



KPMG Taseer Hadi & Co.
Chartered Accountants

Dubai Islamic Bank Pakistan Limited

**Condensed Interim Financial
Information
For the half year ended
30 June 2017**



KPMG Taseer Hadi & Co.
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Independent auditors' review report to the members of Dubai Islamic Bank Pakistan Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dubai Islamic Bank Pakistan Limited** ("the Bank") as at June 30, 2017 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

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

Other Matters

The figures for the quarters ended June 30, 2017 and June 30, 2016 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: 16 August 2017

Karachi

KPMG Taseer Hadi & Co.
KPMG Taseer Hadi & Co.
Chartered Accountants
Syed Iftikhar Anjum

Dubai Islamic Bank Pakistan Limited
Condensed Interim Statement of Financial Position
As at June 30, 2017

	Note	June 30, 2017 (Un-audited) ----- Rupees in '000 -----	December 31, 2016 (Audited)
ASSETS			
Cash and balances with treasury banks	7	19,484,057	14,159,277
Balances with other banks	8	1,212,782	543,363
Due from financial institutions	9	1,153,812	12,536,061
Investments	10	37,047,514	27,211,659
Islamic financing and related assets	11	108,241,354	93,910,902
Operating fixed assets	12	1,776,245	1,870,060
Deferred tax assets		-	-
Other assets		3,377,992	1,902,077
		<u>172,293,756</u>	<u>152,133,399</u>
LIABILITIES			
Bills payable		3,386,387	2,218,979
Due to financial institutions		3,822,469	5,670,091
Deposits and other accounts	13	146,819,276	129,264,513
Sub-ordinated loans		-	-
Deferred tax liabilities	14	48,330	16,784
Other liabilities		4,048,379	2,855,697
		<u>158,124,841</u>	<u>140,026,064</u>
NET ASSETS		<u><u>14,168,915</u></u>	<u><u>12,107,335</u></u>
REPRESENTED BY			
Share capital		11,652,288	10,225,567
Reserves		533,235	404,694
Unappropriated profit		1,927,039	1,416,263
		<u>14,112,562</u>	<u>12,046,524</u>
Surplus on revaluation of investments - net of tax		56,353	60,811
		<u><u>14,168,915</u></u>	<u><u>12,107,335</u></u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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CHAIRMAN

PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Dubai Islamic Bank Pakistan Limited
Condensed Interim Profit and Loss Account (Un-Audited)
For the half year ended June 30, 2017

	Note	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
		----- Rupees in '000 -----			
Profit / return earned		2,575,067	5,006,955	2,322,182	4,803,876
Profit / return expensed		(1,012,087)	(1,903,578)	(1,053,681)	(2,261,733)
Net spread earned		1,562,980	3,103,377	1,268,501	2,542,143
Reversal of provision / (provision) against non-performing Islamic financing and related assets - net	11.2	6,122	(54,402)	15,730	(12,933)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written off directly		-	-	-	-
		6,122	(54,402)	15,730	(12,933)
Net spread earned after provisions		1,569,102	3,048,975	1,284,231	2,529,210
OTHER INCOME					
Fee, commission and brokerage income		444,439	849,332	429,646	762,863
Dividend income		-	-	-	-
Income from dealing in foreign currencies		29,980	17,405	15,667	11,043
Gain on sale of securities		19,883	19,883	17,383	27,136
Other income		96	96	40,901	40,938
Total other income		494,398	886,716	503,597	841,980
		2,063,500	3,935,691	1,787,828	3,371,190
OTHER EXPENSES					
Administrative expenses		(1,403,614)	(2,830,577)	(1,319,898)	(2,623,092)
Other provisions / write offs		-	-	-	-
Other charges		(11,939)	(22,102)	(9,330)	(15,226)
Total other expenses		(1,415,553)	(2,852,679)	(1,329,228)	(2,638,318)
		647,947	1,083,012	458,600	732,872
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		647,947	1,083,012	458,600	732,872
Taxation					
- Current		(225,119)	(345,107)	(154,194)	(254,398)
- Prior years		(61,255)	(61,255)	(27,412)	(27,412)
- Deferred		(1,211)	(33,947)	(7,183)	(2,757)
		(287,585)	(440,309)	(188,789)	(284,567)
PROFIT AFTER TAXATION		360,362	642,703	269,811	448,305

----- Rupees -----

Basic & diluted earnings per share 16 0.32 0.53 0.39 0.64

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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CHAIRMAN

PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Dubai Islamic Bank Pakistan Limited
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For the half year ended June 30, 2017

	Quarter ended June 30, 2017	Half year ended June 30, 2017	Quarter ended June 30, 2016	Half year ended June 30, 2016
	----- Rupees in '000 -----			
Profit after taxation for the period	360,362	642,703	269,811	448,305
Comprehensive income transferred to equity	<u>360,362</u>	<u>642,703</u>	<u>269,811</u>	<u>448,305</u>
Components of comprehensive income not reflected in equity:				
(Deficit) / surplus on revaluation of investments	(85,944)	(6,859)	202,329	164,148
Related deferred tax asset / (liability)	<u>30,080</u>	<u>2,401</u>	<u>(70,815)</u>	<u>(57,452)</u>
	<u>(55,864)</u>	<u>(4,458)</u>	<u>131,514</u>	<u>106,696</u>

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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CHAIRMAN

PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Dubai Islamic Bank Pakistan Limited
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the half year ended June 30, 2017

	Share capital	Advance against share subscription	Statutory reserve	Unappropriated profit	Total
	Rupees in '000				
Balance as at January 01, 2016	6,976,030	18	233,586	753,135	7,962,769
Profit after taxation for the half year ended June 30, 2016	-	-	-	448,305	448,305
Transfer to statutory reserve	-	-	89,661	(89,661)	-
Balance as at June 30, 2016	6,976,030	18	323,247	1,111,779	8,411,074
Total comprehensive income for the period					
Profit after taxation for the half year ended December 31, 2016	-	-	-	407,235	407,235
Remeasurements of defined benefit plan - net of tax	-	-	-	(14,299)	(14,299)
Transaction with owners recognised directly in equity					
Conversion of subordinated loan	-	3,249,519	-	-	3,249,519
Issuance of shares at par	3,249,537	(3,249,537)	-	-	-
Transaction costs on issuance of shares	-	-	-	(7,005)	(7,005)
	3,249,537	(18)	-	(7,005)	3,242,514
Transfer to statutory reserve	-	-	81,447	(81,447)	-
Balance as at December 31, 2016	10,225,567	-	404,694	1,416,263	12,046,524
Total comprehensive income for the period					
Profit after taxation for the half year ended June 30, 2017	-	-	-	642,703	642,703
Transaction with owners recognised directly in equity					
Advance against further issuance of share capital	-	1,426,721	-	-	1,426,721
Issuance of shares at par	1,426,721	(1,426,721)	-	-	-
Transaction costs on issuance of shares	-	-	-	(3,386)	(3,386)
	1,426,721	-	-	(3,386)	1,423,335
Transfer to statutory reserve	-	-	128,541	(128,541)	-
Balance as at June 30, 2017	11,652,288	-	533,235	1,927,039	14,112,562

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

Dubai Islamic Bank Pakistan Limited
Condensed Interim Cash Flow Statement (Un-Audited)
For the half year ended June 30, 2017

For the half year ended June 30, 2017

	Note	Half year ended June 30, 2017	Half year ended June 30, 2016
		----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		1,083,012	732,872
Adjustments for:			
Depreciation		160,378	149,706
Amortisation		65,132	46,464
Provision against non-performing Islamic financing and related assets - net	11.2	54,402	12,933
Gain on sale of securities		(19,883)	(27,136)
Charge for defined contribution plan		37,838	37,368
Charge for defined benefit plan		24,895	21,132
Gain on sale of operating fixed assets		(88)	(40,936)
		322,674	199,531
		1,405,686	932,403
(Increase) / decrease in operating assets			
Due from financial institutions		11,382,249	686,860
Islamic financing and related assets		(14,384,855)	8,879,864
Others assets (excluding advance taxation)		(1,315,718)	(459,004)
		(4,318,324)	9,107,720
Increase / (decrease) in operating liabilities			
Bills payable		1,167,408	1,075,052
Due to financial institutions		(1,873,849)	3,332,063
Deposits and other accounts		17,554,763	(8,514,330)
Other liabilities (excluding current taxation)		1,219,541	(272,321)
		18,067,863	(4,379,536)
		15,155,225	5,660,587
Income taxes paid		(659,538)	(180,761)
Net cash generated from operating activities		14,495,687	5,479,826
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(9,822,831)	(8,876,951)
Investments in operating fixed assets		(133,145)	(260,292)
Proceeds from sale of operating fixed assets		1,539	90,821
Net cash used in investing activities		(9,954,437)	(9,046,422)
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of share capital		1,426,721	-
Effect of exchange difference on translation of foreign currency sub-ordinated loan		-	2,895
Net cash generated from financing activities		1,426,721	2,895
Increase / (decrease) in cash and cash equivalents		5,967,971	(3,563,701)
Cash and cash equivalents at beginning of the period		14,701,519	18,053,033
Cash and cash equivalents at end of the period	17	20,669,490	14,489,332

The annexed notes 1 to 22 form an integral part of this condensed interim financial information.

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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 half year ended June 30, 2017

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 commencement of business from the SBP. The Bank is principally engaged in Corporate, Commercial and Consumer Islamic banking and investing activities.

- 1.2 JCR-VIS Credit Rating Company Limited on May 17, 2017 determined the Bank's medium to long-term rating as 'AA-' (AA minus) and the short term rating as 'A-1' (A one) while the outlook has been assigned as "Stable".
- 1.3 The Bank is operating through 200 branches as at June 30, 2017 (December 31, 2016: 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 P.J.S.C, UAE (the Holding Company).

2 BASIS OF PRESENTATION

- 2.1 The Bank provides Islamic financing and makes investments mainly through Murabaha, Musharaka, Running Musharaka, Musharaka cum Ijara, Shirkatulmilk, Istisna cum Wakala, Wakala Istithmar, Service Ijarah and Export Refinance under Islamic Export Refinance Scheme of State Bank of Pakistan (SBP) 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 Board / Resident Shari'a Board Member.
- 2.2 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 financial statements of the Bank for the year ended December 31, 2016.
- 2.3 This condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information of the Bank for the half year ended June 30, 2017 has been prepared in accordance with the requirements of International Accounting Standard 34 - Interim Financial Reporting, the provisions and directives issued under the repealed Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan. In case where the requirements differ, the provisions of the repealed Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives shall prevail.
- 3.2 The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 on 30 May 2017. Securities and Exchange Commission of Pakistan vide its Circular No.17 of 2017 and press release of 20 July 2017, has clarified that all those companies whose financial year, including quarterly and other interim period closes on or before 30 June 2017 can prepare financial statements in accordance with the provision of the repealed Companies Ordinance, 1984. The Companies Act 2017 requires enhanced disclosures and has also enhanced the definition of related parties.

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4 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, 2016.

5 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, 2016.

6 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, 2016.

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
Note	----	----
	---- Rupees in '000 ----	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	2,664,550	1,825,449
- foreign currencies	532,908	666,844
	<u>3,197,458</u>	<u>2,492,293</u>
With the State Bank of Pakistan in		
- local currency current account	13,760,621	8,658,329
- foreign currency current account	4,484	22,637
- foreign currency deposit accounts		
Cash reserve account	849,370	805,984
Special cash reserve account	1,019,957	967,160
	<u>1,869,327</u>	<u>1,773,144</u>
With National Bank of Pakistan in		
- local currency current accounts	652,167	1,212,874
	<u>19,484,057</u>	<u>14,159,277</u>
8 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	588,327	49,241
- in deposit accounts	10	49,938
	<u>588,337</u>	<u>99,179</u>
Outside Pakistan		
- in current accounts	624,445	444,184
- in deposit accounts	-	-
	<u>624,445</u>	<u>444,184</u>
	<u>1,212,782</u>	<u>543,363</u>
9 DUE FROM FINANCIAL INSTITUTIONS		
Commodity Murabaha	9.1 <u>1,153,812</u>	<u>12,536,061</u>

- 9.1 This represent amounts due from financial institutions at expected profit rates ranging from 5.75% to 6.10% per annum (December 31, 2016: 5.75% to 6.25% per annum) with maturities latest by July 26, 2017 (December 31, 2016: January 30, 2017).

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10 INVESTMENTS

10.1 Investments by types

Investments by types	Note	June 30, 2017			December 31, 2016		
		(Un-audited)			(Audited)		
		Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
----- Rupees in '000 -----							
Held-to-maturity securities							
GOP Ijarah sukuk		4,000,000	-	4,000,000	-	-	-
Available-for-sale securities							
GOP Ijarah sukuk		12,206,829	-	12,206,829	12,608,975	-	12,608,975
Other sukuk certificates		10,781,888	-	10,781,888	8,416,929	-	8,416,929
Global sukuk certificates		9,988,946	-	9,988,946	6,092,422	-	6,092,422
Units of open-end mutual fund		-	-	-	16,623	-	16,623
Investments at cost		36,977,663	-	36,977,663	27,134,949	-	27,134,949
Less: Provision for diminution in the value of investments	10.2	(16,846)	-	(16,846)	(16,846)	-	(16,846)
Investments (net of provisions)		36,960,817	-	36,960,817	27,118,103	-	27,118,103
Surplus on revaluation of available-for-sale securities		86,697	-	86,697	93,556	-	93,556
Total investments		37,047,514	-	37,047,514	27,211,659	-	27,211,659

- 10.2 These include Sukuk of Quetta Textile Mills Limited amounting to PKR 96.178 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 79.335 million. The additional profit arising from availing the FSV benefit - net of tax at June 30, 2017 which is not available for distribution as either cash or stock dividend to shareholders and for staff bonus amounted to Rs. 51.57 million (December 31, 2016: Rs. 51.57 million).

11 ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan

	Note	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
Rupees in '000			
- Murabaha financing		10,463,431	8,308,279
- Advances against Murabaha		9,126,401	5,638,428
- Financing under Islamic Export Refinance - Murabaha		13,768	616,151
- Advances against future Islamic Export Refinance - Murabaha		-	18,000
- Shirkatulmilk financing - Autos		18,374,944	15,999,653
- Advances against Shirkatulmilk - Autos		1,285,227	1,064,703
- Shirkatulmilk financing - Housing		8,461,225	7,279,425
- Advances against Shirkatulmilk - Housing		72,270	143,030
- Shirkatulmilk financing - Others		18,210,767	20,627,964
- Advances against Shirkatulmilk - Others		560,106	529,380
- Diminishing Musharaka - Others		10,507,794	6,928,401
- Diminishing Musharaka - Autos		38,907	44,687
- Wakala Istithmar - Pre manufacturing		11,314,740	10,335,916
- Wakala Istithmar - Post manufacturing		119,046	147,449
- Financing under Islamic Export Refinance - Wakala Istithmar		1,867,220	2,559,636
- Istisna cum Wakala financing		5,207,954	5,517,062
- Advances against Istisna cum Wakala		1,430,401	28,205
- Advances against future Islamic Export Refinance - Istisna		-	129,500
- Running Musharaka financing		5,216,767	4,718,026
- Financing under Islamic Export Refinance - Running Musharaka		1,127,900	454,832
- Tijarah cum wakala financing		916,937	-
- Advances against Tijarah cum wakala		1,404,608	414,814
- Salam financing		2,048,711	1,656,000
- Musawama financing		731,738	372,619
- Advance against Musawama		399	15,712
- Service Ijarah financing		125,000	718,750
- Staff financing		1,472,142	1,446,927
Islamic financing and related assets - gross		110,098,403	95,713,549
Less: Provision against non-performing Islamic financing & related assets	11.2	(1,857,049)	(1,802,647)
Islamic financing and related assets - net of provisions		108,241,354	93,910,902

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- 11.1 Islamic financing and related assets include Rs. 2,400.303 million (December 31, 2016: Rs. 2,414.427 million) which have been placed under non-performing status as detailed below:

Category of classification	June 30, 2017 (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	24,379	-	24,379	-	-	-	-	-	-
Substandard	125,764	-	125,764	8,186	-	8,186	8,186	-	8,186
Doubtful	417,750	-	417,750	190,356	-	190,356	190,356	-	190,356
Loss	1,832,410	-	1,832,410	1,595,290	-	1,595,290	1,595,290	-	1,595,290
	<u>2,400,303</u>	<u>-</u>	<u>2,400,303</u>	<u>1,793,832</u>	<u>-</u>	<u>1,793,832</u>	<u>1,793,832</u>	<u>-</u>	<u>1,793,832</u>

Category of classification	December 31, 2016 (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	52,946	-	52,946	-	-	-	-	-	-
Substandard	429,743	-	429,743	150,504	-	150,504	150,504	-	150,504
Doubtful	37,795	-	37,795	1,854	-	1,854	1,854	-	1,854
Loss	1,893,943	-	1,893,943	1,563,970	-	1,563,970	1,563,970	-	1,563,970
	<u>2,414,427</u>	<u>-</u>	<u>2,414,427</u>	<u>1,716,328</u>	<u>-</u>	<u>1,716,328</u>	<u>1,716,328</u>	<u>-</u>	<u>1,716,328</u>

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

	June 30, 2017 (Un-audited)			December 31, 2016 (Audited)		
	Specific	General	Total	Specific	General	Total
Rupees in '000						
Opening balance	1,716,328	86,319	1,802,647	1,609,478	87,859	1,697,337
Charge for the period / year	115,693	-	115,693	269,814	-	269,814
Reversals during the period / year	(38,189)	(23,102)	(61,291)	(156,540)	(1,540)	(158,080)
	77,504	(23,102)	54,402	113,274	(1,540)	111,734
Amount written-off	-	-	-	(6,424)	-	(6,424)
Closing balance	<u>1,793,832</u>	<u>63,217</u>	<u>1,857,049</u>	<u>1,716,328</u>	<u>86,319</u>	<u>1,802,647</u>

As allowed by the SBP, the Bank has availed the benefit of Forced Sale Values (FSV) amounting to Rs. 274.741 million (December 31, 2016: Rs. 329.763 million) in determining the provisioning requirement against non-performing Islamic financing as at June 30, 2017. The additional profit arising from availing the FSV benefit - net of tax at June 30, 2017 which is not available for distribution as either cash or stock dividend to shareholders and for staff bonus amounted to Rs. 178.582 million (December 31, 2016: Rs. 214.347 million).

- 11.2.1 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.

12 OPERATING FIXED ASSETS

Capital work-in-progress - net
Property and equipment
Intangible assets

June 30, 2017 (Un-audited)
December 31, 2016 (Audited)
Rupees in '000

- 12.1 Additions to Fixed Assets
Disposal of Fixed Assets at cost

Capital work-in-progress - net	63,987	54,283
Property and equipment	1,507,756	1,590,828
Intangible assets	204,502	224,949
	<u>1,776,245</u>	<u>1,870,060</u>
Additions to Fixed Assets	<u>123,441</u>	<u>382,505</u>
Disposal of Fixed Assets at cost	<u>4,153</u>	<u>71,088</u>

12.1.1

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	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	---- Rupees in '000 ----	
13 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	43,516,326	35,240,781
Savings deposits	56,695,803	50,042,301
Current accounts - non-remunerative	43,920,254	40,674,001
Margin accounts - non-remunerative	1,785,022	275,101
	<u>145,917,405</u>	<u>126,232,184</u>
Financial Institutions		
Remunerative deposits	782,038	2,916,170
Non-remunerative deposits	119,833	116,159
	<u>146,819,276</u>	<u>129,264,513</u>

14 DEFERRED TAX LIABILITY - NET

Deferred debits arising due to

Provision for diminution in the value of investments	5,896	5,896
Provision against non-performing Islamic financing and related assets	3,943	53,682
Provision against other assets	6,647	6,647
Deficit on defined benefit plan	7,699	7,699
	<u>24,185</u>	<u>73,924</u>

Deferred (credits) arising due to

Accelerated tax depreciation and amortization on operating fixed assets	(42,171)	(57,963)
Surplus on revaluation of investments	(30,344)	(32,745)
	<u>(72,515)</u>	<u>(90,708)</u>
	<u>(48,330)</u>	<u>(16,784)</u>

15 CONTINGENCIES AND COMMITMENTS

15.1 Transactions-related contingent liabilities

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

- Government	4,801,539	3,833,623
- Banking companies and other financial institutions	334,795	333,921
- Others	2,504,179	1,812,141
	<u>7,640,513</u>	<u>5,979,685</u>

15.2 Trade-related contingent liabilities

Import Letters of Credit	13,220,969	13,502,085
Acceptances	3,821,826	3,041,579
	<u>17,042,795</u>	<u>16,543,664</u>

15.3 Claims not acknowledged as debt

	<u>10,000</u>	<u>10,000</u>
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15.3.1 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 CCP's contentions that the ATM Service Charges charged by I-Link member banks was unfair. The Competition Appellate Tribunal decided the matter against CCP. Consequently, CCP has filed an appeal with the Supreme Court of Pakistan for imposing the order of penalty on every member bank of I-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 condensed interim financial information.

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	---- Rupees in '000 ----	
15.4 Commitments in respect of forward exchange contracts		
Purchase	11,185,109	17,958,966
Sale	9,191,140	11,895,409
	<u>1,148,403</u>	<u>1,230,000</u>
15.5 Commitments in respect of financing facilities		
	<u>13,989</u>	<u>86,885</u>
15.6 Commitments for the acquisition of operating fixed assets		

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15.7 The impact of add backs by CIR amounts to Rs. 203,198 million which are pending before the relevant authorities and any additional levy / surcharge which may arise thereon. The Bank, after consulting with its tax advisor, is confident that these adjustments will also be decided in the Bank's favor in the higher appellate forums. Accordingly, no provision has been made in this condensed interim financial information.

15.8 Further, tax authorities have raised a demand of Rs. 18.725 million regarding tax not deducted by the Bank on profit accrued on balances of certain customers. The Bank has filed an appeal with the Appellate Tribunal Inland Revenue, and are confident that the matter will be decided in favour of the Bank.

16 BASIC / DILUTED EARNINGS PER SHARE

Profit after taxation

Weighted average number of ordinary shares

Basic earning per share

Diluted earning per share

(Un-audited)			
Quarter ended June 30, 2017	Half Year ended June 30, 2017	Quarter ended June 30, 2016	Half Year ended June 30, 2016
Rupees in '000			
360,362	642,703	269,811	448,305
Number of shares '000			
1,112,416	1,112,416	697,603	697,603
Rupees			
0.32	0.58	0.39	0.64
0.32	0.58	0.39	0.64

16.1 There were no convertible / dilutive potential ordinary shares as at June 30, 2017 and June 30, 2016.

17 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks

Balances with other banks

Overdrawn nostro

June 30, 2017
(Un-audited)
Rupees in '000

June 30, 2016
(Un-audited)
Rupees in '000

18 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activity is as follows:

	June 30, 2017 (Un-audited)				
	Corporate Banking	Trading & Sales	Retail Banking	Commercial Banking	Others
Rupees in '000					
External revenue					
Net Profit Earned	-	701,042	139,248	2,014,984	248,103
Fee, commission, brokerage and other income	74,409	89,063	487,687	235,557	-
Intersegment revenue	-	(529,528)	2,056,815	(1,280,599)	(246,688)
Total revenue	74,409	260,577	2,683,750	969,942	1,415
Depreciation and amortisation	(286)	(7,420)	(184,299)	(33,505)	-
Impairment of financing assets	-	-	23,507	(76,494)	(1,415)
Other expenses	(10,170)	(174,640)	(1,894,435)	(547,924)	-
Total expenses	(10,456)	(182,060)	(2,055,227)	(657,923)	(1,415)
Reportable segment profit	63,953	78,517	628,523	312,019	-
Tax expense	(26,002)	(31,921)	(255,532)	(126,854)	-
Segment assets (Gross)	-	27,549,842	48,421,811	78,543,524	19,671,464
Segment liabilities	-	1,901,872	112,768,992	39,357,268	4,096,709
Segment average return on net assets	-	6.11%	10.51%	6.92%	4.17%
Segment cost of funds	-	5.39%	2.44%	3.32%	-
	June 30, 2016 (Un-audited)				
	Corporate Banking	Trading & Sales	Retail Banking	Commercial Banking	Others
Rupees in '000					
External revenue					
Net Profit earned	-	512,365	(402,610)	2,241,388	191,000
Fee, commission, brokerage and other income	57,286	87,937	519,496	177,261	-
Intersegment revenue	-	(376,535)	2,122,792	(1,574,000)	(172,257)
Total revenue	57,286	223,767	2,239,678	844,649	18,743
Depreciation and amortisation	(156)	(7,414)	(166,013)	(19,578)	(3,009)
Impairment of financing assets	-	-	12,039	(24,972)	-
Other immaterial non cash items	-	-	-	-	-
Other expenses	(8,881)	(136,522)	(1,681,350)	(443,855)	(171,540)
Total expenses	(9,037)	(143,936)	(1,835,324)	(488,405)	(174,549)
Reportable segment profit	48,249	79,831	404,354	356,244	(155,806)
Tax expense	(18,735)	(30,997)	(157,007)	(138,326)	60,498
Segment assets - December 31, 2016	-	31,820,655	38,885,716	77,096,182	6,169,329
Segment liabilities - December 31, 2016	-	4,800,000	99,622,490	33,182,345	2,421,229
Segment average return on net assets	-	4.47%	11.26%	7.08%	5.09%
Segment cost of funds	-	6.26%	2.99%	3.72%	-

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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, directors, related group companies and associated undertakings, key management personnel 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.

The details of transactions with related parties and balances with them are given below:

	June 30, 2017 (Un-audited)					December 31, 2016 (Audited) - Restated						
	Associated companies	Holding Company	Directors	Key management personnel	Others**	Total	Associated companies	Holding Company	Directors	Key management personnel	Others**	Total
	Rupees in '000											
Balances with other banks												
As at January 1	-	53,113	-	-	-	53,113	-	1,154,055	-	-	-	1,154,055
Deposited during the period / year	-	36,138,118	-	-	-	36,138,118	-	98,380,691	-	-	-	98,380,691
Withdrawals during the period / year	-	(36,136,020)	-	-	-	(36,136,020)	-	(99,481,633)	-	-	-	(99,481,633)
Closing balance	-	55,211	-	-	-	55,211	-	53,113	-	-	-	53,113
Investments												
As at January 1	1,588,330	-	-	-	-	1,588,330	526,993	-	-	-	-	526,993
Investments made during the period / year	326,084	-	-	-	-	326,084	2,954,239	-	-	-	-	2,954,239
Investments redeemed during the period / year	(1,262,678)	-	-	-	-	(1,262,678)	(1,892,902)	-	-	-	-	(1,892,902)
Closing balance	651,736	-	-	-	-	651,736	1,588,330	-	-	-	-	1,588,330
Islamic financing and related assets												
As at January 1	-	-	-	141,721	-	141,721	-	-	-	170,550	-	170,550
Disbursed during the period / year	-	-	-	25,647	-	25,647	-	-	-	107,610	-	107,610
Payments during the period / year	-	-	-	(21,293)	-	(21,293)	-	-	-	(112,311)	-	(112,311)
Adjustments *	-	-	-	(7,618)	-	(7,618)	-	-	-	(24,128)	-	(24,128)
Closing balance	-	-	-	138,457	-	138,457	-	-	-	141,721	-	141,721
Deposits and other accounts												
As at January 1	-	29,362	6,214	46,818	96,622	179,016	-	45,724	4,244	35,147	449,756	534,871
Received during the period / year	-	1,019,693	107,983	190,252	786,563	2,104,491	-	1,204,939	19,926	344,921	891,199	2,460,985
Withdrawals during the period / year	-	(1,010,916)	(96,817)	(175,153)	(80,230)	(1,363,116)	-	(1,221,301)	(17,956)	(339,628)	(1,244,333)	(2,823,218)
Adjustments *	-	-	-	(1,826)	-	(1,826)	-	-	-	6,378	-	6,378
Closing balance	-	38,139	17,380	60,091	802,955	918,565	-	29,362	6,214	46,818	96,622	179,016
Other receivables												
As at January 1	-	4,719	-	-	-	4,719	-	2,639	-	-	-	2,639
Accruals during the period / year	-	-	-	-	-	-	-	2,080	-	-	-	2,080
Payments received the period / year	-	(2,507)	-	-	-	(2,507)	-	-	-	-	-	-
Closing balance	-	2,212	-	-	-	2,212	-	4,719	-	-	-	4,719

	Half year ended June 30, 2017 (Un-audited)					Half year ended June 30, 2016 (Un-Audited) - Restated						
	Associated companies	Holding Company	Directors	Key manage- ment personnel	Others**	Total	Associated companies	Holding Company	Directors	Key manage- ment personnel	Others**	Total
	Rupees in '000											
Transactions during the period	-	-	7,749	-	-	7,749	-	-	6,509	-	-	6,509
Fees to directors	-	-	-	120,540	-	120,540	-	-	-	124,751	-	124,751
Remuneration to key management personnel	-	-	-	3,130	-	3,130	-	-	-	2,629	-	2,629
Profit earned on financings	-	-	31	336	-	367	-	-	13	678	-	691
Profit expensed on deposits	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of global sukuk	-	7,129,548	-	-	-	7,129,548	-	2,955,682	-	-	-	2,955,682
Sale of global sukuk	-	3,410,875	-	-	-	3,410,875	-	1,048,000	-	-	-	1,048,000
Capital loss on sale of global sukuk	-	(6,353)	-	-	-	(6,353)	-	-	-	-	-	-
Contribution made to gratuity fund	-	-	-	-	24,895	24,895	-	-	-	-	21,132	21,132
Contribution made to provident fund	-	-	-	-	37,838	37,838	-	-	-	-	37,368	37,368
Contingencies and commitments	-	-	-	-	-	-	-	-	-	-	-	-
Foreign currency purchase contracts	-	39,621,708	-	-	-	39,621,708	-	43,323,665	-	-	-	43,323,665
Foreign currency sale contracts	-	38,953,253	-	-	-	38,953,253	-	45,000,118	-	-	-	45,000,118

- * Primarily relates to those directors, associates and key management personnel who are no longer related parties or have become related parties of the Bank as at June 30, 2016.
- ** This represents balances and transactions of staff retirement benefit plan.

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20 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Bank measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using input for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

RECURRING FAIR VALUE MEASUREMENTS

	June 30, 2017 (Un-audited)			
On-Balance Sheet Financial Instruments	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
INVESTMENTS				
Available-for-sale securities				
GOP Ijara sukuk	-	12,324,390	-	12,324,390
Other sukuk certificates	-	10,880,550	-	10,880,550
Global sukuk certificates	9,842,574	-	-	9,842,574
	<u>9,842,574</u>	<u>23,204,940</u>	<u>-</u>	<u>33,047,514</u>
Off-Balance Sheet Financial Instruments				
Forward promise to purchase foreign currencies	<u>-</u>	<u>11,222,203</u>	<u>-</u>	<u>11,222,203</u>
Forward promise to sell foreign currencies	<u>-</u>	<u>9,163,319</u>	<u>-</u>	<u>9,163,319</u>
	December 31, 2016			
On-Balance Sheet Financial Instruments	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
INVESTMENTS				
Available-for-sale securities				
GOP Ijara sukuk	-	12,662,564	-	12,662,564
Other sukuk certificates	-	8,484,556	-	8,484,556
Global sukuk certificates	6,047,669	-	-	6,047,669
Units of open-end mutual funds	16,870	-	-	16,870
	<u>6,064,539</u>	<u>21,147,120</u>	<u>-</u>	<u>27,211,659</u>
Off-Balance Sheet Financial Instruments				
Forward promise to purchase foreign currencies	<u>-</u>	<u>17,886,578</u>	<u>-</u>	<u>17,886,578</u>
Forward promise to sell foreign currencies	<u>-</u>	<u>11,858,008</u>	<u>-</u>	<u>11,858,008</u>

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21 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on August 16, 2017 by the Board of Directors of the Bank.

22 GENERAL

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

22.2 Comparative information has been re-classified, re-arranged or additionally incorporated in this condensed interim financial information, wherever necessary to facilitate comparison and better presentation.

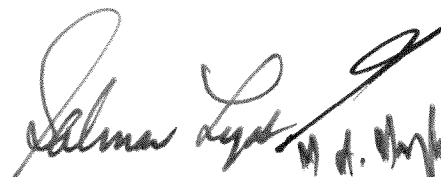
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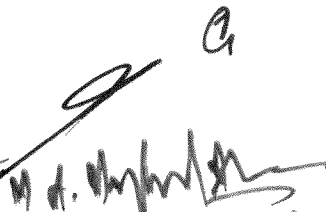
CHAIRMAN



PRESIDENT / CHIEF EXECUTIVE



DIRECTOR



DIRECTOR