,251)	(579)
Net spread earned after provisions	1,125,600	914,998
OTHER INCOME		
Fee, commission and brokerage income	234,079	179,004
Dividend Income	-	-
(Loss) / Income from dealing in foreign currencies	(16,430)	54,010
(Loss) / Gain on sale of securities	(3,994)	86,664
Unrealized gain on revaluation of investments classified as held for trading	7,057	-
Other income	-	(139)
Total other income	220,712	319,539
	1,346,312	1,234,537
OTHER EXPENSES		
Administrative expenses	1,148,698	864,568
Other provisions / write offs	-	-
Other charges	3,949	7,406
Total other expenses	1,152,647	871,974
	193,665	362,563
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	193,665	362,563
Taxation		
- Current	(23,642)	(20,567)
- Prior years	-	-
- Deferred	(44,140)	(113,971)
	(67,782)	(134,538)
PROFIT AFTER TAXATION	125,883	228,025
Basic / Diluted earnings per share – Rupees	0.180	0.327

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
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2015

	March 31, 2015	March 31, 2014
	----- Rupees in '000 -----	
Profit after taxation for the period	125,883	228,025
Comprehensive income transferred to equity	<u>125,883</u>	<u>228,025</u>
Components of comprehensive income not reflected in equity :		
Surplus on revaluation of available for sale investments - net of tax	40,604	133,344
Total comprehensive income for the period	<u><u>166,487</u></u>	<u><u>361,369</u></u>

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CHAIRMAN



PRESIDENT / CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

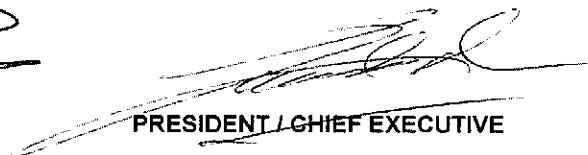
DUBAI ISLAMIC BANK PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2015

	Share capital	Advance against Future issue of share capital	Statutory Reserves	Accumulated profit / (losses)	Total
----- Rupees in '000 -----					
Balance as at January 01, 2014	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
Profit after taxation for the nine months ended December 31, 2014 transferred from Statement of Comprehensive Income	-	-	-	372,488	372,488
Transfer to Statutory reserve	-	-	120,103	(120,103)	-
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	138	138
Balance as at December 31, 2014	6,976,030	18	147,475	406,760	7,530,283
Profit after taxation for the three months ended March 31, 2015 transferred from Statement of Comprehensive Income	-	-	-	125,883	125,883
Balance as at March 31, 2015	6,976,030	18	147,475	532,643	7,656,166


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



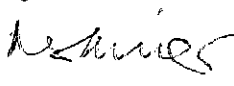
CHAIRMAN



PRESIDENT / CHIEF EXECUTIVE



DIRECTOR

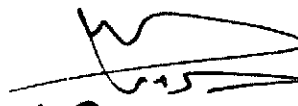




DIRECTOR


DUBAI ISLAMIC BANK PAKISTAN LIMITED
CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2015


	Note	March 31, 2015	March 31, 2014
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		193,665	362,563
Less: Dividend Income		-	-
		<u>193,665</u>	<u>362,563</u>
Adjustments for:			
Depreciation		79,721	59,428
Amortisation		23,936	21,289
Provision against non-performing Islamic financing and related assets - net	13.5	16,251	579
Gain on sale of securities		3,994	(86,664)
Unrealized loss on revaluation of investment held for trading		(7,057)	-
Charge for defined benefit plan		10,113	8,190
Loss on sale of operating fixed assets		-	139
		<u>126,958</u>	<u>2,961</u>
		<u>320,623</u>	<u>365,524</u>
(Increase) / decrease in operating assets			
Due from financial institutions		(10,079,434)	(8,612,236)
Islamic financing and related assets		985,649	(1,464,832)
Others assets (excluding advance taxation)		(576,821)	(336,600)
		<u>(9,670,606)</u>	<u>(10,413,668)</u>
Increase / (decrease) in operating liabilities			
Bills payable		183,586	(81,816)
Due to financial institutions		(253,870)	(1,480,531)
Deposits and other accounts		10,978,532	6,027,756
Other liabilities (excluding current taxation)		(72,090)	324,213
		<u>10,836,158</u>	<u>4,789,622</u>
		<u>1,486,175</u>	<u>(5,258,522)</u>
Payment against defined benefit plan		(10,113)	(8,190)
Income tax paid		(23,236)	(21,607)
Net cash generated from operating activities		<u>1,452,826</u>	<u>(5,288,319)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(887,001)	4,289,057
Investments in operating fixed assets		(108,148)	(35,872)
Sale proceeds of property and equipment disposed off		-	310
Net cash used in investing activities		<u>(995,149)</u>	<u>4,253,495</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Sub-ordinated loans		-	3,054,257
Net cash generated from financing activities		<u>-</u>	<u>3,054,257</u>
Effect of exchange difference on translation of FCY sub-ordinated loan		45,294	-
(Decrease) / increase in cash and cash equivalents		<u>502,971</u>	<u>2,019,433</u>
Cash and cash equivalents at beginning of the period		11,009,329	7,131,556
Cash and cash equivalents at end of the period		<u>11,512,300</u>	<u>9,150,989</u>

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
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2015

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 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, 2013, JCR-VIS Credit Rating Company Limited determined the Bank's medium to long-term rating as 'A+' (A plus) and the short term rating as 'A-1' (A one) while the outlook has been changed to "Stable".
- 1.3** The Bank is operating through 175 branches as at March 31, 2015 (December 31, 2014: 175 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 had set the Minimum Capital Requirement (MCR) for banks of Rs 10 billion to be achieved in a phased manner by December 31, 2013. Accordingly, the MCR (free of losses) of the Bank as at December 31, 2014 should have been Rs 10 billion. The Capital Adequacy Ratio (CAR) requirement as of December 31, 2014 is 10%.

The Bank had various discussions and correspondence with the SBP regarding compliance with the required MCR (free of losses) in prior years and certain time bound extensions were also provided by the SBP to the Bank. The Bank placed a proposal with the SBP for raising FCY subordinated debt from the sponsors of the amount equivalent to the shortfall in MCR (free of losses) of Rs 10 billion and placing the same with SBP in a non-remunerative deposit account.

The SBP vide its letter no. BPRD/BA & CP/623/019653/2013 dated December 28, 2013 allowed the Bank to raise FCY sub-ordinated debt from the sponsors and place the same in a 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.

During the year ended December 31, 2014, an amount of US\$ 31 million (equivalent to Rs 3.273 billion) 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 revalued amount of the subordinated debt amounts to Rs 3.160 billion as at March 31, 2015 as per SBP letter no BKG. U-10/Sec/7405/60-(FB)-2015 dated April 6, 2015.

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, Running 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 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, 2014.
- 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.

4 BASIS OF MEASUREMENT

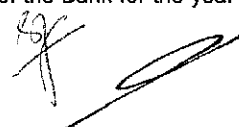
This condensed interim financial information has been prepared under the historical cost convention except that certain investments, foreign currency balances, and commitments in respect of certain foreign exchange contracts are marked to market and are carried at fair value. Further, staff retirement 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, 2014.



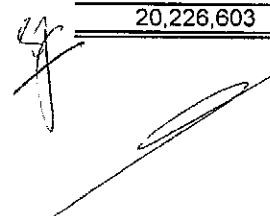
7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2014.

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, 2014.

	Note	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
		----- Rupees in '000 -----	
9 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		1,344,944	1,121,103
- foreign currency		450,552	394,029
		<u>1,795,496</u>	<u>1,515,132</u>
With the State Bank of Pakistan in			
- local currency current account		3,551,879	3,565,301
- foreign currency current account		108,774	14,803
- foreign currency subordinated debt	17	3,160,270	3,114,976
- foreign currency deposit accounts			
Cash reserves account		467,975	451,219
Special cash reserve account		561,549	541,443
		<u>1,029,524</u>	<u>992,662</u>
With National Bank of Pakistan in			
- local currency current account		790,663	1,277,178
		<u>10,436,606</u>	<u>10,480,052</u>
10 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		18,384	31,384
- in deposit accounts		10	10
Outside Pakistan			
- in current accounts		1,057,300	497,883
- in deposit accounts		-	-
		<u>1,075,694</u>	<u>529,277</u>
11 DUE FROM FINANCIAL INSTITUTIONS			
Commodity Murabaha		13,909,456	3,830,022
Bai Mujjal		6,317,147	6,317,147
		<u>20,226,603</u>	<u>10,147,169</u>



12 INVESTMENTS

	March 31, 2015			December 31, 2014		
	(Un-audited)			(Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
	Rupees in '000					
Available for sale securities						
GOP Ijarah Sukuk	14,636,556	-	14,636,556	14,710,085	-	14,710,085
WAPDA Sukuk	1,026,505	-	1,026,505	1,064,452	-	1,064,452
Other Sukuk	3,628,322	-	3,628,322	2,633,839	-	2,633,839
Total investments at cost	19,291,383	-	19,291,383	18,408,376	-	18,408,376
Deficit on revaluation of available-for-sale securities	(77,843)	-	(77,843)	(140,311)	-	(140,311)
Deficit on revaluation of held-for-trading securities	(2,404)	-	(2,404)	(9,461)	-	(9,461)
Total investments at market value	19,211,136	-	19,211,136	18,258,604	-	18,258,604

	Note	March 31,	December 31,
		2015	2014
		(Un-audited)	(Audited)
		Rupees in '000	
13 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabaha	13.1	9,194,418	10,672,621
- Musharaka cum Ijara – Housing		5,984,456	5,609,524
- Musharaka cum Ijara	13.2	9,492,448	8,857,112
- Ijara Muntahiya Bil Tamleek – Autos		357,241	330,272
- Musharaka cum Ijara – Other		113,577	113,628
- Export Refinance under Islamic Scheme - SBP		2,904,178	2,851,393
- Wakala Istithmar – Pre manufacturing		1,337,732	1,200,397
- Wakala Istithmar – Post manufacturing		340,377	825,169
- Shirkatulmilik		7,696,699	7,457,312
- Service Ijarah and related assets		625,000	750,000
- Musharaka		3,755,219	3,625,556
- Running Musharaka		2,937,858	2,765,000
- Istisna cum Wakala	13.3	13,242,634	10,840,236
- Salam		1,380,000	4,450,000
- Musawama		2,845	2,111
Islamic financing and related assets – gross		59,364,682	60,350,331
Less: Provision against non-performing Islamic financing and related assets	13.4 & 13.5	(1,526,302)	(1,510,051)
Islamic financing and related assets – net of provisions		57,838,380	58,840,280
13.1 Murabaha			
Financing		7,978,305	8,771,269
Advances		1,216,113	1,901,352
		9,194,418	10,672,621
13.2 Musharaka cum Ijara			
Financing		8,918,637	8,294,011
Advances		573,811	563,101
		9,492,448	8,857,112
13.3 Istisna cum Wakala			
Financing		8,324,925	6,712,504
Advances		4,917,709	4,127,732
		13,242,634	10,840,236

- 13.4 Islamic financings and related assets include Rs. 2,281.330 million (December 31, 2014: 2,368.756 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2015 (Un-audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets									
Especially Mentioned	34,976	-	34,976	-	-	-	-	-	-
Substandard	258,722	-	258,722	20,364	-	20,364	20,364	-	20,364
Doubtful	154,056	-	154,056	48,250	-	48,250	48,250	-	48,250
Loss	1,833,576	-	1,833,576	1,390,153	-	1,390,153	1,390,153	-	1,390,153
	<u>2,281,330</u>	<u>-</u>	<u>2,281,330</u>	<u>1,458,767</u>	<u>-</u>	<u>1,458,767</u>	<u>1,458,767</u>	<u>-</u>	<u>1,458,767</u>

Category of classification	December 31, 2014 (Audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
Rupees in '000									
Other Assets									
Especially Mentioned	56,197	-	56,197	-	-	-	-	-	-
Substandard	231,646	-	231,646	18,964	-	18,964	18,964	-	18,964
Doubtful	270,027	-	270,027	77,987	-	77,987	77,987	-	77,987
Loss	1,810,886	-	1,810,886	1,350,225	-	1,350,225	1,350,225	-	1,350,225
	<u>2,368,756</u>	<u>-</u>	<u>2,368,756</u>	<u>1,447,176</u>	<u>-</u>	<u>1,447,176</u>	<u>1,447,176</u>	<u>-</u>	<u>1,447,176</u>

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

	March 31, 2015 (Un-audited)		
	Specific	General	Total
Rupees in '000			
Opening balance	1,447,176	62,875	1,510,051
Charge for the period	32,063	4,660	36,723
Reversals during the period	(20,472)	-	(20,472)
Net charge	11,591	4,660	16,251
Write off	-	-	-
Closing balance	<u>1,458,767</u>	<u>67,535</u>	<u>1,526,302</u>

	December 31, 2014 (Audited)		
	Specific	General	Total
Rupees in '000			
Opening balance	1,164,697	53,826	1,218,523
Charge for the year	385,543	9,049	394,592
Reversals during the year	(103,064)	-	(103,064)
Net charge	282,479	9,049	291,528
Write off	-	-	-
Closing balance	<u>1,447,176</u>	<u>62,875</u>	<u>1,510,051</u>

- 13.6.1 The non performing financings include classified financings of Rs. 531.728 million disbursed to Agritech Limited which has been classified as "Loss". The required provision as at March 31, 2015 in accordance with the requirements of the Prudential Regulations of the State Bank of Pakistan against Agritech Limited amounted to Rs 531.728 million. However, the State Bank of Pakistan vide its letter no. BPRD / BRD - (Policy) / 2014-11546 dated June 27, 2014 has provided relaxation to the Bank, whereby the Bank is allowed to recognise provision in a phased manner against the outstanding exposure and maintain at least 65%, 70%, 75%, 80%, 85%, 90%, and 100% of the required provision as at June 30, 2014, September 30, 2014, December 31, 2014, March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015 respectively. Following relaxation provided by the SBP, the Bank has recognised a total provision of Rs. 425.382 million in respect of the outstanding exposure of Agritech Limited.

- 13.6.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Values (FSV) amounting to Rs 404.395 million (December 31, 2014: Rs 417.926 million) in determining the provisioning requirement against non performing Islamic financings as at March 31, 2015. The additional profit arising from availing the FSV benefit - net of tax at March 31, 2015 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs 262.857 million (December 31, 2014: Rs 271.652 million).

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

	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
	----- Rupees in '000 -----	
14 OPERATING FIXED ASSETS		
Capital work-in-progress - net	543	71,117
Property and equipment	1,520,856	1,471,132
Intangible assets	234,124	208,783
	<u>1,755,523</u>	<u>1,751,032</u>
14.1 Additions to operating fixed assets		
Leasehold improvements	4,372	223,871
Furniture and fixtures	2,152	46,457
Electrical, office and computer equipment	34,064	262,629
Vehicles	-	17,426
Capital work-in-progress	67,560	64,360
14.2 Intangibles		
Software	-	16,204
15 DEFERRED TAX (LIABILITIES) / ASSETS - NET		
	2015 (Un-audited)	2014 (Audited)
	----- Rupees in '000 -----	
Deferred tax debits arising due to:		
Minimum tax	16,647	48,756
Provision against non-performing Islamic financings and related assets	8,058	22,830
Deficit on revaluation of investment- held-for-trading	844	3,311
Deferred tax credits arising due to:		
Accelerated tax depreciation on operating fixed assets	(56,361)	(61,572)
	<u>(30,812)</u>	<u>13,325</u>
Equity		
Deficit on revaluation of investments	27,245	49,109
	<u>(3,567)</u>	<u>62,434</u>
16 DEPOSITS AND OTHER ACCOUNTS		
	March 31, 2015 (Un-audited)	December 31, 2014 (Audited)
	----- Rupees in '000 -----	
Fixed deposits	32,404,142	29,890,307
Savings deposits	36,134,806	30,552,353
Current accounts - non-remunerative	26,163,487	23,253,671
Margin accounts - non-remunerative	120,492	148,064
	<u>94,822,927</u>	<u>83,844,395</u>

17 SUB-ORDINATED LOANS

As referred to in note 1.4 to this condensed interim financial information, 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 3.273 billion) has been provided to the Bank on January 10, 2014 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 loan stands subordinated to all other creditors, depositors and third party obligations of the Bank. The subordinated 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 first half of 2016. The revalued amount of the loan as per SBP letter no BKG. U-10/Sec/7405/60-(FB)-2015 dated April 6, 2015 is Rs 3.160 billion on March 31, 2015 (December 31, 2014: Rs 3.115 billion).

18 CONTINGENCIES AND COMMITMENTS**18.1 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

472,875	494,549
284,273	34,361
1,189,968	1,659,274
<u>1,947,116</u>	<u>2,188,184</u>

18.2 Trade-related contingent liabilities

Import Letters of Credit

<u>7,289,612</u>	<u>4,432,705</u>
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18.3 Claims not acknowledged as debt

<u>10,000</u>	<u>10,000</u>
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18.3.1 The Competition Commission of Pakistan vide its order dated June 28, 2012 had imposed a penalty of Rs 10 million on the Bank. The penalty was imposed upon CCPs contentions that the ATM Service Charges charged by 1-Link member banks was unfair. However, the same order was set aside by the Competition Appellate Tribunal. Consequently, CCP has filed an appeal with the Supreme Court of Pakistan for imposing the order of penalty on every member bank of 1-Link. The management of the Bank is confident that the above matter will be decided in their favour and hence, no provision against any liability which may arise in this respect has been made in these financial statements.

18.4 Commitments in respect of forward exchange promises to

Purchase

<u>10,367,897</u>	<u>8,816,941</u>
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Sale

<u>4,278,749</u>	<u>4,600,480</u>
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18.5 Commitments for the acquisition of operating fixed assets

<u>43,006</u>	<u>74,504</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.

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

	March 31, 2015 (Un-Audited)	December 31, 2014 (Audited)
	Rupees in '000	

Key management personnel**Islamic financing and related assets**

At beginning of the period / year

122,788

88,562

Disbursements

26,200

96,978

Payments

(13,801)

(62,752)

At the end of the period / year

135,187

122,788

Deposits

At beginning of the period / year

23,550

6,174

Deposits

122,252

205,348

Withdrawals

(126,196)

(187,972)

At the end of the period / year

19,606

23,550

Directors**Deposits**

At beginning of the period / year	16,170	5,375
Deposits	9,025	55,255
Withdrawals	(15,209)	(44,460)
At the end of the period / year	<u>9,986</u>	<u>16,170</u>

Holding company

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.

Deposits

At beginning of the period / year	13,701	60,428
Deposits	303,261	1,724,930
Withdrawals	(304,147)	(1,771,657)
At the end of the period / year	<u>12,815</u>	<u>13,701</u>

Balance held abroad

At beginning of the period / year	92,305	160,875
Deposits	19,559,987	36,526,299
Withdrawals	(19,460,179)	(36,594,869)
At the end of the period / year	<u>192,113</u>	<u>92,305</u>

Other payables

<u>33,833</u>	<u>21,333</u>
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Other receivables

<u>470</u>	<u>6,332</u>
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March 31, 2015 March 31, 2014
(Un-Audited)
----- Rupees in '000 -----

Profit earned on Islamic financing and related assets to key management personnel	1,460	723
Return on deposits to key management personnel	124	62
Remuneration to key management personnel	93,834	29,599
Return on deposits to directors	72	4
Remuneration to directors	4,949	4,536
Sale of foreign currency sukuk to holding company	-	2,277,376
Gain on sale of foreign currency sukuk to holding company	-	30,717
Fee charged by the holding company in respect of outsourcing arrangement	12,500	12,250
Employee benefit plans		
Contribution to employees gratuity fund	10,113	8,190
Contribution to employees provident fund	14,419	10,131

20 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 23, 2015 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.

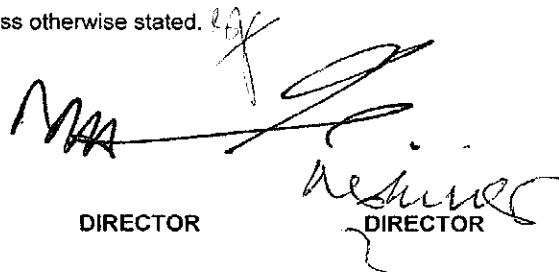
21.2 Figures have been rounded off to the nearest thousand Rupees, unless otherwise stated.



CHAIRMAN



PRESIDENT / CHIEF EXECUTIVE



DIRECTOR

DIRECTOR