

**DUBAI ISLAMIC BANK PAKISTAN LIMITED**  
**CONDENSED INTERIM FINANCIAL INFORMATION**  
AS OF AND FOR THE QUARTER ENDED MARCH 31, 2016

**DUBAI ISLAMIC BANK PAKISTAN LIMITED**  
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2016**

		Unaudited March 31, 2016	Audited December 31, 2015 (Restated)
	Note	----- Rupees in '000 -----	
<b>ASSETS</b>			
Cash and balances with treasury banks	9	12,424,435	14,183,630
Balances with other banks	10	913,468	3,869,403
Due from financial institutions	11	14,861,555	6,418,697
Investments	12	26,094,987	23,822,256
Islamic financing and related assets	13	92,979,688	104,953,637
Operating fixed assets	14	1,816,717	1,842,705
Deferred tax assets-net		-	-
Other assets		2,398,544	2,002,857
		<u>151,489,394</u>	<u>157,093,185</u>
<b>LIABILITIES</b>			
Bills payable		2,203,500	1,552,219
Due to financial institutions		5,121,173	4,551,920
Deposits and other accounts	15	129,767,433	136,743,457
Sub-ordinated loans	16	3,247,399	3,246,971
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities-net	17	36,249	54,040
Other liabilities		2,984,297	2,968,911
		<u>143,360,051</u>	<u>149,117,518</u>
<b>NET ASSETS</b>		<u>8,129,343</u>	<u>7,975,667</u>
<b>REPRESENTED BY</b>			
Share capital		6,976,030	6,976,030
Reserves		233,586	233,586
Accumulated profit		931,629	753,135
		<u>8,141,245</u>	<u>7,962,751</u>
Advance against future issue of share capital		18	18
Surplus / (deficit) on revaluation of assets - net of tax		(11,920)	12,898
		<u>8,129,343</u>	<u>7,975,667</u>

**CONTINGENCIES AND COMMITMENTS**

18

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

  
**CHAIRMAN**

  
**PRESIDENT/CHIEF EXECUTIVE**


  
**DIRECTOR**


  
**DIRECTOR**

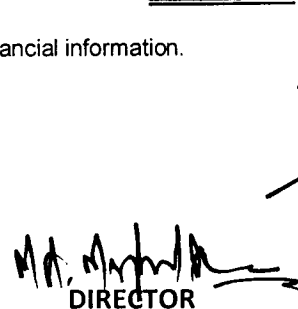
**DUBAI ISLAMIC BANK PAKISTAN LIMITED**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2016**

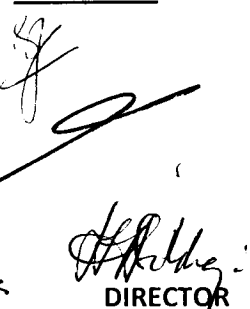
Note	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----	
Profit / return earned	2,481,694	2,120,043
Profit / return expensed	1,208,052	978,192
Net spread earned	<u>1,273,642</u>	<u>1,141,851</u>
Provision against non-performing Islamic financing and related assets - net	13.5 (28,662)	(16,251)
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	<u>(28,662)</u>	<u>(16,251)</u>
Net spread earned after provisions	<u>1,244,980</u>	<u>1,125,600</u>
<b>OTHER INCOME</b>		
Fee, commission and brokerage income	333,217	234,079
Dividend Income	-	-
Loss from dealing in foreign currencies	(4,624)	(16,430)
Gain / (loss) on sale of securities	9,753	(3,994)
Unrealized gain/(loss) on revaluation of investments classified as held for trading	-	7,057
Other income	36	-
Total other income	<u>338,382</u>	<u>220,712</u>
	<u>1,583,362</u>	<u>1,346,312</u>
<b>OTHER EXPENSES</b>		
Administrative expenses	1,303,194	1,148,698
Other provisions / write offs	-	-
Other charges	5,896	3,949
Total other expenses	<u>1,309,090</u>	<u>1,152,647</u>
	<u>274,272</u>	<u>193,665</u>
Extra ordinary / unusual items	-	-
<b>PROFIT BEFORE TAXATION</b>	<u>274,272</u>	<u>193,665</u>
Taxation		
- Current	(100,204)	(23,642)
- Prior years	-	-
- Deferred	4,426	(44,140)
	<u>(95,778)</u>	<u>(67,782)</u>
<b>PROFIT AFTER TAXATION</b>	<u><u>178,494</u></u>	<u><u>125,883</u></u>
<b>Basic / Diluted earnings per share – Rupees</b>	<u>0.26</u>	<u>0.180</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  
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED MARCH 31, 2016**

	<u>March 31, 2016</u>	<u>March 31, 2015</u>
	----- Rupees in '000 -----	
Profit after taxation for the period	178,494	125,883
Comprehensive income transferred to equity	<u>178,494</u>	<u>125,883</u>
Components of comprehensive income not reflected in equity :		
(Deficit) / surplus on revaluation of available for sale investments - net of tax	<u>(24,818)</u>	40,604
Total comprehensive income for the period	<u><u>153,676</u></u>	<u><u>166,487</u></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**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2016**

	Share capital	Advance against Future issue of share capital	Statutory Reserves	Unappropriated profit	Total
	Rupees in '000				
Balance as at January 01, 2015	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
<b>Balance as at March 31, 2015</b>	<b>6,976,030</b>	<b>18</b>	<b>147,475</b>	<b>532,643</b>	<b>7,656,166</b>
Profit after taxation for the nine months ended December 31, 2015 transferred from Statement of Comprehensive Income	-	-	-	304,672	304,672
Transfer to Statutory reserve	-	-	86,111	(86,111)	-
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	1,931	1,931
<b>Balance as at December 31, 2015</b>	<b>6,976,030</b>	<b>18</b>	<b>233,586</b>	<b>753,135</b>	<b>7,962,769</b>
Profit after taxation for the three months ended March 31, 2016 transferred from Statement of Comprehensive Income	-	-	-	178,494	178,494
<b>Balance as at March 31, 2016</b>	<b>6,976,030</b>	<b>18</b>	<b>233,586</b>	<b>931,629</b>	<b>8,141,263</b>

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

**CHAIRMAN**

**PRESIDENT/CHIEF EXECUTIVE**

**DIRECTOR**

**DIRECTOR**

DUBAI ISLAMIC BANK PAKISTAN LIMITED  
 CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
 FOR THE QUARTER ENDED MARCH 31, 2016

Note	March 31, 2016	March 31, 2015
	----- Rupees in '000 -----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	274,272	193,665
Less: Dividend Income	-	-
	<u>274,272</u>	<u>193,665</u>
<b>Adjustments for:</b>		
Depreciation	72,000	79,721
Amortisation	22,057	23,936
Provision against non-performing Islamic financing and related assets - net	28,662	16,251
(Gain) / loss on sale of securities	(9,753)	3,994
Unrealized loss on revaluation of investment held for trading	-	(7,057)
Charge for defined benefit plan	10,566	10,113
Gain on sale of operating fixed assets	(35)	-
	<u>123,497</u>	<u>126,958</u>
	397,769	320,623
<b>(Increase) / decrease in operating assets</b>		
Due from financial institutions	(8,442,858)	(10,079,434)
Islamic financing and related assets	11,945,286	985,649
Others assets (excluding advance taxation)	(395,688)	(576,821)
	<u>3,106,740</u>	<u>(9,670,606)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	651,281	183,586
Due to financial institutions	569,253	(253,870)
Deposits and other accounts	(6,976,024)	10,978,532
Other liabilities (excluding current taxation)	(51,344)	(72,090)
	<u>(5,806,834)</u>	<u>10,836,158</u>
	(2,302,325)	1,486,175
Payment against defined benefit plan	(10,566)	(10,113)
Income tax paid	(33,474)	(23,236)
	<u>(2,346,365)</u>	<u>1,452,826</u>
	3,106,740	1,452,826
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investments in securities	(2,301,159)	(887,001)
Investments in operating fixed assets	(68,071)	(108,148)
Sale proceeds of property and equipment disposed of	37	-
	<u>(2,369,193)</u>	<u>(995,149)</u>
	(2,369,193)	(995,149)
Effect of exchange difference on translation of FCY sub-ordinated loan	428	45,294
	<u>(4,715,130)</u>	<u>502,971</u>
<b>(Decrease) / increase in cash and cash equivalents</b>	18,053,033	11,009,329
Cash and cash equivalents at beginning of the period	13,337,903	11,512,300
<b>Cash and cash equivalents at end of the period</b>	<u><u>13,337,903</u></u>	<u><u>11,512,300</u></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**  
**FOR THE QUARTER ENDED MARCH 31, 2016**

**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, 2014, 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 improved to "Positive".
- 1.3 The Bank is operating through 200 branches as at March 31, 2016 (December 31, 2015: 200 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, 2015 should have been Rs 10 billion. The Capital Adequacy Ratio (CAR) requirement as of December 31, 2015 was 10.25%.

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 3.247 billion as at March 31, 2016.

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.

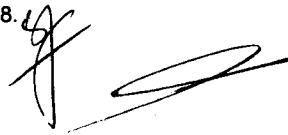


## 2 BASIS OF PRESENTATION

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, 2015.
- 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, 2015.

#### 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, 2015.

#### 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, 2015.

#### 9 CASH AND BALANCES WITH TREASURY BANKS

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
	----- Rupees in '000 -----	
In hand		
- local currency	1,569,446	1,502,767
- foreign currency	487,431	411,058
	<u>2,056,877</u>	<u>1,913,825</u>
With the State Bank of Pakistan in		
- local currency current account	4,360,153	5,846,141
- foreign currency current account	151,626	159,405
- foreign currency subordinated debt	16 3,247,399	3,246,971
- foreign currency deposit accounts		
Cash reserves account	721,813	580,318
Special cash reserve account	866,155	696,360
	<u>1,587,968</u>	<u>1,276,678</u>
With National Bank of Pakistan in		
- local currency current account	1,020,412	1,740,610
	<u>12,424,435</u>	<u>14,183,630</u>

#### 10 BALANCES WITH OTHER BANKS

In Pakistan		
- in current accounts	28,591	49,591
- in deposit accounts	10	10
Outside Pakistan		
- in current accounts	884,867	3,819,802
- in deposit accounts	-	-
	<u>913,468</u>	<u>3,869,403</u>

#### 11 DUE FROM FINANCIAL INSTITUTIONS

	March 31, 2016 (Unaudited)	December 31, 2015 (Audited)
	----- Rupees in '000 -----	
	(Restated)	
Commodity Murabaha	14,861,555	6,418,697
	<u>14,861,555</u>	<u>6,418,697</u>

## 12 INVESTMENTS

## 12.1 Investments by type

Note	March 31, 2016			December 31, 2015		
	(Un-audited)			(Audited) / (Restated)		
	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>						
	11,340,000	-	11,340,000	10,146,816	-	10,146,816
	831,071	-	831,071	869,019	-	869,019
	5,306,448	-	5,306,448	5,306,448	-	5,306,448
12.2	8,635,806	-	8,635,806	7,480,130	-	7,480,130
	<b>26,113,325</b>	<b>-</b>	<b>26,113,325</b>	<b>23,802,413</b>	<b>-</b>	<b>23,802,413</b>
	(18,338)	-	(18,338)	19,843	-	19,843
	<b>26,094,987</b>	<b>-</b>	<b>26,094,987</b>	<b>23,822,256</b>	<b>-</b>	<b>23,822,256</b>

- 12.2 These include Sukuk of Quetta Textile Mills Limited amounting to PKR 98.6 million which have been placed under non-performing status, however the forced sale value of the collateral held in respect of these Sukuk is PKR 272.8 million. Therefore, no provision for diminution has been made in respect of the same.

Note	March 31,	December 31,	
	2016	2015	
	(Un-audited)	(Audited)	
-----Rupees in '000-----			
<b>13 ISLAMIC FINANCING AND RELATED ASSETS</b>			
In Pakistan			
- Murabaha	13.1	10,799,043	13,345,105
- Musharaka cum Ijara – Housing		7,808,370	7,352,708
- Musharaka cum Ijara	13.2	11,556,113	10,919,239
- Ijara Muntahiya Bil Tamleek – Autos		397,720	413,932
- Musharaka cum Ijara – Other		112,100	112,594
- Export Refinance under Islamic Scheme - SBP		5,168,862	5,261,901
- Wakala Istithmar – Pre manufacturing		4,576,877	4,807,137
- Wakala Istithmar – Post manufacturing		829,650	2,635,829
- Shirkatulmilk		14,148,429	14,177,621
- Service Ijarah and related assets		375,000	593,750
- Musharaka		22,085,632	12,395,508
- Running Musharaka		3,436,670	16,455,769
- Istisna cum Wakala	13.3	10,166,425	13,754,927
- Salam		3,202,000	4,402,000
- Musawama		42,797	22,954
<b>Islamic financing and related assets – gross</b>		<b>94,705,688</b>	<b>106,650,974</b>
Less: Provision against non-performing Islamic financing and related assets	13.4 & 13.5	(1,726,000)	(1,697,337)
<b>Islamic financing and related assets – net of provisions</b>		<b>92,979,688</b>	<b>104,953,637</b>



	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	-----Rupees in '000-----	
<b>13.1 Murabaha</b>		
Financing	8,257,526	10,646,065
Advances	2,541,517	2,699,040
	<u>10,799,043</u>	<u>13,345,105</u>
<b>13.2 Musharaka cum Ijara</b>		
Financing	10,870,460	10,335,898
Advances	685,653	583,341
	<u>11,556,113</u>	<u>10,919,239</u>
<b>13.3 Istisna cum Wakala</b>		
Financing	9,303,666	7,284,963
Advances	862,759	6,469,964
	<u>10,166,425</u>	<u>13,754,927</u>

13.4 Islamic financings and related assets include Rs. 2,184.743 million (December 31, 2015: 2,211.992 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2016 (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	29,367	-	29,367	-	-	-	-	-	-
Substandard	72,996	-	72,996	8,678	-	8,678	8,678	-	8,678
Doubtful	83,998	-	83,998	-	-	-	-	-	-
Loss	1,998,382	-	1,998,382	1,649,687	-	1,649,687	1,649,687	-	1,649,687
	<u>2,184,743</u>	<u>-</u>	<u>2,184,743</u>	<u>1,658,365</u>	<u>-</u>	<u>1,658,365</u>	<u>1,658,365</u>	<u>-</u>	<u>1,658,365</u>

Category of classification	December 31, 2015 (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	57,167	-	57,167	-	-	-	-	-	-
Substandard	79,055	-	79,055	10,335	-	10,335	10,335	-	10,335
Doubtful	223,530	-	223,530	18,297	-	18,297	18,297	-	18,297
Loss	1,852,240	-	1,852,240	1,580,846	-	1,580,846	1,580,846	-	1,580,846
	<u>2,211,992</u>	<u>-</u>	<u>2,211,992</u>	<u>1,609,478</u>	<u>-</u>	<u>1,609,478</u>	<u>1,609,478</u>	<u>-</u>	<u>1,609,478</u>

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

	March 31, 2016 (Un-audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	1,609,478	87,859	1,697,337
Charge for the period	58,398	1,176	59,574
Reversals during the period	(9,511)	(21,400)	(30,911)
Net charge	48,887	(20,224)	28,663
Write off	-	-	-
Closing balance	1,658,365	67,635	1,726,000

	December 31, 2015 (Audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	1,447,176	62,875	1,510,051
Charge for the year	416,262	24,984	441,246
Reversals during the year	(253,960)	-	(253,960)
Net charge	162,302	24,984	187,286
Write off	-	-	-
Closing balance	1,609,478	87,859	1,697,337

13.6 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 443.830 million (December 31, 2015: Rs 368.514 million) in determining the provisioning requirement against non performing Islamic financings as at March 31, 2016. The additional profit arising from availing the FSV benefit - net of tax at March 31, 2016 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs 288.490 million (December 31, 2015: Rs 239.534 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,	December 31,
	2016	2015
	(Un-audited)	(Audited)
	----- Rupees in '000 -----	
<b>14 OPERATING FIXED ASSETS</b>		
Capital work-in-progress - net	134,827	116,346
Property and equipment	1,547,411	1,571,473
Intangible assets	134,479	154,886
	1,816,717	1,842,705



	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
	----- Rupees in '000 -----	
<b>15 DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	40,739,760	46,177,181
Savings deposits	51,246,488	50,253,380
Current accounts - non-remunerative	30,935,518	29,986,324
Margin accounts - non-remunerative	107,704	100,092
	<u>123,029,470</u>	<u>126,516,977</u>
<b>Financial Institutions</b>		
Remunerative deposits	6,688,815	10,137,422
Non-remunerative deposits	49,148	89,058
	<u>129,767,433</u>	<u>136,743,457</u>

#### 16 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 is Rs 3.247 billion on March 31, 2016 (December 31, 2015: Rs 3.247 billion).

	March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
<b>17 DEFERRED TAX LIABILITIES - NET</b>		
<b>Deferred tax debits arising due to:</b>		
Provision against non-performing Islamic financings and related assets	(3,969)	(4,549)
<b>Deferred tax credits arising due to:</b>		
Accelerated tax depreciation on operating fixed assets	46,637	51,644
	<u>42,668</u>	<u>47,095</u>
<b>Equity</b>		
Deficit on revaluation of investments	(6,419)	6,945
	<u>36,249</u>	<u>54,040</u>

#### 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

800,149	752,253
325,185	333,996
1,750,847	1,928,924
<u>2,876,181</u>	<u>3,015,173</u>

March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
-----------------------------------	-----------------------------------

----- Rupees in '000 -----

**18.2 Trade-related contingent liabilities**

Import Letters of Credit	14,489,524	10,523,323
--------------------------	------------	------------

**18.3 Claims not acknowledged as debt**

	10,000	10,000
--	--------	--------

- 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.

March 31, 2016 (Un-audited)	December 31, 2015 (Audited)
-----------------------------------	-----------------------------------

----- Rupees in '000 -----

**18.4 Commitments in respect of forward exchange promises to**

Purchase	20,575,662	16,262,110
----------	------------	------------

Sale	16,686,383	17,602,752
------	------------	------------

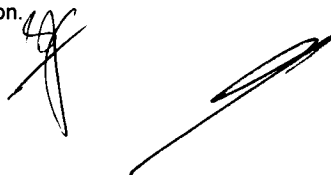
**18.5 Commitments for the acquisition of operating fixed assets**

	96,922	157,787
--	--------	---------

- 18.6** During the previous year, an amount of Rs. 10 million has been adjusted / deducted by the State Bank of Pakistan (SBP) from the bank account of Dubai Islamic Bank Pakistan Limited maintained with SBP (based on the order of the Foreign Exchange Operations Division) relating to some instances of non-compliances by the Bank in respect of foreign remittances. The management of the Bank has filed an appeal in respect of the above matter and is expecting a favorable outcome. The Bank, based on the advice of the legal advisor, is quite hopeful based on precedent that the decision will be made in favour of the Bank. Hence, no provision in respect of the above amount has been recognised in the condensed interim financial information.

- 18.7** During the previous year the taxation authorities have amended the assessments for the tax years 2010, 2011, 2012 and 2013. The amended assessment orders have been passed by adding / disallowing certain expenses / deductions in each of the tax years. Out of these adjustments, the major adjustment made by the taxation authorities relates to calculation of turnover tax based on treatment of murabaha income at its gross sales value resulting in an additional tax liability amounting to Rs. 3.326 billion. The management is of the view that the contention of the taxation authorities is not justified based on various grounds including the fact that Clause (11A) of Part IV of the Second Schedule to the Income Tax Ordinance, 2001 specifically excludes Murabaha transactions from the definition of turnover for the purpose of charging minimum tax. Although the relevant clause of the Second Schedule is not applicable for banks, however, the spirit of the law cannot be different for a bank and another entity. The Bank and its tax advisor are of the view that the chances of any negative outcome arising out of the addition made by the taxation authorities in respect of treatment of Murabaha transactions for the purpose of calculation of minimum tax is remote

The impact of the remaining additions / disallowances made by the taxation authorities amounts to Rs 231.765 million. The tax advisor of the Bank is of the view these issues will also be ultimately decided in the Bank's favour. As the appeal is currently pending with the Appellate Tribunal Inland Revenue, therefore, no provision in this respect has been made in this condensed interim financial information.



## 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.

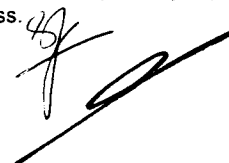
Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their appointment.

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, 2016 (Un-Audited)	December 31, 2015 (Audited)
	----- Rupees in '000 -----	
<b><u>Key management personnel</u></b>		
<b>Islamic financing and related assets</b>		
At beginning of the period / year	170,550	122,788
Disbursements	4,800	116,130
Payments	(26,498)	(68,368)
At the end of the period / year	<u>148,852</u>	<u>170,550</u>
<b>Deposits</b>		
At beginning of the period / year	35,147	23,550
Deposits	79,363	250,760
Withdrawals	(52,532)	(239,163)
At the end of the period / year	<u>61,978</u>	<u>35,147</u>
<b><u>Directors</u></b>		
<b>Deposits</b>		
At beginning of the period / year	4,244	16,170
Deposits	3,179	71,667
Withdrawals	(1,206)	(80,993)
Adjustment for retiring auditors		(2,600)
At the end of the period / year	<u>6,217</u>	<u>4,244</u>
<b><u>Holding company</u></b>		

- 19.1 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, 2016 (Un-Audited)	December 31, 2015 (Audited)
	----- Rupees in '000 -----	
<b>Deposits</b>		
At beginning of the period / year	45,724	13,701
Deposits	323,017	2,477,242
Withdrawals	(345,511)	(2,445,219)
At the end of the period / year	<u>23,230</u>	<u>45,724</u>
<b>Balance held abroad</b>		
At beginning of the period / year	1,154,055	92,305
Deposits	25,823,060	61,346,157
Withdrawals	(26,349,040)	(60,284,407)
At the end of the period / year	<u>628,075</u>	<u>1,154,055</u>
Other payables	<u>48,479</u>	<u>48,479</u>
Other receivables	<u>3,171</u>	<u>2,639</u>
	March 31, 2016 (Un-Audited)	March 31, 2015 (Audited)
	----- Rupees in '000 -----	
Profit earned on Islamic financing and related assets to key management personnel	2,102	1,460
Return on deposits to key management personnel	214	124
Remuneration to key management personnel	85,066	93,834
Return on deposits to directors	4	72
Remuneration to directors	71	4,949
Purchase of foreign currency sukuk from holding company	4,456,323	-
Fee charged by the holding company in respect of outsourcing arrangement	-	12,500
<b>Employee benefit plans</b>		
Contribution to employees gratuity fund	10,566	10,113
Contribution to employees provident fund	19,063	14,419

**20 DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information was authorised for issue on April 22, 2016 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