

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2015



INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dubai Islamic Bank Pakistan Limited** as at June 30, 2015 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 condensed interim financial information for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with the approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2015 and 2014 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2015.

Scope of Review

We conducted our review in accordance with the 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 condensed interim financial information as at and for the half year ended June 30, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants

Engagement Partner: **Rashid A. Jafer**

Dated: August 3, 2015

Karachi

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2015

	Note	June 30, 2015 Un-Audited ----- Rupees in '000 -----	December 31, 2014 Audited
ASSETS			
Cash and balances with treasury banks	10	10,939,203	10,480,052
Balances with other banks	11	1,551,663	529,277
Due from financial institutions		22,559,149	10,147,169
Investments	12	22,020,732	18,258,604
Islamic financing and related assets - net	13	64,574,503	58,840,280
Operating fixed assets	14	1,735,752	1,751,032
Deferred tax assets	15	-	62,434
Other assets - net		1,609,927	1,484,151
		<u>124,990,929</u>	<u>101,552,999</u>
LIABILITIES			
Bills payable		1,999,463	1,250,385
Due to financial institutions		3,425,586	3,567,342
Deposits and other accounts	16	106,465,602	83,844,395
Sub-ordinated loan	17	3,155,140	3,114,976
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities	15	13,381	-
Other liabilities		2,214,716	2,336,820
		<u>117,273,888</u>	<u>94,113,918</u>
NET ASSETS		<u>7,717,041</u>	<u>7,439,081</u>
REPRESENTED BY			
Share capital		6,976,030	6,976,030
Advance against future issue of share capital		18	18
Unappropriated profit		643,491	406,760
Reserves		147,475	147,475
		<u>7,767,014</u>	<u>7,530,283</u>
Deficit on revaluation of assets - net of tax		(49,973)	(91,202)
		<u>7,717,041</u>	<u>7,439,081</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

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CHAIRMAN


PRESIDENT / CHIEF EXECUTIVE

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DIRECTOR


DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
 CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2015

	Quarter ended June 30, 2015	Half year ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2014
	----- Rupees in '000 -----			
Profit / return earned	2,223,074	4,343,117	1,939,864	3,677,055
Profit / return expensed	999,299	1,977,491	886,357	1,707,971
Net spread earned	1,223,775	2,365,626	1,053,507	1,969,084
Provision against non-performing Islamic financing and related assets - net	13.5 42,938	59,189	96,398	96,977
Provision for diminution in the value of Investments	-	-	-	-
Bad debts written off directly	-	-	-	-
	42,938	59,189	96,398	96,977
Net spread earned after provisions	1,180,837	2,306,437	957,109	1,872,107
OTHER INCOME				
Fee, commission and brokerage income	304,472	538,551	225,929	404,933
Dividend income	-	-	-	-
(Loss) / Income from dealing in foreign currencies	(22,759)	(39,189)	39,691	93,701
Gain on sale of securities	1,096	6,563	69,911	156,575
Unrealised loss on revaluation of Investments classified as held for trading	(3,346)	(3,346)	-	-
Other income	125	125	22	(117)
Total other Income	279,588	502,704	335,553	655,092
	1,460,425	2,809,141	1,292,662	2,527,199
OTHER EXPENSES				
Administrative expenses	1,242,913	2,391,611	973,734	1,838,302
Other provisions / write offs	-	-	-	-
Other charges	5,067	9,016	8,098	15,504
Total other expenses	1,247,980	2,400,627	981,832	1,853,806
	212,445	408,514	310,830	673,393
Extra ordinary / unusual items	-	-	-	-
PROFIT BEFORE TAXATION	212,445	408,514	310,830	673,393
Taxation - Current	65,964	89,606	22,754	43,321
- Prior period	28,564	28,564	-	-
- Deferred	9,473	53,613	73,942	187,913
	104,001	171,783	96,696	231,234
PROFIT AFTER TAXATION	108,444	236,731	214,134	442,159
Basic / Diluted earnings per share - Rupee	20 0.16	0.34	0.31	0.63

The annexed notes 1 to 25 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, 2015

	Quarter ended June 30, 2015	Half year ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2014
	Rupees in '000			
Profit after taxation for the period	108,444	236,731	214,134	442,159
Comprehensive income transferred to equity	108,444	236,731	214,134	442,159
Components of comprehensive income not reflected in equity :				
(Deficit) / Surplus on revaluation of available for sale investments - net of tax	625	41,229	(50,921)	82,423
Total comprehensive Income for the period	<u>109,069</u>	<u>277,960</u>	<u>163,213</u>	<u>524,582</u>

The annexed notes 1 to 25 form an integral part of this condensed interim financial information.

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 CHAIRMAN

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 PRESIDENT / CHIEF EXECUTIVE

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 DIRECTOR

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 DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
 CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
 FOR THE HALF YEAR ENDED JUNE 30, 2015

	Note	June 30, 2015	June 30, 2014
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		408,514	673,393
Adjustments			
Depreciation		154,937	119,076
Amortisation		45,292	41,773
Provision against non-performing Islamic financing and related assets - net	13.5	59,189	96,977
Gain on sale of securities		(6,563)	(156,575)
Unrealised loss on revaluation of investment held for trading		3,346	-
Charge for defined benefit plan		20,226	16,380
(Gain) / loss on sale of operating fixed assets		(118)	119
		<u>276,309</u>	<u>117,750</u>
		684,823	791,143
(Increase) / decrease in operating assets			
Due from financial institutions		(12,411,980)	(995,390)
Islamic financing and related assets		(5,793,412)	(6,455,425)
Other assets (excluding advance taxation)		(137,226)	(53,105)
		<u>(18,342,618)</u>	<u>(7,503,920)</u>
Increase / (decrease) in operating liabilities			
Bills payable		749,078	1,775,602
Due to financial institutions		(141,756)	(1,498,000)
Deposits and other accounts		22,621,207	8,238,632
Other liabilities (excluding current taxation)		(178,668)	168,624
		<u>23,049,861</u>	<u>8,684,858</u>
		5,392,066	1,972,081
Payment against defined benefit plan		(20,226)	(16,380)
Income tax paid		(50,156)	(44,478)
Net cash generated from operating activities		<u>5,321,684</u>	<u>1,911,223</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(3,695,481)	(1,492,437)
Investments in operating fixed assets		(185,723)	(100,011)
Sale proceeds of operating fixed assets disposed-off		893	382
Net cash used in investing activities		<u>(3,880,311)</u>	<u>(1,592,066)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Sub-ordinated loan		-	3,062,943
Net cash generated from financing activities		-	3,062,943
Effect of exchange difference on translation of FCY sub-ordinated loan		40,164	-
Increase / (decrease) in cash and cash equivalents		<u>1,481,537</u>	<u>3,382,100</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	21	<u>12,490,866</u>	<u>10,513,656</u>

The annexed notes 1 to 25 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, 2015

	Share capital	Advance against future issue of share capital	Statutory Reserves	Unappropriated profit/ (Accumulated 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 half year ended June 30, 2014 transferred from Condensed Interim Statement of Comprehensive Income	-	-	-	442,159	442,159
Balance as at June 30, 2014	6,976,030	18	27,372	368,371	7,371,791
Profit after taxation for the half year ended December 31, 2014 transferred from Condensed Interim Statement of Comprehensive Income	-	-	-	158,354	158,354
Transfer to Statutory reserves	-	-	120,103	(120,103)	-
Remeasurement 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 half year ended June 30, 2015 transferred from Condensed Interim Statement of Comprehensive Income	-	-	-	236,731	236,731
Balance as at June 30, 2015	6,976,030	18	147,475	643,491	7,767,014

Atto The annexed notes 1 to 25 form an integral part of this condensed interim financial information.


 CHAIRMAN


 PRESIDENT / CHIEF EXECUTIVE


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 DIRECTOR


 DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 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.
- 1.2 The State Bank of Pakistan (the SBP) granted a "Scheduled Islamic Commercial Bank" license to the Bank on November 26, 2005 and subsequently the Bank received the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in Corporate, Commercial and Consumer banking activities and investing activities.
- 1.3 Based on the financial statements of the Bank for the year ended December 31, 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 revised from "Stable" to "Positive".
- 1.4 The Bank is operating through 175 branches as at June 30, 2015 (December 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).
- 1.5 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 3.155 billion as at June 30, 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.

The paid-up capital of the Bank (free of losses) as of June 30, 2015 amounted to Rs. 6.976 billion.

2 BASIS OF PRESENTATION

The Bank invests and finances mainly through Murabaha, Musharaka, Running Musharaka, Musharaka cum Ijarah, Shirkatulmilk, Istisna cum Wakala, Wakala Istihmar, Service Ijarah and other Islamic modes as more fully explained in the annual financial statements of the Bank for the year ended December 31, 2014. 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 utilised 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.

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3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, and the directives issued by the SECP and the SBP. Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, the IFAS notified under the Companies Ordinances, 1984 and the directives issued by the SECP and the SBP differ from the requirements of IFRS, the provisions of and the directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the directives issued by the SECP and the SBP shall prevail.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of 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 SBP through BSD Circular 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on revaluation of Available-For-Sale Securities (AFS) only may be included in the 'Statement of Comprehensive Income' but will continue to be shown separately in the Statement of Financial Position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.
- 3.4 IFRS 8 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their condensed interim financial information in line with the format prescribed under BSD Circular 4 dated February 17, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in this condensed interim financial information is based on the requirements laid down by the SBP.
- 3.5 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the SBP 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 a full set of 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, 2014.
- 3.6 **Standards, interpretations and amendments to published approved accounting standards that are effective in the current period**

There are certain new and amended standards and interpretations that are mandatory for the Bank's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in this condensed interim financial information.

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 have been marked to market and are carried at fair value. Further, obligation in respect of staff retirement benefits is carried at present values determined under International Accounting Standard 19, "Employee Benefits".

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 ROUNDING OFF

Figures have been rounded off to the nearest thousand rupees unless otherwise stated.

7 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.

8 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.

9 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2014.

	Note	June 30, 2015 (Un-Audited)	December 31, 2014 (Audited)
-----Rupees in '000-----			
10 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		1,417,564	1,121,103
- foreign currency		382,188	394,029
		<u>1,799,752</u>	<u>1,515,132</u>
With the State Bank of Pakistan in			
- local currency current account		3,830,139	3,565,301
- foreign currency current account		19,027	14,803
- foreign currency capital account	17	3,155,140	3,114,976
- foreign currency deposit accounts			
Cash Reserves Account		563,905	451,219
Special Cash Reserve Account		665,470	541,443
		<u>1,229,375</u>	<u>992,662</u>
With National Bank of Pakistan in			
- local currency current account		905,770	1,277,178
		<u>10,939,203</u>	<u>10,480,052</u>
11 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		15,994	31,384
- in deposit accounts		10	10
		<u>16,004</u>	<u>31,394</u>
Outside Pakistan			
- in current accounts	11.1	1,535,659	497,883
- in deposit accounts		-	-
		<u>1,535,659</u>	<u>497,883</u>
		<u>1,551,663</u>	<u>529,277</u>

11.1 This includes an amount of Rs.114.958 million (December 31, 2014: Rs. 92.305 million) deposited with the holding company.

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12 INVESTMENTS

12.1 Investments by type

Note	June 30, 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 -----						
Held for trading securities						
Ijarah Sukuk	804,505	-	804,505	893,261	-	893,261
	804,505	-	804,505	893,261	-	893,261
Available for sale securities						
GOP Ijarah Sukuk	13,812,130	-	13,812,130	13,816,824	-	13,816,824
WAPDA Sukuk	966,736	-	966,736	1,064,452	-	1,064,452
Other Sukuk	6,517,588	-	6,517,588	2,633,839	-	2,633,839
12.2	21,296,454	-	21,296,454	17,515,115	-	17,515,115
Total investments at cost	22,100,959	-	22,100,959	18,408,376	-	18,408,376
Less: Provision for diminution in value of investments	-	-	-	-	-	-
Investments - net of provisions	22,100,959	-	22,100,959	18,408,376	-	18,408,376
Deficit on revaluation of						
-available-for-sale securities	(76,881)	-	(76,881)	(140,311)	-	(140,311)
-held-for-trading securities	(3,346)	-	(3,346)	(9,461)	-	(9,461)
Total investments at market value	22,020,732	-	22,020,732	18,258,604	-	18,258,604

12.2 These include Sukuk amounting to Rs. 2.123 billion (December 31, 2014: NIL) held by Dubai Islamic Bank P.J.S.C on behalf of the Bank in fiduciary capacity.

Note	June 30,	December	
	2015	31, 2014	
	(Un-Audited)	(Audited)	
-----Rupees in '000-----			
13 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
-Murabaha	13.1	8,331,492	10,672,621
-Musharaka cum Ijara – Housing		6,416,337	5,609,524
-Musharaka cum Ijara - Autos	13.2	9,967,202	8,857,112
-Ijara Muntahiya Bil Tamleek – Autos		379,479	330,272
-Musharaka cum Ijara – Other		112,938	113,628
-Export Refinance under Islamic Scheme - SBP		2,948,286	2,851,393
-Wakala Istithmar – Pre manufacturing		4,215,087	1,200,397
-Wakala Istithmar – Post manufacturing		711,086	825,169
-Shirkatulmilk		9,886,731	7,457,312
-Running Musharaka		4,021,982	2,765,000
-Service Ijarah and related assets		625,000	750,000
-Musharaka		5,263,412	3,625,556
-Salam		2,000,000	4,450,000
-Istisna cum Wakala	13.3	11,260,096	10,840,236
-Musawama		4,615	2,111
Islamic financing and related assets – gross		66,143,743	60,350,331
Less: Provision against non-performing Islamic financing and related assets	13.5 & 13.6	(1,569,240)	(1,510,051)
Islamic financing and related assets – net of provisions		64,574,503	58,840,280

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	Note	June 30, 2015 (Un-Audited)	December 31, 2014 (Audited)
-----Rupees in '000-----			
13.1 Murabaha			
Financing Advances		5,358,896	8,771,269
		<u>2,972,596</u>	<u>1,901,352</u>
		<u>8,331,492</u>	<u>10,672,621</u>
13.2 Musharaka cum Ijara - Autos			
Financing Advances		9,548,447	8,294,011
		<u>418,755</u>	<u>563,101</u>
		<u>9,967,202</u>	<u>8,857,112</u>
13.3 Istisna cum Wakala			
Financing Advances		4,748,023	6,712,504
		<u>6,512,073</u>	<u>4,127,732</u>
		<u>11,260,096</u>	<u>10,840,236</u>
13.4 Islamic financing and related assets include Rs. 2,257.121 million (December 31, 2014: Rs. 2,368.756 million) which have been placed under non-performing status as detailed below:			

Category of classification	June 30, 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 (OAEM)	67,024	-	67,024	-	-	-	-	-	-
Substandard	226,771	-	226,771	17,066	-	17,066	17,066	-	17,066
Doubtful	132,366	-	132,366	47,300	-	47,300	47,300	-	47,300
Loss	1,830,960	-	1,830,960	1,431,209	-	1,431,209	1,431,209	-	1,431,209
	<u>2,257,121</u>	-	<u>2,257,121</u>	<u>1,495,575</u>	-	<u>1,495,575</u>	<u>1,495,575</u>	-	<u>1,495,575</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 (OAEM)	56,197	-	56,197	-	-	-	-	-	-
Substandard	231,645	-	231,645	18,964	-	18,964	18,964	-	18,964
Doubtful	270,028	-	270,028	77,566	-	77,566	77,566	-	77,566
Loss	1,810,886	-	1,810,886	1,350,646	-	1,350,646	1,350,646	-	1,350,646
	<u>2,368,756</u>	-	<u>2,368,756</u>	<u>1,447,176</u>	-	<u>1,447,176</u>	<u>1,447,176</u>	-	<u>1,447,176</u>

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

	June 30, 2015 (Un-Audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	1,447,176	62,875	1,510,051
Charge for the period	131,725	10,790	142,515
Reversals during the period	(83,326)	-	(83,326)
Net charge	48,399	10,790	59,189
Write off	-	-	-
Closing balance	<u>1,495,575</u>	<u>73,665</u>	<u>1,569,240</u>

	December 31, 2014 (Audited)		
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	1,164,697	53,826	1,218,523
Charge for the period	385,543	9,049	394,592
Reversals during the period	(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>

13.5.1 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed benefit of forced sale values amounting to Rs. 372.724 million (December 31, 2014: Rs. 417.926 million) in determining the provisioning against non performing Islamic financing as at June 30, 2015. The additional profit arising from availing the FSV benefit - net of tax at June 30, 2015 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs. 242.271 million (December 31, 2014: Rs. 271.652 million).

13.5.2 The non performing financing include classified financing of Rs. 531.728 million disbursed to Agritech Limited which has been classified as "Loss". The required provision as at June 30, 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. 451.969 million in respect of the outstanding exposure of Agritech Limited.

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

June 30, 2015 (Un-Audited)	December 31, 2014 (Audited)
----- Rupees in '000 -----	

14 OPERATING FIXED ASSETS

Capital work-in-progress - net	77,791	71,117
Property and equipment	1,475,687	1,471,132
Intangible assets	182,274	208,783
	<u>1,735,752</u>	<u>1,751,032</u>

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	June 30, 2015	June 30, 2014
	(Un-Audited)	
	----- Rupees in '000 -----	
14.1 Additions to operating fixed assets		
Leasehold improvements	27,314	10,694
Furniture and fixtures	17,542	3,522
Electrical, office and computer equipment	110,331	31,689
Vehicles	5,079	17,426
Capital work-in-progress	6,675	31,979
14.2 Intangibles		
Software	18,782	4,701
14.3 Disposals and write offs of operating fixed assets - cost		
Electrical, office and computer equipment (WDV:Rs 0.588 million) June 30, 2014 (WDV:Rs 0.501 million)	1,989	1,386
Vehicles (WDV:Rs 0.187 million)	936	-
	June 30, 2015	December 31, 2014
	(Un-Audited)	(Audited)
	----- Rupees in '000 -----	
15 DEFERRED TAX LIABILITY / (ASSET)		
Deferred tax debits arising due to:		
Available tax losses	-	-
Minimum tax	-	(48,756)
Provision against non-performing islamic financing and related assets	(6,904)	(22,830)
Deficit on revaluation of investments - HFT	(1,147)	(3,311)
Deferred tax credits arising due to:		
Accelerated tax depreciation on operating fixed assets	48,339	61,572
	40,288	(13,325)
Equity		
Surplus on revaluation of investments - AFS	(26,907)	(49,109)
	13,381	(62,434)
16 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	39,915,256	29,890,307
Savings deposits	35,804,049	30,420,418
Current accounts - non-remunerative	29,101,275	23,224,816
Margin accounts - non-remunerative	85,306	148,064
	104,705,886	83,683,605
Remunerative deposits	1,703,759	131,935
Non-remunerative deposits	55,957	28,855
	106,465,602	83,844,395

16.1 Deposits and other accounts include redeemable capital of Rs 77.223 billion (December 31, 2014: Rs 60.443 billion) and deposits on Qard basis of Rs 29.243 billion (December 31, 2014: Rs 23.402). Remunerative deposits which are on Modaraba basis are considered as Redeemable capital and non-remunerative deposits are classified as being on Qard basis.

17 SUB-ORDINATED LOAN

As referred to in note 1.5 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 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 at June 30, 2015 amounted to Rs 3.155 billion.

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	June 30, 2015 (Un-Audited)	December 31, 2014 (Audited)
	----- Rupees in '000 -----	
18 CONTINGENCIES AND COMMITMENTS		
18.1 Transactions-related contingent liabilities		
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring:		
- Government	624,758	494,549
- Banking companies and other financial institutions	34,265	34,361
- Others	2,098,133	1,659,270
	<u>2,757,156</u>	<u>2,188,180</u>
18.2 Trade-related contingent liabilities		
Import Letters of Credit	<u>9,001,981</u>	<u>4,432,705</u>
18.3 Claims not acknowledged as debt	<u>10,000</u>	<u>10,000</u>

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 favour of the Bank and, hence, no provision in this respect has been made in these financial statements.

	June 30, 2015 (Un-Audited)	December 31, 2014 (Audited)
	----- Rupees in '000 -----	
18.4 Commitments in respect of forward exchange promises to		
Purchase	<u>16,959,874</u>	<u>8,816,941</u>
Sale	<u>14,277,662</u>	<u>4,600,480</u>
18.5 Commitments for the acquisition of operating fixed assets	<u>14,989</u>	<u>74,504</u>

18.6 During the current period, 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 current period 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 the fact that Clause (11A) 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 291.829 million. The tax advisor of the Bank is of the view these issues will also be ultimately decided in the Bank's favour. Further, the Bank has also obtained a stay order from the Honourable High Court against the recovery of the above amount including the additional levy due to minimum tax on account of murabaha transactions. Therefore, no provision in this respect has been made in this condensed interim financial information.

19 TAXATION

The Finance Act 2015 has introduced certain amendments in the Seventh schedule to the Income Tax Ordinance, 2001 which apply retrospectively to the financial year ended December 31, 2014 (Tax year 2015). The amendments introduced relate to:

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- the bank's income from dividend and capital gains is now taxable at the rate of 35 percent for the tax year 2015 and onwards. Previously, these were taxed at reduced rates (including for tax year 2015);
- A one-time super tax at the rate of 4 percent of the taxable income for the tax year 2015 has been introduced for rehabilitation of temporary displaced persons.

The effects of the above amendments have been incorporated in this condensed interim financial information and an amount of Rs. 28.564 has been recognised as prior year tax charge. However, the banking industry is of the view that this may be discriminatory against banks and is seeking legal advice on the matter.

20 BASIC / DILUTED EARNINGS PER SHARE

	Note	----- Un-Audited -----			
		Quarter ended June 30, 2015	Half year ended June 30, 2015	Quarter ended June 30, 2014	Half year ended June 30, 2014
Profit after taxation		108,444	236,731	214,134	442,159
		-----Rupees'000-----			
Weighted average number of ordinary shares		697,603	697,603	697,603	697,603
		-----Rupees'000-----			
Earning per share - basic and diluted	20.1	0.16	0.34	0.31	0.63

20.1 There were no convertible / dilutive potential ordinary shares outstanding as at June 30,

	Note	June 30, 2015	June 30, 2014
		----- Rupees in '000 -----	
21 CASH AND CASH EQUIVALENTS			
Cash and balances with treasury banks	10	10,939,203	9,441,554
Balances with other banks	11	1,551,663	1,072,102
		<u>12,490,866</u>	<u>10,513,656</u>

22 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate Finance	Trading & Sales	Retail Banking	Commercial Banking	Others	Total
	-----Rupees in '000-----					
For the half year ended June 30, 2015						
Internal Income	-	(1,051,683)	2,339,980	(1,279,484)	(8,813)	-
Total income - net	30,301	1,223,220	1,435,745	2,148,758	7,797	4,845,821
Total expenses	(21,841)	(131,723)	(3,645,151)	(811,387)	1,012	(4,609,090)
Net Income / (Loss)	<u>8,460</u>	<u>39,814</u>	<u>130,574</u>	<u>57,887</u>	<u>(4)</u>	<u>236,731</u>
As at June 30, 2015						
Segment assets (Gross)	-	48,248,102	17,541,799	53,986,392	6,787,466	126,563,759
Segment non performing assets	-	-	931,011	1,299,459	26,651	2,257,121
Segment provision required	-	-	576,897	973,361	18,982	1,569,240
Segment liabilities	-	2,348,000	95,173,490	15,890,909	3,861,489	117,273,888
Segment return on net assets (ROA) (%)	-	<u>7.29%</u>	<u>14.23%</u>	<u>9.09%</u>	<u>3.30%</u>	
Segment cost of funds (%)	-	<u>7.42%</u>	<u>4.09%</u>	<u>5.26%</u>	-	
For the half year ended June 30, 2014						
Internal Income	-	(1,410,551)	2,184,912	(769,605)	(4,756)	-
Total income - net	27,838	1,721,064	1,178,931	1,398,055	6,259	4,332,147
Total expenses	(1,486)	(163,059)	(2,959,591)	(765,394)	(458)	(3,889,988)
Net Income / (Loss)	<u>26,352</u>	<u>147,454</u>	<u>404,252</u>	<u>(136,944)</u>	<u>1,045</u>	<u>442,159</u>
As at December 31, 2014						
Segment assets (Gross)	-	24,627,789	21,498,471	49,607,426	7,348,354	103,082,040
Segment non performing assets	-	-	948,826	1,391,104	28,828	2,368,756
Segment provision required	-	-	551,825	938,066	20,160	1,510,051
Segment liabilities	-	-	75,771,614	13,602,359	4,739,945	94,113,918
Segment return on net assets (ROA) (%)	-	<u>9.13%</u>	<u>15.80%</u>	<u>10.17%</u>	<u>3.59%</u>	
Segment cost of funds (%)	-	<u>8.02%</u>	<u>4.60%</u>	<u>5.95%</u>		

23 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.

Transactions with related parties are as follows:

	June 30, 2015 (Un-Audited)	December 31, 2014 (Audited)
	----- Rupees in '000 -----	
<u>Key management personnel</u>		
Islamic financing and related assets		
At beginning of the period / year	122,788	88,562
Disbursements	26,200	96,978
Payments	<u>(19,088)</u>	<u>(62,752)</u>
At the end of the period / year	<u>129,900</u>	<u>122,788</u>
Deposits		
At beginning of the period / year	23,550	6,174
Deposits	171,087	205,348
Withdrawals	<u>(166,109)</u>	<u>(187,972)</u>
At the end of the period / year	<u>28,528</u>	<u>23,550</u>
<u>Directors</u>		
Deposits		
At beginning of the period / year	16,170	5,375
Deposits	61,816	55,255
Withdrawals	<u>(63,762)</u>	<u>(44,460)</u>
At the end of the period / year	<u>14,224</u>	<u>16,170</u>

- 23.1 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. Transactions with related parties are as follows:

	June 30, 2015 (Un-Audited)	December 31, 2014 (Audited)
	----- Rupees in '000 -----	
Deposits		
At beginning of the period / year	13,701	60,428
Deposits	723,692	1,724,930
Withdrawals	<u>(716,145)</u>	<u>(1,771,657)</u>
At the end of the period / year	<u>21,248</u>	<u>13,701</u>
Balance held abroad		
At beginning of the period / year	92,305	160,875
Deposits	34,766,616	36,526,299
Withdrawals	<u>(34,743,963)</u>	<u>(36,594,869)</u>
At the end of the period / year	<u>114,958</u>	<u>92,305</u>
Other payables	<u>46,333</u>	<u>21,333</u>
Other receivables	<u>792</u>	<u>6,332</u>

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	June 30, 2015	June 30, 2014
	(Un-Audited)	
	----- Rupees in '000 -----	
Purchase of foreign currency sukuk from holding company	2,123,565	690,298
Sale of foreign currency sukuk to holding company	-	2,309,406
Gain on sale of foreign currency sukuk to holding company	-	30,798
Fee charged by the holding company in respect of outsourcing arrangement	25,000	22,983
Contingent liabilities in respect of performance bonds	1,049,350	1,057,182
Directors		
Remuneration to directors	10,775	7,424
Return on deposits to directors	95	93
Key management personnel		
Profit earned on Islamic financing and related assets		
Key management personnel	2,888	1,720
Return on deposits to key management personnel	269	321
Remuneration to key management personnel	133,561	87,609
Employee benefit plans		
Contribution to employees gratuity fund	20,226	16,380
Sale of sukuk to employees gratuity fund	-	-
Gain on sale of sukuk to employees gratuity fund	-	-
Contribution to employees provident fund	31,181	20,571
Sale of sukuk to employees provident fund	-	-
Gain on sale of sukuk to employees provident fund	-	-

Forex transactions during the half year ended June 30, 2015 with Dubai Islamic Bank P.J.S.C

CURRENCY	-----2015-----			
	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
	----- (Currency in '000) -----			
AED	221,067	-	9,608,687	-
AUD	7,091	-	-	-
CHF	86,911	-	-	-
EUR	518,768	-	4,970,550	-
GBP	456,376	-	8,489,901	-
JPY	113,887	-	-	-
SGD	7,486	-	-	646,552
USD	-	25,070,927	-	-

Forex deals outstanding as at June 30, 2015 with Dubai Islamic Bank P.J.S.C

CURRENCY	-----2015-----			
	FORWARD			
	BUY		SELL	
	Currency in '000	Rupees in '000	Currency in '000	Rupees in '000
AED	47,000	1,306,828	-	-
EUR	5,900	669,791	2,000	226,805
GBP	8,700	1,395,065	-	-
JPY	169,000	141,265	-	-
USD	2,237	227,797	34,871	3,537,860

Forex transactions during the half year ended June 30, 2014 with Dubai Islamic Bank P.J.S.C

CURRENCY	-----2014-----			
	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
	----- (Currency in '000) -----			
AED	12,900	957,600	945,700	9,200
CHF	3,450	1,500	-	-
EUR	2,610	66,380	66,100	330
GBP	1,810	60,895	60,100	650
JPY	516,200	-	516	-
USD	454,992	19,050	4,032	448,352

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Forex deals outstanding as at year ended December 31, 2014 with Dubai Islamic Bank P.J.S.C

CURRENCY	2014			
	BUY		FORWARD	
	Currency in '000	Rupees in '000	Currency in '000	Rupees in '000
AED	46,500	1,260,931	-	-
EUR	3,000	405,248	-	-
GBP	2,800	471,193	-	-
USD	-	-	17,481	1,843,126

24 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on JULY 23, 2015 by the Board of Directors of the Bank.

25 GENERAL

- 25.1 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.

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CHAIRMAN

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PRESIDENT / CHIEF EXECUTIVE

[Handwritten signature]
DIRECTOR

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DIRECTOR