Dubai Islamic Bank
Pakistan Limited

Financial Statement
For the year ended December 31, 2017

Dubai Islamic Bank Pakistan Limited
Statement of Financial Position
As at December 31, 2017

	Note	2017	2016
		---- (Rupees in '000) ----	
ASSETS			
Cash and balances with treasury banks	*6*	**10,423,998**	14,007,320
Balances with other banks	*7*	**1,173,267**	543,363
Due from financial institutions	*8*	**4,860,272**	12,536,061
Investments	*9*	**41,474,123**	27,211,659
Islamic financing and related assets - net	*10*	**119,522,264**	93,910,902
Operating fixed assets	*11*	**1,703,784**	1,870,060
Deferred tax assets	*12*	**71,759**	-
Other assets	*13*	**3,042,056**	2,054,034
		182,271,523	152,133,399
LIABILITIES			
Bills payable	*14*	**3,677,900**	2,218,979
Due to financial institutions	*15*	**5,255,642**	5,670,091
Deposits and other accounts	*16*	**149,295,457**	129,264,513
Sub-ordinated debt	*17*	**4,000,000**	-
Deferred tax liabilities	*12*	**-**	16,784
Other liabilities	*18*	**5,130,353**	2,855,697
		167,359,352	140,026,064
NET ASSETS		**14,912,171**	12,107,335
REPRESENTED BY			
Share capital	*19*	**11,652,288**	10,225,567
Reserves	*20*	**725,101**	404,694
Unappropriated profit		**2,677,047**	1,416,263
		15,054,436	12,046,524
(Deficit) / surplus on revaluation of investments - net of tax	*21*	**(142,265)**	60,811
		14,912,171	12,107,335
CONTINGENCIES AND COMMITMENTS	*22*		

The annexed notes 1 to 44 and Annexure I form an integral part of these financial statements.

Chairman	**President / Chief Executive**	**Director**	**Director**

Dubai Islamic Bank Pakistan Limited
Profit and Loss Account
For the year ended December 31, 2017

	Note	2017	2016
		---- (Rupees in '000) ----	
Profit / return earned	*23*	**10,797,894**	9,486,289
Profit / return expensed	*24*	**(4,197,721)**	(4,273,598)
Net profit / return		**6,600,173**	5,212,691
Provision against non-performing Islamic financing and related assets - net	*10.12*	**(155,601)**	(111,734)
Provision for diminution in the value of investments - net	*9.8*	**(30,256)**	(16,846)
Bad debts written off directly		**-**	-
		(185,857)	(128,580)
Net spread earned after provisions		**6,414,316**	5,084,111
OTHER INCOME			
Fee, commission and brokerage income		**1,695,661**	1,402,601
Dividend income		**-**	-
Income / (loss) from dealing in foreign currencies		**128,840**	(41,795)
Gain on sale of securities	*25*	**77,722**	163,286
Other income	*26*	**474**	42,436
Total other income		**1,902,697**	1,566,528
		8,317,013	6,650,639
OTHER EXPENSES			
Administrative expenses	*27*	**(5,693,223)**	(5,264,089)
Other reversal of provisions / write offs	*13.2*	**1,066**	-
Other charges	*28*	**(61,291)**	(15,519)
Total other expenses		**(5,753,448)**	(5,279,608)
		2,563,565	1,371,031
Extra ordinary / unusual items		**-**	-
PROFIT BEFORE TAXATION		**2,563,565**	1,371,031
Taxation	*29*		
- Current		**(870,066)**	(535,978)
- Prior years		**(61,255)**	(34,868)
- Deferred		**(30,208)**	55,355
		(961,529)	(515,491)
PROFIT AFTER TAXATION		**1,602,036**	855,540
		-------- (Rupees) --------	
Basic & diluted earnings per share	*30*	**1.41**	1.22

The annexed notes 1 to 44 and Annexure I form an integral part of these financial statements.

Chairman	**President / Chief Executive**	**Director**	**Director**

Dubai Islamic Bank Pakistan Limited
Statement of Comprehensive Income
For the year ended December 31, 2017

	2017	2016
	---- (Rupees in '000) ----	
Profit after taxation for the year	**1,602,036**	855,540
Other comprehensive income		
Items that may not be reclassified to profit and loss account		
Actuarial loss on remeasurements of defined benefit plan	**(26,861)**	(21,998)
Tax on remeasurements of defined benefit plan	**9,402**	7,699
	(17,459)	(14,299)
Comprehensive income transferred to equity	**1,584,577**	841,241
Components of comprehensive income not reflected in equity		
(Deficit) / surplus on revaluation of investments	**(312,425)**	73,713
Related deferred tax asset / (liability)	**109,349**	(25,800)
	(203,076)	47,913

The annexed notes 1 to 44 and Annexure I form an integral part of these financial statements.

Chairman **President / Chief Executive** **Director** **Director**

Dubai Islamic Bank Pakistan Limited

Statement of Changes in Equity

For the year ended December 31, 2017

	Share capital	Advance against share subscription	Statutory reserve	Unappro-priated 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 year	-	-	-	855,540	855,540
Other comprehensive income for the year					
Remeasurements of defined benefit plan	-	-	-	(21,998)	(21,998)
Tax on remeasurements of defined benefit plan	-	-	-	7,699	7,699
	-	-	-	(14,299)	(14,299)
Transactions with owners recognised directly in equity					
Conversion of subordinated debt	-	3,249,519	-	-	3,249,519
Issuance of right shares at par	3,249,537	(3,249,537)	-	-	-
Transaction costs on issuance of right shares	-	-	-	(7,005)	(7,005)
	3,249,537	(18)	-	(7,005)	3,242,514
Transfer to statutory reserve	-	-	171,108	(171,108)	-
Balance as at December 31, 2016	10,225,567	-	404,694	1,416,263	12,046,524
Profit after taxation for year	-	-	-	1,602,036	1,602,036
Other comprehensive income for the year					
Remeasurements of defined benefit plan	-	-	-	(26,861)	(26,861)
Tax on remeasurements of defined benefit plan	-	-	-	9,402	9,402
	-	-	-	(17,459)	(17,459)
Transactions with owners recognised directly in equity					
Advance against further issuance of share capital	-	1,426,721	-	-	1,426,721
Issuance of right shares at par	1,426,721	(1,426,721)	-	-	-
Transaction costs on issuance of right shares	-	-	-	(3,386)	(3,386)
	1,426,721	-	-	(3,386)	1,423,335
Transfer to statutory reserve	-	-	320,407	(320,407)	-
Balance as at December 31, 2017	**11,652,288**	**-**	**725,101**	**2,677,047**	**15,054,436**

The annexed notes 1 to 44 and Annexure I form an integral part of these financial statements.

Chairman **President / Chief Executive** **Director** **Director**

Dubai Islamic Bank Pakistan Limited

Cash Flow Statement

For the year ended December 31, 2017

	Note	2017	2016
		---- (Rupees in '000) ----	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		**2,563,565**	1,371,031
Adjustments for:			
Depreciation	*27*	**319,140**	308,708
Amortisation	*27*	**140,192**	104,572
Provision against non-performing Islamic financing and related assets - net	*10.12*	**155,601**	111,734
Provision for diminution in the value of investments	*9.8*	**30,256**	16,846
Gain on sale of securities	*25*	**(77,722)**	(163,286)
Gain on sale of operating fixed assets	*26*	**(474)**	(42,436)
Fixed assets written-off	*28*	**249**	375
Reversal of provisions against other assets	*13.2*	**(1,066)**	-
Charge for defined benefit plan		**49,705**	43,738
		615,881	380,251
		3,179,446	1,751,282
(Increase) / decrease in operating assets			
Due from financial institutions		**7,675,789**	(6,117,364)
Islamic financing and related assets		**(25,766,963)**	10,931,001
Others assets		**(990,342)**	(13,180)
		(19,081,516)	4,800,457
Increase / (decrease) in operating liabilities			
Bills payable		**1,458,921**	666,760
Due to financial institutions		**(413,327)**	1,117,049
Deposits and other accounts		**20,030,944**	(7,478,944)
Other liabilities (excluding current taxation)		**2,275,529**	(246,191)
		23,352,067	(5,941,326)
		7,449,997	610,413
Payments against defined benefit plan		**(49,705)**	(43,738)
Income tax paid		**(959,055)**	(502,323)
Net cash flow from operating activities		**6,441,237**	64,352
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available for sale securities		**(10,527,423)**	(3,169,250)
Net investments in held to maturity securities		**(4,000,000)**	-
Investments in operating fixed assets		**(295,018)**	(495,077)
Proceeds from sale of operating fixed assets		**2,187**	96,503
Net cash used in investing activities		**(14,820,254)**	(3,567,824)
CASH FLOW FROM FINANCING ACTIVITIES			
Sub-ordinated debt		**4,000,000**	-
Issuance of share capital		**1,426,721**	-
Net cash generated from financing activities		**5,426,721**	-
Decrease in cash and cash equivalents		**(2,952,296)**	(3,503,472)
Cash and cash equivalents at beginning of the year		**14,549,561**	18,053,033
Cash and cash equivalents at end of the year	*31*	**11,597,265**	14,549,561

The annexed notes 1 to 44 and Annexure I form an integral part of these financial statements.

Chairman **President / Chief Executive** **Director** **Director**

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 (now Companies Act, 2017) 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, Consumer Islamic banking activities and investing activities.

1.3 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".

1.4 The Bank is operating through 200 branches as at December 31, 2017 (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 PJSC, 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 Isthimar, Service Ijarah and export refinance under Islamic export refinance scheme of State Bank of Pakistan (SBP) and other Islamic modes as briefly explained in the notes to these financial statements. 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.

3 STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the repealed Companies Ordinance, 1984, 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 (SECP) and the State Bank of Pakistan (SBP). In case the requirements differ, the provisions of and directives issued under the repealed Companies Ordinance, 1984 and Banking Companies Ordinance, 1962 and the directives issued by the SECP and SBP shall prevail.

3.2 The Companies Ordinance, 1984 was repealed by enactment of the Companies Act, 2017 on May 30, 2017. The circular no. 23/2017 dated October 04, 2017 of SECP has clarified that all those companies whose financial year closes on or before December 31, 2017 can prepare financial statements in accordance with the repealed Companies Ordinance, 1984.

3.3 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 ' Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.

3.4 The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning after January 1, 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank. The SBP through BPRD Circular Letter No. 4 dated February 25, 2015, has deferred the applicability of

IFAS 3 till further instructions and prescribed the Banks to prepare their annual and periodical financial statements as per existing prescribed formats issued vide BSD Circular 04 of 2006 and BSD Circular Letter No. 02 of 2004, as amended from time to time.

3.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2017 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.

3.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after January 1, 2018:

- Classification and measurement of Share Based Payment transactions amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after January 1, 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Bank’s financial statements.

- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 ‘Investments in Associates and Joint Ventures’] (effective for annual periods beginning on or after January 1, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Bank’s financial statements.

- IFRIC 22 ‘Foreign Currency Transactions and Advance Consideration’ (effective for annual periods beginning on or after January 1, 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Bank's financial statements.

- IFRIC 23 ‘Uncertainty over Income Tax Treatments’ (effective for annual periods beginning on or after January 1, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have impact on Bank's financial statements.

- IFRS 15 ‘Revenue from contracts with customers’ (effective for annual periods beginning on or after July 1, 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’ and IFRIC 13 ‘Customer Loyalty Programmes’. The Bank is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

- IFRS 9 ‘Financial Instruments’ and amendment - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after July 1, 2018 and January 1, 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Bank is currently awaiting instructions from SBP as applicability of IAS 39 was deferred by SBP till further instructions.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long term interests in Associates and Joint Ventures (effective for annual periods beginning on or after January 1, 2019). An amendment to IAS 28 Investments in Associates and Joint Ventures will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendment is not likely to have an impact on the Bank's financial statements.

- Annual Improvements to IFRS Standards 2015–2017 Cycle. The improvements address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangements the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12 Income Taxes - the amendment clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable

  - IAS 23 Borrowing Costs, the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  The above amendments are not likely to have an impact on the Bank's financial statements.

- In addition the Companies Act, 2017 was enacted on May 30, 2017 and according to circular referred to in note 3.12, for financial statements purposes would be applicable to financial statements for periods after January 1, 2018. Furthermore, SBP has also notified a new format of financial statements which would be effective from the accounting year ending December 31, 2018. The Companies Act, 2017 and the revised format would result in additional disclosures and certain changes in the financial statements presentation.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

These financial statements have been prepared under the historical cost convention, except that held for trading and available for sale investment and derivative financial instruments are carried at fair value.

4.2 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

4.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and income and expenses. It also requires management to exercise judgment in application of its accounting policies. The estimates and associated assumptions are continually evaluated and are based on historical experience and various other factors including expectation of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

The significant accounting areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

i) classification and provisioning against investments (notes 5.3 and 9)
ii) classification and provisioning against Islamic financing and related assets (notes 5.4 and 10)
iii) current and deferred taxation (notes 5.6, 12, 22.7 and 29)
iv) determination of useful lives and depreciation / amortisation (notes 5.5 and 11)
v) accounting for defined benefit plan (notes 5.11.1 and 33)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented.

5.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash, balances with treasury banks, balances with other banks in current and deposit accounts and overdrawn nostro accounts.

5.2 Due to / from financial institutions

Commodity Murabaha

In Commodity Murabaha, the Bank sells commodities on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Bai Muajjal

In Bai Muajjal, the Bank sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Musharaka / Modaraba

In Musharaka / Modaraba, the Bank invests in the shari'a compliant business pools of the financial institutions at the agreed profit and loss sharing ratio.

Musharaka from State Bank of Pakistan under IERS

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Bank under guidelines issued by SBP.

5.3 Investments

5.3.1 Classification

Investments of the Bank are classified as follows:

(a) Held-for-trading

These are investments, which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

(b) Held- to-maturity

These are investments with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold till maturity.

(c) Available-for-sale

These are investments which do not fall under the 'held for trading' or 'held to maturity' categories.

5.3.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at settlement date, which is the date on which the asset is delivered to or by the Bank.

5.3.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

5.3.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

(a) Held-for-trading

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

(b) Held-to-maturity

These are measured at amortized cost using the effective profit rate method, less any impairment loss recognized to reflect irrecoverable amount.

(c) Available for sale

In accordance with the requirements specified by the SBP, quoted securities other than those classified as 'held to maturity' are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in other unquoted securities are valued at cost less impairment losses, if any.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the statement of comprehensive income but is kept in a separate account which is shown in the statement of financial position below equity.

5.3.5 Impairment

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of sukuk is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the Statement of Financial Position below equity is removed there-from and recognised in the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

5.3.6 Gains or losses on sale of investments are included in the profit and loss account for the year.

5.4 Islamic financing and related assets

These are products originated by the Bank and principally comprise of Murabaha, Musharaka cum Ijara, Running Musharaka, Wakala, Wakala Istithmar, Istisna cum Wakala, Ijara Muntahiya Bil Tamleek, Islamic Export Refinance Scheme, Service Ijarah and Shirkatulmilk. These are stated net of general and specific provisions.

Murabaha to the purchase orderer is a sale transaction wherein the first party (the Bank) sells to the client / customer a shari'a compliant asset / goods for cost plus a pre-agreed profit after getting title and possession of the same. On the basis of an undertaking (Promise-to-Purchase) from the client (the purchase orderer), the Bank purchases the goods / assets subject of the Murabaha from a third party and takes the possession thereof. However, the Bank can appoint the client as its agent to purchase the goods / assets on its behalf. Thereafter, it sells it to the client at cost plus the profit (agreed upon).

Import Murabaha is a product used to finance a commercial transaction which consists of purchase by the Bank (generally through an undisclosed agent) the goods from the foreign supplier and selling them to the customer after getting the title to and possession of the goods. Murabaha financing is extended to all types of trade transactions i.e. under Documentary Credits (LCs) and Documentary Collections.

Musharaka is a form of partnership in business with distribution of profit in agreed ratio and distribution of loss in the ratio of capital invested.

In Shirkat ul-Milk / Musharaka cum Ijara, the Bank and the customer become co-owners in certain identified assets by acquiring the same from a third party or by purchase of an undivided share of an asset from the customer by the Bank. Thereafter, the customer / co-owner undertakes to purchase the share of the Bank from the Bank in a manner that the Bank would recover its cost plus the desired profit over a period of time (i.e till the maturity of the facility). At the end of the facility term the Bank at its own discretion may sell its share to the customer at a nominal price.

Wakala Istithmar has been developed to facilitate exporters through investment agency where the customer acts as the investment agent of the Bank. This medium is used to cater to the export based customer’s financial needs i.e. help the customer to bridge the gap between the commencement of the manufacturing process and the dispatch of goods to the ultimate buyer / buyers.

Istisna cum Wakala product has two legs: first the Bank acquires the described goods by way of Istisna to be manufactured by the customer from raw material of its own and once the goods are delivered to the Bank, the customer through an independent agency contract, sells the same to various end-users as the agent of the Bank.

Ijara Muntahiya Bil Tamleek is a lease contract in which the leased asset's title is transferred at the end of the lease term to the lessee through an independent sale agreement.

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

In Service Ijarah financing, the Bank provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Bank appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

In Running Musharaka financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in customers operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharakah Financing limit during the Musharakah period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly/half-yearly/annual accounts of the customer.

In Musawammah financings, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

5.4.1 Inventory

The Bank values its inventories at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Cost of inventories represents actual purchases made by the Bank / customers as an agent of the Bank for subsequent sale.

5.4.2 Provision against Islamic financing and related assets

Specific provision

The Bank maintains specific provision for non-performing Islamic financing based on the requirements specified in the Prudential Regulations issued by the SBP.

General provision

In accordance with the Prudential Regulations issued by SBP, unless specific exemption is available from SBP (note 10.12.2), the Bank maintains general provisions as follows:

	Secured	Unsecured
Consumer financings (including housing finance)	0.5% - 1.5%	5.0%
Small enterprise financings	1.0%	2.0%

The SBP vide its letter no. BPRD/BLRP-04/DIB 2013/1644 dated October 15, 2009 has allowed relaxation to the Bank for recognizing general provision against Musharaka cum Ijara-Autos on the condition that the facility will be categorized as 'Loss' on the 180th day from the date of default.

In this regard, the SBP vide its letter no. BPRD/BLRP-04/DIB 2013/1644 dated February 15, 2013 has decided that the exemption from general reserve requirement shall only be valid till classified Auto financing portfolio of the Bank remain up to 5% of total auto financing of the Bank i.e. if the classified auto financing portfolio increases beyond 5% threshold, the exemption shall stand withdrawn from that point of time.

The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

5.5 Operating fixed assets and depreciation

5.5.1 Property and equipment

These assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income by applying the straight line method over the estimated useful lives of the assets, using the rates specified in note 11.2 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. Depreciation is charged from the month of acquisition and upto the month preceding the month of disposal.

The assets residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Maintenance and normal repairs are charged to income as and when incurred. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Gains and losses on disposal of property and equipment, if any, are taken to the profit and loss account.

5.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

5.5.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method over their estimated useful lives. The useful lives and amortisation method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Amortisation is charged from the month of acquisition and upto the month preceding the month of deletion using the rates specified in note 11.3 to these financial statements.

5.5.4 Impairment

At each reporting date, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the financial statements in the profit and loss account.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. The reversal of impairment loss is recognised as income in the profit and loss account.

5.6 Taxation

Income tax expense comprises of current, prior and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity.

Current

Provision for current taxation is based on taxable income for the year, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as required under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

5.7 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Modaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and deposits generated on Modaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in common pool are distributed between the Bank and the depositors in proportion to their respective share in the pool. All Modarba based deposits are fully invested in the Common Pool to produce returns for them. In case where the Bank is unable to utilise all funds available for investment, priority is given to the deposit account holders. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 60% of their profit as incentive profits (General Hiba).

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

5.8 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Mudaraba and Musharakah modes.

Under the general deposits pool, the Bank accepts funds on Mudaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shariah Compliant modes of financing, investments and placements. When utilising and investing funds, the Bank prioritizes the funds received from depositors over the funds generated from own sources after meeting the regulatory requirement relating to such deposits.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan (under the Islamic Export Refinance Scheme), high net-worth individuals/companies/financial institutions and other banks for investments in Shari'a compliant modes of financing and liquidity management under the Musharakah / Modaraba/ Wakala modes respectively.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of tracker and similar related costs. No general or administrative nature expense is charged to pools. No provision against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. The profit of the pool is shared between equity and other members of the pool on pro-rata basis at gross level (i.e. before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the depositors of the pool on pre-defined mechanism based on the weightages announced before the commencement of profit calculation period after charging mudarib fee. Incentive profits (General Hiba) is allocated to the depositors based on SBP guidelines across the board.

General Pool

For General Pool, the Bank allocates financing to Corporate, SME and Consumer Finance customers in diversified sectors and avenues of the economy / business as mentioned in note 42. All remunerative deposits are tagged to these general pool and their funds generated from the depositors are invested on priority basis. Depositors are Rabb-ul-Maal as they are the provider of capital while the Bank acts as Mudarib by investing these funds in business. Since there are more than one Rabb-ul-Maal (depositor), their mutual relationship is that of Musharakah. Profit is shared among Mudarabah partners (Bank and depositors) as per pre-agreed profit sharing ratio. Whereas, profit sharing among the depositors is based on pre-assigned weightages. Loss, if any, is borne by Rabb-ul-Maal as per the principles of Mudarabah.

Islamic Export Refinance - Musharka Pool

The IERS pool assets comprise of Sovereign Guarantee Sukuks, and financing to/ sukuks of blue chip companies and exporters as allowed under the applicable laws and regulations, and as such are exposed to lower credit risk. In this Scheme, SBP enters into a Musharakah arrangement with the Bank for onward financing to exporters and other blue chip companies on the basis of Shariah compliant modes such as Murabahah, Istisna, etc. Under the scheme, SBP is required to share in profit and loss of the Bank's IERS Musharakah pool.

Interbank Musharaka / Mudaraba Pools

The pool assets generally comprise of Sovereign Guarantee Sukuks only and the related liability of the FI pool comprise of Musharakah / Mudarabah from other banks and financial institutions. These pools are created to meet the liquidity requirements of the Bank.

Key features and risk & reward characteristics of all pools

The risk characteristic of each pool mainly depends on the assets and liability profile of each pool. As per the Bank's policy, relatively low risk / secured financing transactions and assets are allocated to general depositors pool. The Bank maintains General Pool, FI Pools, IERS pool and Equity pool. The general pool are exposed to general credit risk, asset ownership risk and profit rate risk of the underlying assets involved.

The pool is exposed to Asset Risk which is the risk that is associated with Islamic mode of finance(s) applied / used under the transaction structure(s). The Bank is well equipped to identify and properly mitigate such risk. The Bank also analyses transaction structure of each customer to further ensure proper safeguard of depositors' interest. The review is done by experienced team of professionals having considerable experience in the field of Islamic banking and finance. Nevertheless since Islamic banking is a growing industry, we believe that the process of further improvement will continue as the business grows.

Credit Risk is the risk which is associated with financing that is mitigated through safeguards through available standards within Shariah guidelines as disclosed in note 40.1 to these financial statements.

Gross income (Revenue less cost of goods sold and after deduction of other direct expenses), generated from relevant assets is calculated at the end of the month. The income is shared between the Bank and the depositors as per agreed profit sharing ratio after deduction of commingled Bank's equity share on pro rata basis. The residual is shared among depositors as per agreed weightages. These weightages and profit sharing ratios are declared by the Bank in compliance with the requirements of the SBP and Shariah.

The allocation of income and expenses to different pools is based on pre-defined basis and accounting principles / standards. Direct expenses are charged to respective pool, while indirect expenses are borne by the Bank as Mudarib. The direct expenses charged to the pool are direct cost in financing / investment transactions (Murabahah, Ijarah, Diminishing Musharakah, Istisna, Karobar Financing, Salam, etc) and depreciation of Ijarah assets. The general and specific provisions created against non-performing islamic financing and related assets and diminution in the value of investments under prudential regulations and other SBP directives is not passed on to the pool.

5.9 Sub-ordinated debt

The Bank records sub-ordinated sukuk initially at the amount of proceeds received. Profit accrued on sub-ordinated sukuk is charged to the profit and loss account.

5.10 Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.11 Staff retirement benefits

5.11.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. Last valuation was conducted as on December 31, 2017.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur.

5.11.2 Defined contribution plan

The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 10% per annum of basic salary. The Bank has no further payment obligations once the contributions have been paid. The contributions made by the Bank are recognised as employee benefit expense when they are due.

5.12 Revenue recognition

- Profit from Murabaha is accounted for on consummation of Murabaha transaction. However, profit on the portion of revenue not due for payment is deferred by accounting for unearned Murabaha income with a corresponding credit to deferred Murabaha income which is recorded as a liability. The same is then recognised as revenue on a time proportionate basis. In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

- Profit on Musharaka cum Ijara, Ijara Muntahiya Bil Tamleek and Shirkatulmilk is recognised on the basis of the reducing balance method on a time apportioned basis that reflects the effective return / profit on the asset.

- Profit on Wakala is accounted for on a time apportioned basis that reflects the effective yield on the asset.

- Profit on Musharaka financing is recognised on an accrual basis. Actual profit / (loss) on Musharaka and Modaraba financing is adjusted after declaration of profit / (loss) by Musharaka partner / modarib or at liquidation of Musharaka / Modaraba.

- Profit on Bai Muajjal transaction is recognised on an accrual basis.

- Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.

- Gains and losses on sale of investments are included in the profit and loss account.

- Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield method.

- Profit on Service Ijarah is recognised on an accrual basis.

- Commission on letters of credit, acceptances and guarantees is recognised on receipt basis.

- Fee, commission and brokerage are recognized when earned.

- Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financings and investments are recognised as per the guidance in prudential regulations.

5.13 Financial Instruments

5.13.1 Financial assets and financial liabilities

All financial assets and liabilities are recognised at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial assets carried on the statement of financial position include cash and bank balances, due from financial institutions, investments, Islamic financing and related assets, certain receivables and financial liabilities include bills payable, due to financial institutions, deposits, sub-ordinated debt and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.13.2 Offsetting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

5.13.3 Derivatives

Derivative financial instruments are recognised at fair value. Derivatives with positive market values (unrealised gains) are included in other receivables and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to profit and loss account.

5.14 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in these financial statements.

5.15 Foreign currencies

Foreign currency transactions

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies, prevailing at the statement of financial position date are converted in Rupees at exchange rates prevalent on the reporting date.

Translation gains and losses

Translation gains and losses are included in the profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange promises are disclosed at agreed rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

5.16 Provisions and contingent assets and liabilities

Provisions are recognized when the Bank has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

5.17 Segment reporting

A segment is a distinguishable component of the Bank that is engaged in business activities (business segment), within a particular economic environment (geographical segment). The Bank's chief operating decision maker reviews the results and assesses performance of these segments separately.

5.17.1 Business segments

Corporate and commercial banking

Corporate banking includes services provided in connection with mergers and acquisitions, underwriting, privatization, securitisation, research, Sukuk (government, high yield), equity, syndication, IPO and secondary private placements, provided they are Shari'a compliant.

Commercial banking includes project finance, real estate, export finance, trade finance, Ijara, financing and issuing guarantees.

Trading and sales

It includes income, equity, foreign exchanges, commodities, credit, funding and own position securities.

Retail banking

It includes retail financing, deposits and banking services offered to retail customers and small and medium sized enterprises.

Others

Others includes functions which cannot be classified in any of the above segments.

5.17.2 Geographical segment

The Bank operates only in Pakistan.

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	2017	2016
		--- (Rupees in '000) ---	
In hand			
- local currency		**2,338,026**	1,825,449
- foreign currencies		**653,361**	666,844
		2,991,387	2,492,293
With the State Bank of Pakistan in			
- local currency current accounts	*6.1*	**4,678,341**	8,506,372
- foreign currency current accounts		**7,936**	22,637
Cash reserve account	*6.2*	**1,040,737**	805,984
Special cash reserve account	*6.3*	**1,248,918**	967,160
		2,289,655	1,773,144
With National Bank of Pakistan in			
- local currency current accounts		**456,679**	1,212,874
		10,423,998	14,007,320

6.1 The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 22 of the Banking Companies Ordinance, 1962. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by SBP.

6.2 As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% is required to be maintained with SBP on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits). This account is non-remunerative in nature.

6.3 Special cash reserve of 6% is required to be maintained with the SBP on FE-25 deposits as specified in BSD Circular No. 15 dated June 21, 2008. This account is non-remunerative in nature.

7 BALANCES WITH OTHER BANKS

	Note	2017	2016
		--- (Rupees in '000) ---	
In Pakistan			
- in current accounts		**499,396**	99,179
- in deposit accounts		**-**	-
		499,396	99,179
Outside Pakistan			
- in current accounts	*7.1*	**673,871**	444,184
- in deposit accounts		**-**	-
		673,871	444,184
		1,173,267	543,363

7.1 This includes an amount of Rs. 140.147 million (2016: Rs.53.112 million) deposited with the holding company.

8 DUE FROM FINANCIAL INSTITUTIONS

	Note	2017	2016
		--- (Rupees in '000) ---	
Commodity Murabaha	*8.1*	**2,860,272**	12,536,061
Musharakah	*8.2*	**2,000,000**	-
		4,860,272	12,536,061

8.1 These carry expected profit rates ranging from 5.85% to 6.25% (2016: 5.75% to 6.25%) per annum and are due to mature latest by January 18, 2018 (2016: January 30, 2017).

8.2 These carry expected profit rate of 5.85% (2016: Nil) per annum and are due to mature latest by January 04, 2018 (2016: Nil).

8.3 Particulars of amounts due from financial institutions

	2017	2016
	--- (Rupees in '000) ---	
In local currency	**4,860,272**	12,536,061
In foreign currencies	**-**	-
	4,860,272	12,536,061

9 INVESTMENTS

9.1 Investments by types

	Note	2017 Held by the Bank	2017 Given as collateral	2017 Total	2016 Held by the Bank	2016 Given as collateral	2016 Total
		------ (Rupees in '000) ------					
Held-to-maturity securities							
GOP Ijarah sukuk	*9.3*	**4,000,000**	**-**	**4,000,000**	-	-	-
Available-for-sale securities							
GOP Ijarah sukuk	*9.3*	**12,103,089**	**-**	**12,103,089**	12,608,975	-	12,608,975
Other sukuk certificates	*9.4*	**11,379,280**	**-**	**11,379,280**	8,416,929	-	8,416,929
Global sukuk certificates	*9.5*	**14,257,725**	**-**	**14,257,725**	6,092,422	-	6,092,422
Units of open-end mutual fund	*9.6*	**-**	**-**	**-**	16,623	-	16,623
		37,740,094	**-**	**37,740,094**	27,134,949	-	27,134,949
Investment at cost		**41,740,094**	**-**	**41,740,094**	27,134,949	-	27,134,949
Less: Provision for diminution in the value of investments	*9.8*	**(47,102)**	**-**	**(47,102)**	(16,846)	-	(16,846)
Investments (net of provisions)		**41,692,992**	**-**	**41,692,992**	27,118,103	-	27,118,103
(Deficit) / surplus on revaluation of available-for-sale securities	*21*	**(218,869)**	**-**	**(218,869)**	93,556	-	93,556
Total investments		**41,474,123**	**-**	**41,474,123**	27,211,659	-	27,211,659

9.2 Investments by segments

	Note	2017	2016
		--- (Rupees in '000) ---	
Federal Government securities			
GOP Ijarah sukuk	*9.3*	**16,103,089**	12,608,975
Other sukuk certificates			
Other sukuk	*9.4*	**11,379,280**	8,416,929
Global sukuk certificates	*9.5*	**14,257,725**	6,092,422
		25,637,005	14,509,351
Units of open-end mutual fund	*9.6*	**-**	16,623
		41,740,094	27,134,949
Less: Provision for diminution in the value of investments	*9.8*	**(47,102)**	(16,846)
Investments (net of provisions)		**41,692,992**	27,118,103
(Deficit) / surplus on revaluation of available-for-sale securities	*21*	**(218,869)**	93,556
Total investments		**41,474,123**	27,211,659

9.3 **Particulars of Federal Government securities**

Face value of Rs. 100,000 each unless otherwise stated.

Particulars	Collateral	Profit Rate	Profit payment	Carrying value 2017	Carrying value 2016
				--- (Rupees in '000) ---	
GOP IJARA SUKUK - XV Nil (2016: 111,070) certificates Maturity date: June 25, 2017	Government of Pakistan Sovereign guarantee	6 months T-Bill minus 200 basis points	Semi-annually	**-**	11,108,975
GOP IJARA SUKUK - XVII 15,000 (2016: 15,000) certificates Maturity date: Feburary 15, 2019	Government of Pakistan Sovereign guarantee	6.10%	Semi-annually	**1,500,000**	1,500,000
GOP IJARA SUKUK - XVIII 7,000 (2016: Nil) certificates Maturity date: March 29, 2019	Government of Pakistan Sovereign guarantee	5.59%	Semi-annually	**704,853**	-
GOP IJARA SUKUK - XIX (*) 138,982 (2016: Nil) certificates Maturity date: June 30, 2020	Government of Pakistan Sovereign guarantee	5.24%	Semi-annually	**13,898,236**	-
				16,103,089	12,608,975

9.4 **Particulars of other sukuk certificates**

Face value of Rs. 5,000 each unless otherwise stated.

Particulars	Collateral	Profit Rate	Profit payment	Carrying value 2017	Carrying value 2016
				--- (Rupees in '000) ---	
WAPDA II Nil (2016: 91,075) certificates Maturity date: July 13, 2017	Government of Pakistan Sovereign guarantee	6 months KIBOR minus 25 basis points	Semi-annually	**-**	75,896
WAPDA III 167,353 (2016:167,353) certificates Maturity date: October 14, 2021	Government of Pakistan Sovereign guarantee	6 months KIBOR plus 175 basis points	Semi-annually	**478,152**	597,689
Quetta Textile Mills Limited (**) 40,000 (2016: 40,000) certificates Maturity date: Sep 26, 2019 (Refer note 9.8.1)	Tangible Assets	6 months KIBOR plus 175 basis points	Semi-annually	**96,179**	96,179
K-Electric Limited 384,433 (2016: 384,433) certificates Maturity date: June 17, 2022	Tangible Assets	3 months KIBOR plus 100 basis points	Quarterly	**1,729,949**	1,922,165
Neelum Jhelum Hydro Power Company (Private) Limited 26,000 (2016: 26,000) certificates Maturity date: June 27, 2026 Face value: Rs. 100,000	Government of Pakistan Sovereign guarantee	6 months KIBOR plus 113 basis points	Semi-annually	**2,600,000**	2,600,000
Sui Southern Gas Company Limited I Nil (2016: 100,000) certificates Maturity date: May 17, 2017	Tangible Assets	3 months KIBOR plus 75 basis points	Quarterly	**-**	125,000
Sui Southern Gas Company Limited II 300,000 (2016: 300,000) certificates Maturity date: October 30, 2019	Tangible Assets	3 months KIBOR plus 40 basis points	Quarterly	**1,500,000**	1,500,000
Sui Southern Gas Company Limited III 300,000 (2016: 300,000) certificates Maturity date: December 13, 2022	Tangible Assets	6 months KIBOR plus 50 basis points	Semi-annually	**1,500,000**	1,500,000
Sui Southern Gas Company Limited IV 600,000 (2016: Nil) certificates Maturity date: April 1, 2027	Government of Pakistan Sovereign guarantee	6 months KIBOR plus 50 basis points	Semi-annually	**3,000,000**	-
AGP Limited 4,750 (2016:Nil) certificates Maturity date: June 6, 2022 Face value: Rs. 1,000	Tangible Assets	3 months KIBOR plus 130 basis points	Quarterly	**475,000**	-
				11,379,280	8,416,929

* Including Rs. 4,000 million (2016: Nil) classified as held-to-maturity.

** Non performing Sukuk certificates

9.5 Particulars of global sukuk (*)

Face value of USD 1,000 each unless otherwise stated.

Particulars	Collateral	Profit Rate	Profit payment	Carrying value 2017	2016
				--- (Rupees in '000) ---	
Dubai International Financial Centre 9,000 (2016: 3,000) certificates Maturity date: November 12, 2024	Tangible Assets	4.325%	Semi-annually	**1,031,293**	324,613
TF Varlik Kiralama AS Nil (2016: 13,000) certificates Maturity date: April 24, 2019	Tangible Assets	5.375%	Semi-annually	-	1,391,622
KT Kira Sertifikalari Varlik Kiralama AS Nil (2016: 12,000) certificates Maturity date: June 26, 2019	Tangible Assets	5.162%	Semi-annually	-	1,288,542
EIB Sukuk Company Limited Nil (2016: 5,000) certificates Maturity date: May 31, 2021	Tangible Assets	3.542%	Semi-annually	-	522,992
ICD Sukuk Company Limited Nil (2016: 11,995) certificates Maturity date: May 21, 2020	Tangible Assets	3.508%	Semi-annually	-	1,263,718
Majid AL Futtaim 34,000 (2016: 9,000) certificates Maturity date: Nov 3, 2025	Tangible Assets	4.50%	Semi-annually	**2,877,416**	973,116
Saudi Electricity Company Nil (2016: 3,000) certificates Maturity date: April 3, 2022	Tangible Assets	4.211%	Semi-annually	-	327,819
Ezdan Holding Group 15,000 (2016: Nil) certificates Maturity date: April 5, 2022	Tangible Assets	4.875%	Semi-annually	**1,697,552**	-
Government of the Sultanate of Oman 25,000 (2016: Nil) certificates Maturity date: June 1, 2024	Tangible Assets	4.397%	Semi-annually	**2,760,430**	-
Emaar Properties PJSC 10,000 (2016: Nil) certificates Maturity date: September 15, 2026	Tangible Assets	3.635%	Semi-annually	**1,093,000**	-
Kuveyt Turk Katilim Bankasi 12,000 (2016: Nil) certificates Maturity date: November 2, 2021	Tangible Assets	5.136%	Semi-annually	**1,382,167**	-
Perusahaan SBSN Indonesia 25,000 (2016: Nil) certificates Maturity date: March 29, 2027	Tangible Assets	4.150%	Semi-annually	**2,850,916**	-
DP World Crescent Limited 5,000 (2016: Nil) certificates Maturity date: May 31, 2023	Tangible Assets	3.908%	Semi-annually	**564,951**	-
				14,257,725	6,092,422

* These sukuks are being held by Dubai Islamic Bank P.J.S.C on behalf of the Bank in fiduciary capacity.

9.6 Particulars of investments in mutual fund

Number of units 2017	2016		Carrying value 2017	2016
			--- (Rupees in '000) ---	
		Mutual fund - Face value of Rs. 50		
-	320,602	Meezan Sovereign Fund	-	16,623

9.7 Quality of available-for-sale securities

	Entity rating Long / medium term 2017	2016	2017 (Rupees in '000)	2016 (Rupees in '000)
Sukuk certificates - (at market value)				
GOP Ijara Sukuk - XV	-	Govt.	-	11,113,664
GOP Ijara Sukuk - XVII	**Govt.**	Govt.	**1,520,250**	1,548,900
GOP Ijara Sukuk - XVIII	**Govt.**	-	**705,180**	-
GOP Ijara Sukuk - XIX	**Govt.**	-	**9,892,297**	-
WAPDA II	-	AAA	-	74,978
WAPDA III	**AAA**	AAA	**499,594**	624,116
Quetta Textile Mills Limited	**-***	-*	**96,179**	96,179
K-Electric Limited	**AA+**	AA+	**1,768,872**	1,981,129
Neelum Jhelum Hydro Power Company (Private) Limited	**AAA**	AAA	**2,600,000**	2,600,000
Sui Southern Gas Company Limited I	-	Unrated	-	125,000
Sui Southern Gas Company Limited II	**Unrated**	Unrated	**1,500,000**	1,500,000
Sui Southern Gas Company Limited III	**Unrated**	Unrated	**1,500,000**	1,500,000
Sui Southern Gas Company Limited IV	**Unrated**	-	**3,000,000**	-
AGP Limited	**A**	-	**478,088**	-
Dubai International Financial Centre	**BBB**	BBB	**1,026,051**	322,043
TF Varlik Kiralama AS	-	BBB	-	1,387,547
KT Kira Sertifikalari Varlik Kiralama AS	-	BBB	-	1,280,888
EIB Sukuk Company Limited	-	A+	-	525,827
ICD Sukuk Company Limited	-	Unrated	-	1,246,817
Majid AL Futtaim	**BBB**	BBB	**2,857,045**	953,182
Saudi Electricity Company	-	A-	-	331,365
Ezdan Holding Group	**Ba1**	-	**1,498,914**	-
Government of the Sultanate of Oman	**Baa2**	-	**2,758,774**	-
Emaar Properties PJSC	**BBB-**	-	**1,076,568**	-
Kuveyt Turk Katilim Bankasi	**BBB-**	-	**1,351,507**	-
Perusahaan SBSN Indonesia	**Baa3**	-	**2,829,441**	-
DP World Crescent Limited	**Baa2**	-	**562,465**	-
			37,521,225	27,211,635
Units of open-end mutual fund (at market value)				
Meezan Sovereign Fund			-	16,870
			37,521,225	27,228,505
Less: Provision for diminution in the value of investments (note 9.8)			**(47,102)**	(16,846)
			37,474,123	27,211,659

* Non-performing sukuk certificate

9.8 Particulars of provision for diminution in the value of investments

	Note	2017 (Rupees in '000)	2016 (Rupees in '000)
Opening balance		**16,846**	-
Charge for the year		**30,256**	16,846
Reversals during the year		**-**	-
		30,256	16,846
Closing balance	*9.8.1*	**47,102**	16,846

9.8.1 Particulars of provision for diminution in the value of investments by type and segment

Unlisted sukuk certificate - available for sale	*9.8.2*	**47,102**	16,846

9.8.2 This represent sukuk of Quetta Textile Mills Limited amounting to Rs. 96.18 million which have been placed under non-performing status. The forced sale value (FSV) benefit of the collateral held in respect of these Sukuk is Rs. 49.08 million. Therefore, provision for diminution has been made in respect of the same. Profit accrued on these sukuk has been suspended. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2017 amounting to Rs. 31.9 million (2016: Rs. 51.57 million) is not available for distribution as either cash or stock dividend to shareholders / bonus to employees.

	Note	2017	2016
		--- (Rupees in '000) ---	

10 ISLAMIC FINANCING AND RELATED ASSETS

	Note	2017	2016
Murabaha	*10.1*	**21,503,533**	13,946,708
Tijarah cum wakala	*10.2*	**3,105,982**	414,814
Musawama	*10.3*	**1,044,963**	388,332
Istisna cum Wakala	*10.4*	**8,025,033**	5,185,267
Salam	*10.5*	**1,100,337**	2,016,000
Islamic Export Refinance Scheme - SBP	*10.6*	**5,424,642**	3,778,120
Running Musharaka financing		**5,821,842**	4,718,023
Shirkatulmilk - Autos	*10.7*	**22,889,379**	17,064,356
Shirkatulmilk - Housing	*10.8*	**9,107,624**	7,422,455
Shirkatulmilk Others	*10.9*	**18,290,081**	21,157,344
Diminishing Musharaka financing - Others		**12,087,846**	6,928,401
Diminishing Musharaka financing - Autos		**30,793**	44,687
Wakala Istithmar financing – Pre manufacturing		**9,607,202**	10,335,916
Wakala Istithmar financing – Post manufacturing		**1,929,362**	147,449
Service Ijarah financing		**-**	718,750
Staff financing		**1,511,893**	1,446,927
Islamic financing and related assets - gross		**121,480,512**	95,713,549
Less: Provision against Islamic fiancing and related assets	*10.12*	**(1,958,248)**	(1,802,647)
Islamic financing and related assets - net of provisions		**119,522,264**	93,910,902

10.1 Murabaha

	2017	2016
Financing	**9,279,560**	5,122,665
Inventory	**635,323**	1,001,629
Advance	**11,588,650**	7,822,414
	21,503,533	13,946,708

10.2 Tijarah cum wakala

	2017	2016
Financing	**1,176,072**	-
Inventory	**1,929,910**	414,814
	3,105,982	414,814

10.3 Musawama

	2017	2016
Financing	**1,017,693**	372,620
Advance	**27,270**	15,712
	1,044,963	388,332

10.4 Istisna cum Wakala

	2017	2016
Financing	**6,053,266**	5,157,062
Advance	**1,971,767**	28,205
	8,025,033	5,185,267

10.5 Salam

	2017	2016
Financing	**250,198**	2,016,000
Advance	**850,139**	-
	1,100,337	2,016,000

		Note	2017	2016
			--- (Rupees in '000) ---	
10.6	**Islamic Export Refinance Scheme - SBP**			
	Murabaha	*10.6.1*	**-**	634,151
	Wakala Istithmar - Financing		**2,319,242**	2,559,636
	Istisna - Advance		**-**	129,500
	Running Musharaka - Financing		**3,105,400**	454,833
			5,424,642	3,778,120
10.6.1	**Financing under Islamic Export Refinance-Murabaha**			
	Financing		**-**	616,151
	Advance		**-**	18,000
			-	634,151
10.7	**Shirkatulmilk financing - Autos**			
	Financing		**20,615,624**	15,999,653
	Advance		**2,273,755**	1,064,703
			22,889,379	17,064,356
10.8	**Shirkatulmilk financing - Housing**			
	Financing		**9,035,189**	7,279,425
	Advance		**72,435**	143,030
			9,107,624	7,422,455
10.9	**Shirkatulmilk financing - Others**			
	Financing		**18,290,081**	20,627,964
	Advance		**-**	529,380
			18,290,081	21,157,344
10.10	**Particulars of Islamic financing and related assets - gross**			
10.10.1	In local currency		**121,108,442**	94,267,607
	In foreign currencies		**372,070**	1,445,942
			121,480,512	95,713,549
10.10.2	Short term (for upto one year)		**66,473,862**	35,720,151
	Long term (for over one year)		**55,006,650**	59,993,398
			121,480,512	95,713,549

10.11 Islamic financing and related assets include Rs 2,307.854 million (2016: Rs. 2,414.427 million) which have been placed under non-performing status as detailed below:

Category of Classification	**2017** 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	**49,835**	**-**	**49,835**	**-**	**-**	**-**	**-**	**-**	**-**
Substandard	**35,926**	**-**	**35,926**	**7,340**	**-**	**7,340**	**7,340**	**-**	**7,340**
Doubtful	**395,205**	**-**	**395,205**	**255,304**	**-**	**255,304**	**255,304**	**-**	**255,304**
Loss	**1,826,888**	**-**	**1,826,888**	**1,618,760**	**-**	**1,618,760**	**1,618,760**	**-**	**1,618,760**
	2,307,854	**-**	**2,307,854**	**1,881,404**	**-**	**1,881,404**	**1,881,404**	**-**	**1,881,404**

Category of Classification	2016 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
	2,414,427	-	2,414,427	1,716,328	-	1,716,328	1,716,328	-	1,716,328

10.12 **Particulars of provision against non-performing Islamic financings and related assets:**

	Note	**2017 Specific**	**2017 General**	**2017 Total**	2016 Specific	2016 General	2016 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 year		**235,024**	**-**	**235,024**	269,814	-	269,814
Reversals during the year		**(69,948)**	**(9,475)**	**(79,423)**	(156,540)	(1,540)	(158,080)
		165,076	**(9,475)**	**155,601**	113,274	(1,540)	111,734
Amount written-off	*10.12.3*	**-**	**-**	**-**	(6,424)	-	(6,424)
Closing balance		**1,881,404**	**76,844**	**1,958,248**	1,716,328	86,319	1,802,647

10.12.1 **Particulars of provision against non-performing Islamic financings and related assets in respect of currencies:**

	2017 Specific	**2017 General**	**2017 Total**	2016 Specific	2016 General	2016 Total
	---- (Rupees in '000) ----					
In local currency	**1,878,111**	**76,844**	**1,954,955**	1,713,423	86,319	1,799,742
In foreign currencies	**3,293**	**-**	**3,293**	2,905	-	2,905
	1,881,404	**76,844**	**1,958,248**	1,716,328	86,319	1,802,647

As allowed by the SBP, the Bank has availed benefit of Forced Sale Value (FSV) amounting to Rs. 231.352 million (2016: Rs. 329.763 million) in determining the provisioning against non performing Islamic financings as at December 31, 2017. The additional profit arising from availing the FSV benefit - net of tax as at December 31, 2017 which is not available for distribution as either cash or stock dividend to shareholders / bonus to employees amounted to Rs. 150.379 million (2016: Rs. 214.346 million).

10.12.2 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 Shirkatulmilk financing - 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 Shirkatulmilk financing - 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.

10.12.3 **Particulars of write-offs**

	2017	2016
	---- (Rupees in '000) ----	
Against provisions	**-**	6,424
Directly charged to profit and loss account	**-**	-
	-	6,424
Write-offs of Rs. 500,000 and above	**-**	-
Write-offs of below Rs. 500,000	**-**	6,424
	-	6,424

10.12.3.1 **Details of Islamic financing write-offs of Rs. 500,000 and above**

In terms of sub-section (3) of section 33A of the Banking Companies Ordinance, 1962, the statement in respect of written off financings or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2017 is given in Annexure - I to these financial statements.

10.13 **Particulars of Islamic financing and related assets to directors, executives or officers of the Bank or any of them either severally or jointly with any other persons:**

	2017	2016
	---- (Rupees in '000) ----	
Balance at beginning of the year	**1,446,927**	1,465,561
Disbursements during the year	**527,464**	455,404
Repayments made during the year	**(462,498)**	(474,038)
Balance at end of the year	**1,511,893**	1,446,927

11 OPERATING FIXED ASSETS

	Note	2017	2016
		---- (Rupees in '000) ----	
Capital work-in-progress - net	*11.1*	**14,182**	54,283
Property and equipment	*11.2*	**1,499,409**	1,590,828
Intangible asset	*11.3*	**190,193**	224,949
		1,703,784	1,870,060

11.1 Capital work-in-progress

	2017	2016
Civil works	**246**	-
Equipment	**-**	4,830
Advances to suppliers and contractors	**29,336**	64,853
Less: Provision against Capital work-in-progress	**(15,400)**	(15,400)
	14,182	54,283

11.2 Property and equipment

2017

	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2017	Rate of Depreciation
	As at January 01, 2017	Additions/ (disposals)/ (write-offs)	As at December 31, 2017	As at January 01, 2017	Charge for the year / (disposals)/ (write-offs)	As at December 31, 2017		
	(Rupees in '000)							%
Leasehold land	-	-	-	-	-	-	-	-
Furniture and fixture	**369,538**	**7,268**	**376,806**	**220,536**	**28,057**	**248,593**	**128,213**	**10**
Electrical, office and computer equipment	**2,093,061**	**168,796 (2,166) (695)**	**2,258,996**	**1,230,593**	**193,069 (1,924) (446)**	**1,421,292**	**837,704**	**10-33.33**
Vehicles	**55,469**	**-**	**55,469**	**28,709**	**7,322**	**36,031**	**19,438**	**25**
Leasehold improvements	**1,302,861**	**53,619 (2,859)**	**1,353,621**	**750,263**	**90,692 (1,388)**	**839,567**	**514,054**	**5-15**
	3,820,929	**229,683 (5,025) (695)**	**4,044,892**	**2,230,101**	**319,140 (3,312) (446)**	**2,545,483**	**1,499,409**	

2016

	COST			ACCUMULATED DEPRECIATION			Net book value as at December 31, 2016	Rate of Depreciation
	As at January 01, 2016	Additions/ (disposals)/ (write-offs)	As at December 31, 2016	As at January 01, 2016	Charge for the year / (disposals)/ (write-offs)	As at December 31, 2016		
	(Rupees in '000)							%
Leasehold land	47,932	(47,932)	-	-	-	-	-	-
Furniture and fixture	348,216	21,363 (41)	369,538	188,407	32,132 (3)	220,536	149,002	10
Electrical, office and computer equipment	1,808,824	295,847 (10,611) (999)	2,093,061	1,056,299	183,925 (9,007) (624)	1,230,593	862,468	10-33.33
Vehicles	53,814	7,851 (6,196)	55,469	26,314	7,352 (4,957)	28,709	26,760	25
Leasehold improvements	1,251,725	57,444 (6,308)	1,302,861	668,018	85,299 (3,054)	750,263	552,598	5-15
	3,510,511	382,505 (71,088) (999)	3,820,929	1,939,038	308,708 (17,021) (624)	2,230,101	1,590,828	

11.2.1 Disposal / write off of operating fixed assets

	2017						
	Cost	Accumulated depreciation	Net book value	Sale price	Gain/(loss)	Mode of disposal	Particulars of buyer
	---------- (Rupees in '000) ----------						
Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000							
Electrical, office and computer equipment	**695**	**446**	**249**	**-**	**(249)**	Write-off	N/A
Electrical, office and computer equipment	**2,166**	**1,924**	**242**	**434**	**192**	Bank's Policy	Various
Leasehold Improvements	**2,859**	**1,388**	**1,471**	**1,753**	**282**	Bank's Policy	Signs Now Marketing
	5,720	**3,758**	**1,962**	**2,187**	**225**		

11.2.2 The cost of fully depreciated fixed assets still in use amounts to Rs. 1,616.03 million (2016: Rs. 1,354.83 million).

11.3 Intangible asset

	2017							
	COST			ACCUMULATED AMORTISATION			Net book value as at December 31, 2017	Rate of amortization
	As at January 01, 2017	Additions / (disposals)	As at December 31, 2017	As at January 01, 2017	Amortisation cahrge for the year	As at December 31, 2017		
	---------- (Rupees in '000) ----------							%
Computer software	**914,645**	**105,436**	**1,020,081**	**689,696**	**140,192**	**829,888**	**190,193**	**11.11 - 33.33**

	2016							
	COST			ACCUMULATED AMORTISATION			Net book value as at December 31, 2016	Rate of amortization
	As at January 01, 2016	Additions / (disposals)	As at December 31, 2016	As at January 01, 2016	Amortisation cahrge for the year	As at December 31, 2016		
	---------- (Rupees in '000) ----------							%
Computer software	740,010	174,635	914,645	585,124	104,572	689,696	224,949	11.11 - 33.33

11.3.1 The cost of fully amortized intangibles still in use amounts to Rs. 725.480 million (2016: Rs. 116.333 million).

12 DEFERRED TAX ASSETS

	2017			
	At Jan 1, 2017	Recognised in P&L	Recgonised in OCI	At Dec 31, 2017
	---------- (Rupees in '000) ----------			
Deductible temporary differences on:				
Provision for diminution in the value of investments	**5,896**	**10,590**	**-**	**16,486**
Provision against non-performing Islamic financing and related assets	**53,682**	**(49,979)**	**-**	**3,703**
Provision against other assets	**6,647**	**(374)**	**-**	**6,273**
(Surplus) / Deficit on revaluation of investments	**(32,745)**	**-**	**109,349**	**76,604**
Deficit on defined benefit plan	**7,699**	**-**	**9,402**	**17,101**
	41,179	**(39,763)**	**118,751**	**120,167**
Taxable temporary differences on:				
Accelerated tax depreciation and amortisation	**(57,963)**	**9,555**	**-**	**(48,408)**
	(16,784)	**(30,208)**	**118,751**	**71,759**

	2016			
	At Jan 1 2016	Recognised in P&L	Recgonised in OCI	At Dec 31 2016
	------------------ (Rupees in '000) ------------------			
Deductible temporary differences on				
Provision for diminution in the value of investments	-	5,896	-	5,896
Provision against non-performing Islamic financing and related assets	4,549	49,133	-	53,682
Provision against other assets	-	6,647	-	6,647
Deficit on revaluation of investments	-	-	-	-
Deficit on defined benefit plan	-	-	7,699	7,699
	4,549	61,676	7,699	73,924
Taxable temporary differences on				
Accelerated tax depreciation and amortisation	(51,644)	(6,319)	-	(57,963)
Surplus on revaluation of investments	(6,945)	-	(25,800)	(32,745)
	(58,589)	(6,319)	(25,800)	(90,708)
	(54,040)	55,357	(18,101)	(16,784)

13 OTHER ASSETS

	Note	2017	2016
		--- (Rupees in '000) ---	
Profit / return accrued in local currency		**1,101,350**	833,366
Profit / return accrued in foreign currencies		**106,209**	32,472
Advances, deposits, advance rent and other prepayments	*13.1*	**1,404,253**	857,852
Mark to market gain on forward foreign exchange contracts		**189,853**	24,397
Receivables from holding company		**1,864**	4,719
Commission receivable		**209,743**	206,891
Others		**31,308**	97,927
		3,044,580	2,057,624
Less: Provision held against other assets	*13.2*	**(2,524)**	(3,590)
		3,042,056	2,054,034

13.1 This includes Rs. 353.958 million (2016: Rs. 411.551 million) for advance rent, Rs. 389.639 million (2016: Rs. 304.74 million) in respect of prepaid commission to staff and dealers for auto and house musharaka. This also includes an amount of Rs. 60.591 (2016: Rs. 51.837 million) pertaining to prepaid tracker maintenance cost.

13.2 Provision held against other assets

	2017	2016
	--- (Rupees in '000) ---	
Opening balance	**3,590**	3,590
Charge for the year	**-**	-
Reversals during the year	**(1,066)**	-
	(1,066)	-
Closing balance	**2,524**	3,590

14 BILLS PAYABLE

	2017	2016
In Pakistan	**3,670,313**	2,212,620
Outside Pakistan	**7,587**	6,359
	3,677,900	2,218,979

15 DUE TO FINANCIAL INSTITUTIONS

	Note	2017	2016
		--- (Rupees in '000) ---	
In Pakistan	15.1	**5,255,642**	5,668,969
Outside Pakistan		**-**	1,122
		5,255,642	5,670,091

15.1 Details of due to financial institutions secured / unsecured

	Note	2017	2016
Secured			
Musharaka from the State Bank of Pakistan (SBP) under Islamic Export Refinance Scheme	15.1.1	**5,255,642**	3,693,969
Unsecured			
Wakala borrowings		**-**	1,975,000
Overdrawn nostro		**-**	1,122
		5,255,642	5,670,091

15.1.1 These Musharka are on a profit and loss sharing basis having maturity between January 06, 2018 to June 27, 2018 (2016: January 23, 2017 to June 27, 2017) and are secured against demand promissory notes executed in favor of the SBP. A limit of Rs. 7,150 million (2016: Rs. 7,150 million) has been allocated to the Bank by SBP under Islamic Export Refinance Scheme.

15.2 Particulars of due to financial institutions with respect to currencies

	2017	2016
	--- (Rupees in '000) ---	
In local currency	**5,255,642**	5,668,969
In foreign currencies	**-**	1,122
	5,255,642	5,670,091

16 DEPOSITS AND OTHER ACCOUNTS

	2017	2016
Customers		
Fixed deposits	**40,412,007**	32,617,233
Savings deposits	**48,943,369**	46,379,317
Current accounts - non-remunerative	**45,940,983**	40,495,192
Margin accounts - non-remunerative	**1,477,875**	274,180
	136,774,234	119,765,922
Financial Institutions		
Remunerative deposits	**12,152,412**	9,202,702
Non-remunerative deposits	**368,811**	295,889
	149,295,457	129,264,513

16.1 Particulars of deposits

	2017	2016
In local currency	**128,373,932**	113,071,611
In foreign currencies	**20,921,525**	16,192,902
	149,295,457	129,264,513

17 SUB-ORDINATED DEBT

During the year, the Bank issued regulatory Shariah compliant rated unsecured, sub-ordinated and privately placed Tier II Sukuk of Rs. 4,000 million (2016: Nil) as instrument of redeemable capital under section 66 of the Companies Act, 2017. The breif description of sukuk is as follows:

Issue amount	Rs. 4,000 million
Issue date	July 2017
Maturity date	July 2027
Credit rating	A+ (Sinlge A plus) by JCR-VIS Credit Rating Company Limited.
Tenor	10 years form the issue date.
Profit payment frequency	Semi-annualy in arrears.
Redemption	On the tenth anniversary from the issue date of sukuk.
Expected periodic profit amount (Mudaraba profit amount)	The Mudaraba Profit is in accordance with the agreed profit sharing ratios / weightages assigned by the bank from time-to-time coinciding with the relevant profit distribution frequency for the relevant profit distribution period. Last announced profit rate on the sukuk is 6.64% per annum.
Call option	The Bank may call Tier II Sukuk with prior approval of SBP on or after 5th anniversary of the sukuk (from the issue date).
Lock-in-clause	Profit and/or redemption amount can be held back in respect of the Tier II Sukuk,if such payment will result in a shortfall in the Issuer's minimum capital or capital adequacy ratio requirement.
Loss absorbency	The Tier II Sukuk, at the option of the SBP, will be fully and permanently converted into common shares upon the occurrence of a point of non-viability (PONV) as determined by SBP or for any other reason as may be directed by SBP.

18 OTHER LIABILITIES

	Note	2017	2016
		--- (Rupees in '000) ---	
Profit / return payable in local currency		**997,782**	626,314
Profit / return payable in foreign currencies		**36,541**	35,634
Deferred profit murabaha / musawama income		**1,286,044**	349,664
Accrued expenses		**511,183**	344,733
Advance from customers		**809,770**	628,702
Mark to market loss on forward foreign exchange contracts		**133,403**	59,384
Taxation payable (provision less taxation)		**61,858**	89,592
Security deposits against Islamic financing and related assets		**83,567**	81,415
Retention money		**962**	947
Payable to dealers, contractors, etc.		**662,171**	186,080
Charity payable	*18.1*	**16**	3,373
Workers welfare fund payable		**88,322**	62,930
Withholding tax payable		**15,475**	23,490
Payable to defined benefit plan	*33.5*	**48,859**	21,998
Others		**394,400**	341,441
		5,130,353	2,855,697

18.1 Reconciliation of charity payable

	2017	2016
Opening balance	**3,373**	10,071
Additions during the year	**1,943**	3,352
Payments during the year	**(5,300)**	(10,050)
Closing balance	**16**	3,373

18.1.1 During the year, charity from the Charity Fund of the Bank was paid to the following organisations / individual.

	2017	2016
	--- (Rupees in '000) ---	
The Indus Hospital	**1,000**	700
Sindh Institute of Urology and Transplantation	**750**	700
Shaukat Khanum Memorial Trust	**700**	700
The Citizen Foundation	**500**	500
Akhuwat Foundation	**500**	500
Baitussalam Welfare Trust	**450**	-
Koohi Goth Hospital	**400**	400
Child Aid Association	**300**	300
Nigahban Welfare Association	**300**	400
Layton Rahmatulla Benevolent Trust	**200**	700
Kashif Iqbal Thalassaemia Care Centre (KITCC)	**200**	200
Hina Gul	**-**	3,000
Afzal Memorial Thalassemia Foundation	**-**	300
Patel Hospital	**-**	300
Kiran Patients Welfae Society	**-**	300
Bait ul sukoon Cancer Hospital	**-**	300
Burns Centre	**-**	300
Children Cancer Hospital	**-**	250
Marie Adelaide Leprosy Centre	**-**	200
	5,300	10,050

18.1.2 Charity was not paid to any active staff of the Bank or to any individual / organisation in which a director or his spouse had any interest at any time during the year.

19 SHARE CAPITAL

19.1 Authorised capital

2017	2016		2017	2016
------- Number -------			--- (Rupees in '000) ---	
1,500,000,000	1,200,000,000	Ordinary shares of Rs.10 each	**15,000,000**	12,000,000

19.2 Issued, subscribed and paid up

2017	2016			
------- Number -------		**Ordinary shares**		
1,165,228,800	1,022,556,700	Fully paid in cash	**11,652,288**	10,225,567

19.3 The Bank's shares are held 100 percent by Dubai Islamic Bank PJSC, UAE – the holding company and its nominee directors.

20 RESERVES

	Note	2017	2016
		--- (Rupees in '000) ---	
Statutory reserve	*20.1*	**725,101**	404,694

20.1 Under section 21 of the Banking Companies Ordinance, 1962 an amount of not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital. Thereafter, an amount of not less than 10 percent of the profit is required to be transferred to such reserve fund.

21 (DEFICIT) / SURPLUS ON REVALUATION OF INVESTMENTS - NET OF TAX

	2017	2016
	--- (Rupees in '000) ---	
Sukuk certificates	**(218,869)**	93,309
Units of open ended mutual fund	**-**	247
	(218,869)	93,556
Less : Related deferred tax asset / (liability)	**76,604**	(32,745)
	(142,265)	60,811

22 CONTINGENCIES AND COMMITMENTS

22.1 Transaction-related contingent liabilities

	2017	2016
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring		
- Government	**5,604,476**	3,833,623
- Banking companies and other financial institutions	**1,313,220**	333,921
- Others	**3,056,515**	1,812,141
	9,974,211	5,979,685

22.2 Trade-related contingent liabilities

	2017	2016
Import Letters of Credit	**21,587,436**	13,502,085
Acceptances	**2,722,358**	3,041,579
	24,309,794	16,543,664

		Note	2017	2016
			--- (Rupees in '000) ---	
22.3	**Claims not acknowledged as debt**	*22.3.1*	**10,000**	10,000

22.3.1 The Competition Commission of Pakistan (CCP) 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 are 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 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.

		2017	2016
22.4	**Commitments in respect of promises to**		
		--- (Rupees in '000) ---	
	Purchase	**12,172,781**	17,958,966
	Sale	**9,659,679**	11,895,409
22.5	**Commitments for the acquisition of operating fixed assets**	**82,815**	86,885
22.6	**Commitments in respect of financing facilities**	**1,524,915**	1,230,000

22.7 Tax contingencies

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 is confident that the matter will be decided in favour of the Bank.

		2017	2016
23	**PROFIT / RETURN EARNED**		
		--- (Rupees in '000) ---	
	On Islamic financings and related assets to customers	**8,609,249**	7,282,667
	On Investments in available-for-sale securities	**1,661,058**	1,358,093
	On investments held-to-maturity securities	**106,236**	-
	On Investments in held-for-trading securities	**-**	14,915
	On deposits / placements with financial institutions	**421,351**	830,614
		10,797,894	9,486,289
24	**PROFIT / RETURN EXPENSED**		
	Deposits and other accounts	**3,922,144**	4,084,813
	Subordinated debt	**124,432**	-
	Other short term fund generation	**151,145**	188,785
		4,197,721	4,273,598
25	**GAIN ON SALE OF SECURITIES**		
	Sukuk certificates	**77,722**	163,206
	Units of open ended mutual fund	**-**	80
		77,722	163,286

26 OTHER INCOME

	Note	2017	2016
		--- (Rupees in '000) ---	
Gain on sale of operating fixed assets - net		**474**	42,436

27 ADMINISTRATIVE EXPENSES

	Note	2017	2016
Salaries, allowances, etc.	*27.1*	**2,158,903**	1,987,414
Directors' fee and allowances		**12,364**	13,635
Sharia Board Remuneration		**2,105**	2,530
Charge for defined benefit plan	*33.10.1*	**49,705**	43,738
Contribution to defined contribution plan		**76,637**	73,998
Brokerage and commission		**267,412**	203,719
Rent, taxes, insurance, electricity, etc.		**1,336,996**	1,311,421
Legal and professional charges		**39,793**	42,980
Communications		**264,690**	241,746
Repairs and maintenance		**366,573**	390,796
Travelling		**34,330**	46,935
Stationery and printing		**72,151**	90,902
Subscription fees		**13,620**	5,400
Advertisement and publicity		**55,529**	47,055
Auditors' remuneration	*27.2*	**6,729**	6,670
Depreciation	*11.2*	**319,140**	308,708
Amortisation	*11.3*	**140,192**	104,572
Tracker related costs		**131,675**	112,378
Outsourced services		**55,073**	43,727
Others		**289,606**	185,765
		5,693,223	5,264,089

27.1 This includes Rs. 13.985 million (2016: Rs. 11.739 million) in respect of Contribution to Employees' Old Age Benefit Institution.

27.2 Auditors' remuneration

	2017	2016
	--- (Rupees in '000) ---	
Audit fee	**1,155**	1,155
Fee for interim review	**485**	485
Special certifications and sundry advisory services	**4,641**	3,989
Out-of-pocket expenses	**448**	1,041
	6,729	6,670

28 OTHER CHARGES

	2017	2016
Worker Welfare Fund	**52,318**	4,907
Penalties imposed by the State Bank of Pakistan	**8,372**	10,237
Other penalties	**352**	-
Operating fixed assets written - off	**249**	375
	61,291	15,519

29 TAXATION

	Note	2017	2016
		--- (Rupees in '000) ---	
Current		**870,066**	535,978
Prior years		**61,255**	34,868
Deferred		**30,208**	(55,355)
		961,529	515,491

29.1 Relationship between tax charge and accounting profit

Profit before taxation	**2,563,565**	1,371,031
Effect of:		
Tax at the applicable rate of 35 %	**897,248**	479,861
Permanent differences	**3,053**	5,456
Prior year charge - Super tax	**61,255**	34,868
Others	**(26)**	(4,694)
Tax charge for the year	**961,530**	515,491

30 BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation	**1,602,036**	855,540
	------- Number -------	
Weighted average number of ordinary shares	**1,139,039,675**	702,042,258
	------- (Rupees) -------	
Earning per share - basic and diluted	**1.41**	1.22

31 CASH AND CASH EQUIVALENTS

	Note	2017	2016
		--- (Rupees in '000) ---	
Cash and balances with treasury banks	*6*	**10,423,998**	14,007,320
Balances with other banks	*7*	**1,173,267**	543,363
Overdrawn nostro		**-**	(1,122)
		11,597,265	14,549,561

31.1 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities					Equity			Total
	Bills payable	Due to financial institutions	Deposits and other accounts	Sub-ordinated debt	Other liabilities	Share capital	Reserves	Unappropriated profit	
	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Balance as at January 1, 2017	2,218,979	5,668,969	129,264,513	-	2,854,824	10,225,567	404,694	1,416,263	152,053,809
Changes from financing cash flows									
Proceeds from sub-ordinated debt	-	-	-	4,000,000	-	-	-	-	4,000,000
Issuance of share capital	-	-	-	-	-	1,426,721	-	-	1,426,721
Total changes from financing cash flows	-	-	-	4,000,000	-	1,426,721	-	-	5,426,721
Other changes									
Liability-related									
Changes in bills payable	1,458,921	-	-	-	-	-	-	-	1,458,921
Changes in due to financial institution	-	(413,327)	-	-	-	-	-	-	(413,327)
Changes in deposits and other accounts	-	-	20,030,944	-	-	-	-	-	20,030,944
Changes in other liabilities									
- Cash based	-	-	-	-	2,248,669	-	-	-	2,248,669
- Non-cash based - Actuarial loss on remeasurements of defined benefit plan	-	-	-	-	26,860	-	-	(17,459)	9,401
Transfer of profit to reserve	-	-	-	-	-	-	320,407	1,281,629	1,602,036
Transaction costs on issuance of right shares	-	-	-	-	-	-	-	(3,386)	(3,386)
	1,458,921	(413,327)	20,030,944	-	2,275,529	-	320,407	1,260,784	24,933,258
Balance as at December 31, 2017	3,677,900	5,255,642	149,295,457	4,000,000	5,130,353	11,652,288	725,101	2,677,047	182,413,788

32 STAFF STRENGTH

	2017	2016
	------ (Number of staff) ------	
Permanent	**1,863**	1,768
Contractual basis	**7**	10
Bank's own staff strength at end of the year	**1,870**	1,778
Outsourced	**742**	1,050
Total staff strength	**2,612**	2,828

33 DEFINED BENEFIT PLAN

33.1 General Description

As mentioned in note 5.11.1, the Bank operates a funded gratuity scheme for all its permanent employees. The benefits under the gratuity scheme are payable on retirement at the age of 60 or earlier cessation of service, in lump sum. The benefit is equal to one month's last drawn basic salary for each year of eligible service with the Bank subject to a minimum qualifying period of service of three years.

33.2 Risks

Through its defined benefit plan, the Bank is exposed to a number of risks, the most significant of which are detailed below:

Investment risk

The risk arises when the actual performance of the investments is lower than expectation thus creating a shortfall in the funding objectives.

Longevity risks

The risk arises when the employee continues and actual lifetime becomes longer than projected. This risk is measured at the plan level over the entire retiree population.

Salary increase risk

The risk arises when the actual increase in salaries is higher than the projected increase. It results in increase in fund's obligation.

Withdrawal risk

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

33.3 Principal actuarial assumptions

The latest actuarial valuation of the Bank's gratuity scheme was carried out as at December 31, 2017 using the Projected unit credit method. The disclosures made in notes 33.1 to 33.16 are based on the information included in the actuarial valuation report of the Bank as of December 31, 2017. The following significant assumptions were used for the valuation of the defined benefit plan:

	2017	2016
Discount rate	**9.0%**	9.0%
Expected return on plan assets	**9.0%**	9.0%
Expected rate of salary increase	**7.0%**	7.0%
Normal retirement age	**60 years**	60 years

33.4 Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the SLIC 2001 - 2005 ultimate mortality tables.

33.5 The amount recognised in the statement of financial position are determined as follows

	2017	2016
	--- (Rupees in '000) ---	
Present value of defined benefit obligations	**254,858**	206,675
Fair value of plan assets	**(205,999)**	(184,677)
	48,859	21,998

		2017	2016
		--- (Rupees in '000) ---	
33.6	**Movement in defined benefit obligation**		
	Obligation at beginning of the year	**206,675**	168,777
	Current service cost	**50,571**	45,925
	Cost of funds	**16,457**	15,159
	Benefits paid	**(30,031)**	(34,376)
	Actuarial loss on obligation	**11,186**	11,190
	Obligations at end of the year	**254,858**	206,675
33.7	**Movement in fair value of plan assets**		
	Fair value at beginning of the year	**184,677**	168,777
	Expected return on plan assets	**17,323**	17,346
	Bank's contribution to the fund made during the year	**49,705**	43,738
	Benefits paid	**(30,031)**	(34,376)
	Actuarial loss on plan assets	**(15,675)**	(10,808)
	Fair value at end of the year	**205,999**	184,677
33.8	**Plan assets consist of the following:**		
	Balance with Bank in deposit accounts	**205,999**	24,677
	Term Deposit Receipts	**-**	160,000
		205,999	184,677
33.9	**Movement in payable to defined benefit plan**		
	Opening balance	**21,998**	-
	Charge for the year	**49,705**	43,738
	Other Comprehensive Income	**26,861**	21,998
	Bank's contribution to the fund made during the year	**(49,705)**	(43,738)
	Closing balance	**48,859**	21,998
33.10	**Charge for defined benefit plan**		
33.10.1	**Cost recognised in profit or loss**		
	Current service cost	**50,571**	45,925
	Net return	**(866)**	(2,187)
		49,705	43,738
33.10.2	**Remeasurements recognised in other comprehensive income during the year**		
	Actuarial loss on plan assets	**15,675**	10,808
	Actuarial loss on obligation	**11,186**	11,190
		26,861	21,998
33.11	**Actual return on plan assets**	**1,648**	6,538

33.12 Historical information

	2017	2016	2015	2014	2013
	-------------------------------------	-------	**(Rupees in '000)**	-------	-------------------------------------
Defined benefit obligation	**254,858**	206,675	168,778	133,264	106,951
Fair value of plan assets	**(205,999)**	(184,677)	(168,778)	(133,264)	(106,951)
Deficit	**48,859**	21,998	-	-	-
Remeasurements of plan liabilities	**11,186**	11,190	(11,166)	(1,564)	(3,251)
Remeasurements of plan assets	**(15,675)**	(10,808)	(8,195)	(1,352)	(4,186)

33.13 The weighted average duration of the defined benefit obligation is 8.11 years.

33.14 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
-------------------------------------	-------	**(Rupees in '000)**	-------	-------------------------------------
26,170	33,890	92,640	199,010	351,710

33.15 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Impact on defined benefit obligation - Increase / (Decrease)		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
		--- (Rupees in '000) ---	
Discount rate	**0.50%**	**10,917**	**(11,656)**
Salary growth rate	**0.50%**	**(12,917)**	**12,146**
		Increase by 1 year in assumption	**Decrease by 1 year in assumption**
		--- (Rupees in '000) ---	
Life expectancy / Withdrawal rate		**244**	**(88)**

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

33.16 Estimated expenses to be charged to profit and loss account for the year ending December 31, 2018

Based on the actuarial advice, the management estimates that charge in respect of defined benefit plans for the year ending December 31, 2018 would be as follows:

	(Rupees in '000)
Current service cost	**54,500**
Net cost	**814**
Amount chargeable to profit and loss account	**55,314**

34 DEFINED CONTRIBUTION PLAN (PROVIDENT FUND)

The Bank operates a contributory provident fund scheme for permanent employees. The employer and employee both contribute 10% of the basic salaries to the funded scheme every month. Equal monthly contribution by employer and employees during the year amounted to Rs. 76.637 million each (2016: Rs. 73.998 million).

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2017	2016	**2017**	2016	**2017**	2016
	(Rupees in '000)					
Fees	**-**	-	**12,364**	13,635	**-**	-
Managerial remuneration (including Bonus)	**46,674**	41,674	**-**	-	**535,709**	483,748
Charge for defined benefit plan	**2,223**	2,223	**-**	-	**38,540**	35,337
Contribution to defined contribution plan	**2,667**	2,667	**-**	-	**46,249**	42,404
Rent and house maintenance	**19,142**	19,142	**-**	-	**185,707**	169,841
Utilities	**2,667**	2,667	**-**	-	**46,248**	42,404
Medical	**-**	133	**-**	-	**11,909**	11,320
Leave fare assistance	**2,223**	2,223	**-**	-	**38,269**	36,838
Car allowance	**1,374**	1,374	**-**	-	**122,683**	117,071
Others	**-**	-	**-**	-	**28,086**	19,623
	76,970	72,103	**12,364**	13,635	**1,053,400**	958,586
Number of persons	**1**	1	**8**	8	**395**	370

The Chief Executive and certain Executives are provided with club membership and mobile telephone facilities and the Chief Executive is also provided with bank maintained car in accordance with the Bank’s service rules.

36 FAIR VALUE MEASUREMENTS

The fair value of quoted investments is based on quoted market prices. Other unquoted securities are valued at cost less impairment losses. The provision for impairment in the value of investments has been determined in accordance with the accounting policy as stated in note 5.3.5 to these financial statements.

Fair values of islamic financing and related assets cannot be determined with reasonable accuracy due to absence of current and active market. The provisions against islamic financing and related assets have been calculated in accordance with the accounting policy as stated in note 5.4.2 to these financial statements. The repricing, maturity profile and effective rates are stated in note 40.2.4 to these financial statements.

In the opinion of the management, fair value of remaining assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature and there are frequent repricings in the case of islamic financing and related assets and deposits.

The table below analyses financial assets measured and the end of the year by the level in the fair value hierarchy into which fair value measurement is categorised. The fair value measurement is as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (i.e. unobservable inputs e.g. estimated future cash flows) (Level 3).

	2017			
	Level 1	**Level 2**	**Level 3**	**Total**
On balance sheet financial instruments	**---------------------- (Rupees in '000) ----------------------**			
Financial assets - measured at fair value				
Investments				
GOP Ijara sukuk	**-**	**12,117,727**	**-**	**12,117,727**
Other sukuk certificates	**2,746,554**	**8,649,077**	**-**	**11,395,631**
Global sukuk	**13,960,765**	**-**	**-**	**13,960,765**
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	**-**	**-**	**-**	**10,423,998**
Balances with other banks	**-**	**-**	**-**	**1,173,267**
Due from financial institution	**-**	**-**	**-**	**4,860,272**
Investments	**-**	**3,997,600**	**-**	**3,997,600**
Islamic financings and related assets - net	**-**	**-**	**-**	**119,522,264**
Other asset	**-**	**-**	**-**	**2,943,931**
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	**-**	**12,602,954**	**-**	**12,602,954**
Forward sale of foreign exchange	**-**	**10,033,402**	**-**	**10,033,402**

	2016			
	Level 1	Level 2	Level 3	Total
On balance sheet financial instruments	---------------------- (Rupees in '000) ----------------------			
Financial assets - measured at fair value				
Investments				
GOP Ijara sukuk	-	12,662,564	-	12,662,564
Other sukuk certificates	2,680,223	5,804,333	-	8,484,556
Global sukuk	6,047,669	-	-	6,047,669
Units of open-end mutual funds	16,870	-	-	16,870
Financial assets - disclosed but not measured at fair value				
Cash and balances with treasury banks	-	-	-	14,007,320
Balances with other banks	-	-	-	543,363
Due from financial institution	-	-	-	12,536,061
Islamic financings and related assets - net	-	-	-	93,910,902
Other asset	-	-	-	1,077,448
Off-balance sheet financial instruments - measured at fair value				
Forward purchase of foreign exchange	-	17,886,578	-	17,886,578
Forward sale of foreign exchange	-	11,858,008	-	11,858,008

37 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

	2017				
	Corporate & Commercial Banking	**Retail Banking**	**Trading and Sales**	**Other**	**Total**
	(Rupees in '000)				
Profit and Loss					
Net profit / return earned	**4,292,680**	**278,839**	**1,593,141**	**435,513**	**6,600,173**
Inter segment revenue - net	**(2,602,632)**	**4,266,035**	**(1,201,579)**	**(461,824)**	**-**
Other income	**645,124**	**1,228,401**	**28,787**	**385**	**1,902,697**
Total income	**2,335,172**	**5,773,275**	**420,349**	**(25,926)**	**8,502,870**
Segment expenses excluding impairment of assets	**(1,209,945)**	**(4,393,486)**	**(151,083)**	**-**	**(5,754,514)**
Impairment of assets	**(141,366)**	**(9,295)**	**(30,256)**	**(3,874)**	**(184,791)**
Total expenses	**(1,351,311)**	**(4,402,781)**	**(181,339)**	**(3,874)**	**(5,939,305)**
Profit before tax	**983,861**	**1,370,494**	**239,010**	**(29,800)**	**2,563,565**
Balance Sheet					
Cash and bank balances	**-**	**11,597,265**	**-**	**-**	**11,597,265**
Due from financial institutions	**-**	**-**	**4,860,272**	**-**	**4,860,272**
Investments	**-**	**-**	**29,419,805**	**12,054,318**	**41,474,123**
Islamic financings and related assets	**85,297,942**	**32,763,632**	**-**	**1,460,690**	**119,522,264**
Others	**921,072**	**2,151,157**	**556,501**	**1,188,869**	**4,817,599**
Total Assets	**86,219,014**	**46,512,054**	**34,836,578**	**14,703,877**	**182,271,523**
Due to financial institutions	**5,255,642**	**-**	**-**	**-**	**5,255,642**
Deposits & other accounts	**36,525,235**	**112,732,966**	**37,256**	**-**	**149,295,457**
Sub-ordinated debt	**-**	**-**	**-**	**4,000,000**	**4,000,000**
Others	**1,285,419**	**6,709,542**	**148,004**	**665,288**	**8,808,253**
Total liabilities	**43,066,296**	**119,442,508**	**185,260**	**4,665,288**	**167,359,352**
Equity	**-**	**-**	**(142,265)**	**15,054,436**	**14,912,171**
Total Equity and liabilities	**43,066,296**	**119,442,508**	**42,995**	**19,719,724**	**182,271,523**

	2016				
	Corporate & Commercial Banking	Retail Banking	Trading and Sales	Other	Total
	(Rupees in '000)				
Profit and Loss					
Net profit / return earned	4,265,414	(438,869)	864,239	521,907	5,212,691
Inter segment revenue - net	(3,035,031)	4,157,956	(1,009,690)	(113,235)	-
Other income	437,293	1,033,938	59,969	35,328	1,566,528
Total income	1,667,676	4,753,025	(85,482)	444,000	6,779,219
Segment expenses excluding impairment of assets	(951,357)	(3,714,355)	(123,218)	(490,678)	(5,279,608)
Impairment of assets	(158,523)	39,239	-	(9,296)	(128,580)
Total expenses	(1,109,880)	(3,675,116)	(123,218)	(499,974)	(5,408,188)
Profit before tax	557,796	1,077,909	(208,700)	(55,974)	1,371,031
Balance Sheet					
Cash and bank balances	-	14,550,683	-	-	14,550,683
Due from financial institutions	-	-	12,536,061	-	12,536,061
Investments	-	-	16,223,935	10,987,724	27,211,659
Islamic financings and related assets	68,384,600	24,128,385	-	1,397,917	93,910,902
Others	750,244	1,752,189	453,288	968,373	3,924,094
Total Assets	69,134,844	40,431,257	29,213,284	13,354,014	152,133,399
Due to financial institutions	3,695,091	-	1,975,000	-	5,670,091
Deposits and other accounts	29,468,376	96,971,137	2,825,000	-	129,264,513
Sub-ordinated debt	-	-	-	-	-
Others	743,014	3,878,335	85,551	384,560	5,091,460
Total liabilities	33,906,481	100,849,472	4,885,551	384,560	140,026,064
Equity	-	-	60,811	12,046,524	12,107,335
Total Equity and liabilities	33,906,481	100,849,472	4,946,362	12,431,084	152,133,399

38 RELATED PARTY TRANSACTIONS

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 and other benefits 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:

	2017						2016 - 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)											
Balances with other banks												
As at January 1	-	53,113	-	-	-	53,113	-	1,154,055	-	-	-	1,154,055
Deposited during the year	-	61,267,830	-	-	-	61,267,830	-	98,380,691	-	-	-	98,380,691
Withdrawals during the year	-	(61,180,796)	-	-	-	(61,180,796)	-	(99,481,633)	-	-	-	(99,481,633)
Closing balance (amortised cost)	-	140,147	-	-	-	140,147	-	53,113	-	-	-	53,113
Investments												
As at January 1	-	-	-	-	1,588,330	1,588,330	-	-	-	-	526,993	526,993
Investments made during the year	-	-	-	-	660,913	660,913	-	-	-	-	2,954,239	2,954,239
Investments redeemed during the year	-	-	-	-	(1,217,950)	(1,217,950)	-	-	-	-	(1,892,902)	(1,892,902)
Closing balance	-	-	-	-	1,031,293	1,031,293	-	-	-	-	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 year	-	-	-	27,847	-	27,847	-	-	-	107,610	-	107,610
Payments during the year	-	-	-	(52,416)	-	(52,416)	-	-	-	(112,311)	-	(112,311)
Adjustments *	-	-	-	(18,600)	-	(18,600)	-	-	-	(24,128)	-	(24,128)
Closing balance	-	-	-	98,552	-	98,552	-	-	-	141,721	-	141,721
Provision against Islamic financing and related assets	-	-	-	-	-	-	-	-	-	-	-	-
Deposits and other accounts												
As at January 1	-	29,362	6,214	46,818	756,622	839,016	-	45,724	4,244	35,147	449,756	534,871
Received during the year	-	1,815,991	172,020	600,310	248,198	2,836,519	-	1,204,939	19,926	344,921	441,707	2,011,493
Withdrawals during the year	-	(1,813,295)	(171,036)	(510,806)	(143,523)	(2,638,660)	-	(1,221,301)	(17,956)	(339,628)	(134,841)	(1,713,726)
Adjustments *	-	-	-	(20,752)	-	(20,752)	-	-	-	6,378	-	6,378
Closing balance	-	32,058	7,198	115,570	861,297	1,016,123	-	29,362	6,214	46,818	756,622	839,016
Balances												
Other receivables												
As at January 1	-	4,719	-	-	-	4,719	-	2,639	-	-	-	2,639
Accruals during the year	-	-	-	-	-	-	-	2,080	-	-	-	2,080
Payments received the year	-	(2,855)	-	-	-	(2,855)	-	-	-	-	-	-
Closing balance	-	1,864	-	-	-	1,864	-	4,719	-	-	-	4,719

	2017						2016 - 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 year												
Fees to directors	-	-	12,364	-	-	12,364	-	-	13,635	-	-	13,635
Remuneration to key management personnel	-	-	-	202,681	-	202,681	-	-	-	173,193	-	173,193
Profit earned on investments	-	-	-	-	12,436	12,436	-	-	-	-	15,081	15,081
Profit earned on financings	-	-	-	4,935	-	4,935	-	-	-	8,763	-	8,763
Profit expensed on deposits	-	-	61	516	-	577	-	-	25	980	-	1,005
Purchase of global sukuk	-	13,581,316	-	-	-	13,581,316	-	9,915,938	-	-	-	9,915,938
Sale of global sukuk	-	6,940,494	-	-	-	6,940,494	-	7,092,301	-	-	-	7,092,301
Capital loss on sale of global sukuk	-	(6,353)	-	-	-	(6,353)	-	-	-	-	-	-
Contribution made to gratuity fund	-	-	-	-	49,705	49,705	-	-	-	-	43,738	43,738
Contribution made to provident fund	-	-	-	-	76,637	76,637	-	-	-	-	73,998	73,998
Contingencies and commitments												
Foreign currency purchase contracts	-	66,377,718	-	-	-	66,377,718	-	82,103,573	-	-	-	82,103,573
Foreign currency sale contracts	-	64,596,653	-	-	-	64,596,653	-	84,718,389	-	-	-	84,718,389

* 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 December 31, 2017.

39 CAPITAL ASSESSMENT AND ADEQUACY

39.1 Capital management

Capital Management aims to safeguard the Bank's ability to continue as a going concern so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. For this the Bank ensures strong capital position and efficient use of capital as determined by the underlying business strategy i.e. maximizing growth on continuing basis. The Bank maintains a strong capital base so as to maintain investor and creditor and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The State Bank of Pakistan (SBP) has prescribed guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. The disclosures below have been prepared on the basis of the SBP's guidelines.

39.2 Goals of managing capital

The goals of managing capital of the Bank are as follows:

- To be an appropriately capitalised institution, considering the requirements set by the regulators of the banking markets where the Bank operates;

- Maintain strong ratings and to protect the Bank against unexpected events; and

- Ensure availability of adequate capital at a reasonable cost so as to enable the Bank to operate adequately and provide reasonable value addition for the shareholders and other stakeholders.

39.3 Statutory minimum capital requirement and management of capital

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. The paid up capital of the Bank for the year ended December 31, 2017 stands at Rs. 11.65 billion (2016: Rs. 10.23 billion) and is in compliance with the SBP requirement for the said year. The capital adequacy ratio (CAR) of the Bank is subject to the Basel III capital adequacy guidelines stipulated by the State Bank of Pakistan through its BPRD Circular No. 06 of 2013 dated August 15, 2013.The Capital Adequacy Ratio (CAR) requirement as of December 31, 2017 is 11.275%.

39.4 Capital Structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:

a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc after deductions for investments in the equity of subsidiary companies engaged in banking and financial activities (to the extent of 50%), reciprocal crossholdings and deficit on revaluation of available for sale investments and deduction for book value of intangibles.

b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria after deduction of remaining 50% investment in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.

- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments.

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

39.5 Capital adequacy ratio

The capital to risk weighted assets ratio, calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk is presented below:

	2017	2016
	--- (Rupees in '000) ---	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully Paid-up Capital/ Capital deposited with SBP	**11,652,288**	10,225,567
Balance in Share Premium Account	-	-
Reserve for issue of Bonus Shares	-	-
Discount on Issue of shares	-	-
General / Statutory Reserves	**725,101**	404,694
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	**2,677,047**	1,416,262
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	**15,054,436**	12,046,523
Total regulatory adjustments applied to CET1 (Note 39.5.1)	**346,394**	262,144
Common Equity Tier 1 (a)	**14,708,042**	11,784,379
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	-	-
of which:		
- *classified as equity*	-	-
- *classified as liabilities*	-	-
Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
- *of which: instrument issued by subsidiaries subject to phase out*	-	-
AT1 before regulatory adjustments	-	-
Total of Regulatory Adjustment applied to AT1 capital (Note 39.5.2)	-	-
Additional Tier 1 capital after regulatory adjustments	-	-
Additional Tier 1 capital recognised for capital adequacy (b)	-	-
Tier 1 Capital (CET1 + admissible AT1) (c=a+b)	**14,708,042**	11,784,379
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III plus any related share premium	**4,000,000**	-
Tier 2 capital instruments subject to phase out arrangement issued under pre-Basel III rules		
Tier 2 capital instruments issued to third parties by consolidated subsidiaries	-	-
(amount allowed in group tier 2)		
- *of which: instruments issued by subsidiaries subject to phase out*	-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	**76,844**	86,319
Revaluation Reserves (net of taxes)		
of which:	-	47,433
- *Revaluation reserves on property*	-	-
- *Unrealized gains/losses on AFS*	-	47,433
Foreign Exchange Translation Reserves	-	-
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	**4,076,844**	133,752
Total regulatory adjustment applied to T2 capital (note 39.5.3)	-	-
Tier 2 capital (T2) after regulatory adjustments	**4,076,844**	133,752
Tier 2 capital recognised for capital adequacy	**4,076,844**	133,752
Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy (d)	**4,076,844**	133,752
TOTAL CAPITAL (T1 + admissible T2) (e=c+d)	**18,784,886**	11,918,131
Total Risk Weighted Assets (RWA) (i) [Note 39.9]	**140,298,270**	106,226,723

	2017	2016
	--- (Rupees in '000) ---	
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA (a/i)	**10.48%**	11.09%
Tier-1 capital to total RWA (c/i)	**10.48%**	11.09%
Total capital to total RWA (e/i)	**13.39%**	11.22%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	**7.28%**	6.65%
- *capital conservation buffer requirement*	**1.28%**	0.65%
- *countercyclical buffer requirement*	**0%**	0%
- *D-SIB or G-SIB buffer requirement*	**0%**	0%
CET1 available to meet buffers (as a percentage of risk weighted assets)	**3.21%**	4.44%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	**6.00%**	6.00%
Tier 1 minimum ratio	**7.50%**	7.50%
Total capital minimum ratio	**11.28%**	10.65%

39.5.1 Common Equity Tier 1 capital: Regulatory adjustments

	2017		2016	
	Amount	**Pre-Basel III treatment***	Amount	Pre-Basel III treatment*
	------------------------- (Rupees in '000)		**-------------------------**	
Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	**204,129**	-	262,144	-
Shortfall of provisions against classified assets (Note 39.6.2.1)	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-	-
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	-	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of property / AFS	**142,265**	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold of which:				
- *significant investments in the common stocks of financial entities*	-	-	-	-
- *deferred tax assets arising from temporary differences*	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustments applied to CET1	**346,394**	-	262,144	-

***** This column highlights items that are still subject to Pre Basel III treatment during the transitional period

	2017 Amount	2017 Pre-Basel III treatment*	2016 Amount	2016 Pre-Basel III treatment*
	------------------------- (Rupees in '000) -------------------------			

39.5.2 Additional Tier 1 Capital: regulatory adjustments

	2017 Amount	2017 Pre-Basel III treatment*	2016 Amount	2016 Pre-Basel III treatment*
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-	-
Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	-	-	-	-

39.5.3 Tier 2 Capital: regulatory adjustments

	2017 Amount	2017 Pre-Basel III treatment*	2016 Amount	2016 Pre-Basel III treatment*
Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-	-
Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Total regulatory adjustment applied to T2 capital	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period.

39.5.4 Risk Weighted Assets subject to pre-Basel III treatment

	2017	2016
	--- (Rupees in '000) ---	
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment) of which:	-	-
- *Deferred tax assets*	-	-
- *Defined-benefit pension fund net assets*	-	-
- Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	-	-
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	-	-
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	**76,843**	86,319
Cap on inclusion of provisions in Tier 2 under standardized approach	**1,403,163**	1,106,163
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

39.6 Leverage ratio

According to Basel III instructions issued by State Bank of Pakistan (BPRD circular # 06 dated August 15, 2013), it is mandatory for all the banks to calculate and report the Leverage Ratio on a quarterly basis with the minimum benchmark of 3%.

The leverage ratio of the Bank for the year ended December 31, 2017 stood at 6.22% (2016: 6.11%) above the minimum requirement set by SBP.

		2017	2016
		--- (Rupees in '000) ---	
	On balance sheet exposures		
1	On-balance sheet items	**181,954,382**	151,920,921
2	Foreign Exchange Contracts (MTM)	**189,853**	24,397
3	**Total On balance sheet exposures**	**182,144,235**	151,945,318
	Off balance sheet exposures		
4	Off-balance sheet items	**54,050,916**	40,778,655
5	Commitment in respect of Foreign Exchange Contracts	**194,959**	244,975
6	**Total Off balance sheet exposures**	**54,245,875**	41,023,630
	Capital and total exposures		
7	**Tier 1 capital (Note 39.5)**	**14,708,042**	11,784,379
8	**Total exposures (sum of lines 3 and 6)**	**236,390,110**	192,968,949
	Basel III leverage ratio	**6.22%**	6.11%

39.7 Capital Structure Reconciliation

39.7.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

	Balance sheet as in published financial statements	**Under regulatory scope of consolidation**
	--- (Rupees in '000) ---	
Assets		
Cash and balances with treasury banks	10,423,998	10,423,998
Balances with other banks	1,173,267	1,173,267
Due from financial institutions	4,860,272	4,860,272
Investments	41,474,123	41,474,123
Islamic financing and related assets	119,522,264	119,522,264
Operating fixed assets	1,703,784	1,703,784
Deferred tax assets	71,759	71,759
Other assets	3,042,056	3,042,056
Total assets	**182,271,523**	**182,271,523**
Liabilities and Equity		
Bills payable	3,677,900	3,677,900
Due to financial institutions	5,255,642	5,255,642
Deposits and other accounts	149,295,457	149,295,457
Sub-ordinated loans	4,000,000	4,000,000
Other liabilities	5,130,353	5,130,353
Total liabilities	**167,359,352**	**167,359,352**
Share capital	11,652,288	11,652,288
Reserves	725,101	725,101
Unappropriated/ Unremitted profit/ (losses)	2,677,047	2,677,047
Minority Interest	-	-
Surplus on revaluation of assets	(142,265)	(142,265)
Total liabilities and equity	**182,271,523**	**182,271,523**

39.7.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

	Reference	Balance sheet as in published financial statements	Under regulatory scope of consolidation
		--- (Rupees in '000) ---	
Assets			
Cash and balances with treasury banks		10,423,998	10,423,998
Balances with other banks		1,173,267	1,173,267
Due from financial institutions		4,860,272	4,860,272
Investments		41,474,123	41,474,123
of which:			
- *non-significant capital investments in capital of banking, financial and insurance entities exceeding 10% threshold*	a	-	-
- *significant capital investments in capital instruments issued by banking, financial and insurance entities exceeding regulatory threshold*	b	-	-
- *mutual Funds exceeding regulatory threshold*	c	-	-
- *reciprocal crossholding of capital instrument (separate for CET1, AT1, T2)*	d	-	-
- *others*	e	-	-
Islamic financing and related assets		119,522,264	119,522,264
- *shortfall in provisions / excess of total EL amount over eligible provisions under IRB*	f	-	-
- *general provisions reflected in Tier 2 capital*	g	76,844	76,844
Operating fixed assets		1,703,784	1,703,784
- *of which: Intangibles*	k	204,129	204,129
Deferred tax assets		71,759	71,759
of which:			
- *DTAs that rely on future profitability excluding those arising from temporary differences*	h	-	-
- *DTAs arising from temporary differences exceeding regulatory threshold*	i	-	-
Other assets		3,042,056	3,042,056
of which:			
- *goodwill*	j	-	-
- *defined-benefit pension fund net assets*	l	-	-
Total assets		**182,271,523**	**182,271,523**
Liabilities and Equity			
Bills payable		3,677,900	3,677,900
Due from financial institutions		5,255,642	5,255,642
Deposits and other accounts		149,295,457	149,295,457
Sub-ordinated loans of which:		4,000,000	4,000,000
- *eligible for inclusion in AT1*	m	-	-
- *eligible for inclusion in Tier 2*	n	4,000,000	4,000,000
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:		-	-
- *DTLs related to goodwill*	o	-	-
- *DTLs related to intangible assets*	p	-	-
- *DTLs related to defined pension fund net assets*	q	-	-
- *other deferred tax liabilities*	r	-	-
Other liabilities		5,130,353	5,130,353
Total liabilities		**167,359,352**	**167,359,352**
Share capital		11,652,288	11,652,288
- *of which: amount eligible for CET1*	s	11,652,288	11,652,288
- *of which: amount eligible for AT1*	t	-	-
Reserves of which:		725,101	725,101
- *portion eligible for inclusion in CET1 - Statutory reserve*	u	725,101	725,101
- *portion eligible for inclusion in CET1 - General reserve*		-	-
- *portion eligible for inclusion in Tier 2*	v	-	-
Unappropriated profit	w	2,677,047	2,677,047
Minority Interest of which:		-	-
- *portion eligible for inclusion in CET1*	x	-	-
- *portion eligible for inclusion in AT1*	y	-	-
- *portion eligible for inclusion in Tier 2*	z	-	-
Surplus on revaluation of assets of which:		(142,265)	(142,265)
- *Revaluation reserves on Property*	aa	-	-
- *Unrealized Gains/Losses on AFS*		-	-
- *In case of Deficit on revaluation (deduction from CET1)*	ab	(142,265)	(142,265)
Total liabilities and Equity		**182,271,523**	**182,271,523**

39.7.3 Basel III Disclosure (with added column) - Step 3

		Source based on reference number from step 2	Component of regulatory capital reported by bank (Rupees in '000)
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital/ Capital deposited with SBP	(s)	11,652,288
2	Balance in Share Premium Account		-
3	Reserve for issue of Bonus Shares		-
4	General / Statutory Reserves	(u)	725,101
5	Gain / (Losses) on derivatives held as Cash Flow Hedge		-
6	Unappropriated / unremitted profits	(w)	2,677,047
7	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
8	**CET 1 before Regulatory Adjustments**		**15,054,436**
	Common Equity Tier 1 capital: Regulatory adjustments		
9	Goodwill (net of related deferred tax liability)	(j) - (o)	-
10	All other intangibles (net of any associated deferred tax liability)	(k) - (p)	204,129
11	Shortfall of provisions against classified assets	(f)	-
12	Deferred tax assets that rely on future profitability excluding those arising		-
	from temporary differences (net of related tax liability)	{(h) - (r)} * x%	-
13	Defined-benefit pension fund net assets	{(l) - (q)} * x%	-
14	Reciprocal cross holdings in CET1 capital instruments	(d)	-
15	Cash flow hedge reserve		-
16	Investment in own shares / CET1 instruments		-
17	Securitization gain on sale		-
18	Capital shortfall of regulated subsidiaries		-
19	Deficit on account of revaluation from bank's holdings of property / AFS	(ab)	142,264
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
23	Amount exceeding 15% threshold of which:		-
	- significant investments in the common stocks of financial entities		
	- deferred tax assets arising from temporary differences		-
24	National specific regulatory adjustments applied to CET1 capital of which:		-
	- *Investment in TFCs of other banks exceeding the prescribed limit*		-
	- *Any other deduction specified by SBP (mention details)*		-
25	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-
26	**Total regulatory adjustments applied to CET1 (Sum 9 to 25)**		**346,393**
27	**Common Equity Tier 1**		**14,708,042**
	Additional Tier 1 (AT 1) Capital		
28	Qualifying Additional Tier-1 instruments plus any related share premium		-
	of which:		
29	- *Classified as equity*	(t)	-
30	- *Classified as liabilities*	(m)	-
31	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	(y)	-
32	- *of which: instrument issued by subsidiaries subject to phase out*		-
33	**AT1 before regulatory adjustments**		-

		Source based on reference number from 39.4.2	Component of regulatory capital reported by bank (Rupees in '000)
	Additional Tier 1 Capital: regulatory adjustments		
34	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
35	Investment in own AT1 capital instruments		-
36	Reciprocal cross holdings in Additional Tier 1 capital instruments		-
37	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
38	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
39	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
40	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
41	Total of Regulatory Adjustment applied to AT1 capital (Sum 34 to 40)		-
42	Additional Tier 1 capital		-
43	**Additional Tier 1 capital recognised for capital adequacy**		-
44	**Tier 1 Capital (CET1 + admissible AT1) (27 + 43)**		**14,708,042**
	Tier 2 Capital		
45	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	(n)	4,000,000
46	Capital instruments subject to phase out arrangement from Tier 2 (Pre-Basel III instruments)		-
47	Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)		
	- *of which: instruments issued by subsidiaries subject to phase out*	(z)	-
48	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	76,844
49	Revaluation Reserves of which:		
50	- *Revaluation reserves on property*	89% of (aa)	-
51	- *Unrealized Gains/Losses on AFS*		-
52	Foreign Exchange Translation Reserves	(v)	-
53	Undisclosed / Other Reserves (if any)		-
54	**T2 before regulatory adjustments**		- **4,076,844**
	Tier 2 Capital: regulatory adjustments		
55	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		-
56	Reciprocal cross holdings in Tier 2 instruments		-
57	Investment in own Tier 2 capital instrument		-
58	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
59	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
60	Amount of Regulatory Adjustment applied to T2 capital		-
61	Tier 2 capital (T2)		4,076,844
62	Tier 2 capital recognised for capital adequacy		4,076,844
63	Excess Additional Tier 1 capital recognised in Tier 2 capital		-
64	Total Tier 2 capital admissible for capital adequacy		4,076,844
	TOTAL CAPITAL (T1 + admissible T2) (44 + 64)		**18,784,886**

39.8 Main features of regulatory capital instruments

	Main Features	Common Shares	Tier II Sukuk
1	Issuer	Dubai Islamic Bank Pakistan Limited	Dubai Islamic Bank Pakistan Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	DIBPL - CDC Symbol	DIBPL - Tier II Mudaraba Sukuk
3	Governing law(s) of the instrument	Banking Companies Ordinance, 1962 and the Directives issued by SBP	Banking Companies Ordinance, 1962 and the Directives issued by SBP
	Regulatory treatment		
4	Transitional Basel III rules	Common Equity Tier 1	Tier II
5	Post-transitional Basel III rules	Common Equity Tier 1	Tier II
6	Eligible at solo/ group/ group&solo	Solo	Solo
7	Instrument type	Ordinary shares	Subordinated debt
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	Rs. 11652288	Rs. 4,000,000
9	Par value of instrument	10	Rs. 1,000,000
10	Accounting classification	Shareholders' equity	Liability - Subordinated Sukuk
11	Original date of issuance	March 21, 2006	July 14, 2017
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	N/A	July 2027
14	Issuer call subject to prior supervisory approval	No	Yes
15	Optional call date, contingent call dates and redemption amount	N/A	Callable with prior approval of SBP on or after five years from the date of issue
16	Subsequent call dates, if applicable	N/A	N/A
	Coupons / dividends		
17	Fixed or floating dividend/ coupon	N/A	Floating coupon
18	coupon rate and any related index/ benchmark	N/A	Expected six months Kibor plus 50 bps
19	Existence of a dividend stopper	No	N/A
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary	Partially discretionary
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Noncumulative	Cumulative
23	Convertible or non-convertible	Nonconvertible	Convertible
24	If convertible, conversion trigger (s)	N/A	Occurrence of a non-viability trigger event (the "PONV")
25	If convertible, fully or partially	N/A	Fully
26	If convertible, conversion rate	N/A	As per SBP BPRD circular 6 of 2013 the conversion pricing formula is linked to the Fair Value per share of the common shares on the day preceding the date of PONV trigger event or, incase where market price is not available, the break up value of share duly certified by the independent auditor and the fair value of the sukuk.
27	If convertible, mandatory or optional conversion	N/A	Option of SBP
28	If convertible, specify instrument type convertible into	N/A	Common Shares
29	If convertible, specify issuer of instrument it converts into	N/A	DIBPL
30	Write-down feature	No	No
31	If write-down, write-down trigger(s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	Residual interest	Residual interest
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A

39.9 Risk-weighted exposures

	Capital requirements		Risk weighted assets	
	2017	2016	**2017**	2016
Credit Risk	-------------------------- (Rupees in '000) --------------------------			
Portfolios subject to on-balance sheet exposure (Simple Approach)				
Cash and cash equivalents	**-**	-	**-**	-
Sovereign	**895**	3,616	**7,936**	33,955
Banks	**168,833**	306,263	**1,497,414**	2,875,705
Public sector entities	**98,945**	83,984	**877,561**	788,581
Corporate	**8,376,745**	6,138,512	**74,294,855**	57,638,607
Retail	**1,868,658**	1,322,829	**16,573,461**	12,420,929
Residential mortgage	**332,942**	252,119	**2,952,919**	2,367,311
Past due loans	**46,996**	72,713	**416,812**	682,751
Deferred Tax Assets	**20,227**	-	**179,398**	-
Operating fixed assets	**169,086**	169,938	**1,499,655**	1,595,658
All other assets	**342,992**	218,755	**3,042,056**	2,054,034
Portfolios subject to off-balance sheet exposure - non market related (Simple approach)				
Financial guarantees	**506**	16,960	**4,487**	159,250
Acceptances	**419,166**	395,832	**3,717,660**	3,716,733
Performance related commitments	**415,663**	212,780	**3,686,593**	1,997,932
Trade related commitments	**369,029**	210,054	**3,272,986**	1,972,339
Commitments in respect of operating fixed asset	**9,337**	9,253	**82,815**	86,885
Other Commitments	**1,128**	1,065	**10,000**	10,000
Portfolios subject to off-balance sheet exposures - market related (Current exposure method)				
Banks	**14,709**	9,376	**130,453**	88,036
Customers	**674**	459	**5,975**	4,307
Market Risk				
Interest rate risk	**1,194,623**	517,144	**14,932,787**	6,464,299
Equity position risk	**-**	2,699	**-**	33,739
Foreign Exchange risk	**1,532**	20,893	**19,152**	261,159
Market risk-weighted exposures	**1,196,155**	540,736	**14,951,939**	6,759,197
Capital Requirement for portfolios subject to Standardised Approach				
Operational Risk				
Capital requirement for operational risk	**1,047,464**	877,961	**13,093,295**	10,974,513
TOTAL	**14,900,150**	10,843,205	**140,298,270**	106,226,723

	December 31, 2017		December 31, 2016	
Capital Adequacy Ratio	**Required**	**Actual**	Required	Actual
CET1 to total RWA	**6.00%**	**10.48%**	6.00%	11.09%
Tier-1 capital to total RWA	**7.50%**	**10.48%**	7.50%	11.09%
Total capital to total RWA	**11.28%**	**13.39%**	10.65%	11.22%
Leverage ratio	**3.00%**	**6.22%**	3.00%	6.11%

40 RISK MANAGEMENT

The Bank was granted a certificate to commence business in March 2006. The Bank is progressively implementing the guidelines issued by the SBP on risk management while keeping in sight the current and future scale and scope of its activities. Today, for the Bank, Risk Management is a structured approach to manage uncertainty related to an outcome. It is a sequence of activities including: risk assessment, policies, procedures and strategies development which are put in place to identify, measure, monitor and control the risk faced and mitigation of risk using adequate and relevant resources.

In the currently competitive banking market the Bank's rate of return is greatly influenced by its risk management capabilities as "Banking is about managing risk and return". Success in the banking business is not to eliminate or avoid risk altogether but to proactively assess and manage risks for the organization's strategic advantage.

RISK FRAMEWORK

The Bank's Risk management framework is based on three pillars; (a) Risk Principles and Strategies, (b) Organizational Structures and Procedures and (c) Prudent Risk Measurement and Monitoring Processes which are closely aligned with the activities of the Bank so as to give maximum value to the shareholders while ensuring that risks are kept within an acceptable level / risk appetite.

The Board determines the overall risk appetite and philosophy for the Bank. The overall risk is monitored by the Board Risk Monitoring Committee (BRMC). The terms of reference of BRMC have been approved by the Board. Various Management Committees such as Risk Management Committee (RMC), Operational Risk Management Committee (ORMC), Management Credit Committee (MCC) and Asset and Liability Committee (ALCO) support these goals.

The Chief Executive Officer (CEO) and Chief Risk Officer (CRO), in close coordination with all business / support functions, ensure that the Risk Management Framework approved by the Board is implemented in true spirit and risk limits are communicated and adhered for quantifiable risks by those who accept risks on behalf of the organization. Further, they also ensure that the non-quantifiable risks are communicated as guidelines and adhered to in management business decisions.

Risk Appetite

Risk management across the Bank is based on the risk appetite and philosophy set by the Board and the associated risk committees. The Board establishes the parameters for risk appetite for the Bank through:

- Setting strategic direction;
- Contributing to, and ultimately approving plans for each division; and
- Regularly reviewing and monitoring the Bank's performance in relation to risk through related reports.

It is to be ensured that the risk remains within the acceptable level and sufficient capital is available as a buffer to absorb all the risks. It forms the basis of strategies and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remain within acceptable level.

Risk Organisation

The nature of the Bank's businesses requires it to identify, measure and manage risks effectively. The Bank manages these risks through a framework of risk vision, mission, strategy, policies, principles, organizational structures, infrastructures and risk measurement and monitoring processes that are closely aligned with the activities of the Bank. The Bank Risk Management function is independent of the business areas.

In line with best practices, the Bank exercises adequate oversight through the Risk Monitoring Committee and the Bank's Risk Management Group and has developed an elaborate risk identification measurement and management framework.

Along with the above, business heads are also specifically responsible for the management of risk within their respective businesses. As such, they are responsible for ensuring that they are in compliance with appropriate risk management frameworks in line with the standards set by the Bank.

Business heads are supported by the Risk Management Group and the Finance Department. An important element that underpins the Bank's approach to the management of all risk is independence, where the risk monitoring function is independent of the risk taking function.

The Bank also has credit risk, market risk, liquidity risk, operational risk, and investment policies in place.

40.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the Bank. The credit risk arises mainly from both direct financing activities as well as contingent liabilities. The objective of credit risk management framework / policies for the Bank is to achieve sustainable and superior risk versus reward performance whilst maintaining credit risk exposure in line with the approved risk appetite.

The Bank has adopted Standardised Approach for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non-market related exposures) are assigned taking into consideration external rating(s) of counterparty(s) for the purpose of calculating Risk Weighted Assets.

The Bank has its own credit rating system (Moody's) in place which takes into account both quantitative and qualitative aspects. In addition, pro-active credit risk management is undertaken through risk concentration, counterparty limits, counterparty group limits and industry concentration limits, defining minimum risk acceptance criteria for each industry. Periodic review process and risk asset review coupled with policies on internal watch listing are capable of identifying problem financings at an early stage. In addition a full-fledged Special assets management (SAM) department has also been set up for dealing with problem accounts.

40.1.1 Segments by class of business

	2017					
	Islamic Financing and Related Assets (Gross)		**Deposits**		**Contingencies and Commitments ***	
	(Rupees in '000)	**%**	**(Rupees in '000)**	**%**	**(Rupees in '000)**	**%**
Agriculture	**1,104,918**	**0.91%**	**33,380**	**0.02%**	**150,727**	**0.39%**
Textile	**9,927,084**	**8.17%**	**2,037,029**	**1.36%**	**2,382,151**	**6.20%**
Chemical and pharmaceuticals	**5,388,225**	**4.44%**	**2,483,100**	**1.66%**	**4,139,023**	**10.77%**
Cement	**763,397**	**0.63%**	**467,860**	**0.31%**	**824,485**	**2.15%**
Sugar	**4,904,439**	**4.04%**	**401,209**	**0.27%**	**4,000**	**0.01%**
Food	**13,585,590**	**11.18%**	**1,349,291**	**0.90%**	**207,903**	**0.54%**
Footwear and leather garments	**560,154**	**0.46%**	**393,177**	**0.26%**	**-**	**0.00%**
Automobile and transportation equipment	**167,284**	**0.14%**	**319,603**	**0.21%**	**544,904**	**1.42%**
Electronics and electrical appliances	**2,065,836**	**1.70%**	**1,163,184**	**0.78%**	**1,543,418**	**4.02%**
Construction	**3,311,336**	**2.73%**	**2,268,799**	**1.52%**	**788,553**	**2.05%**
Power (electricity), gas, water, sanitary	**14,627,502**	**12.04%**	**974,328**	**0.65%**	**34,890**	**0.09%**
Wholesale and retail trade	**5,255,001**	**4.33%**	**3,183,676**	**2.13%**	**13,629,495**	**35.48%**
Exports / imports	**6,176,044**	**5.08%**	**596,510**	**0.40%**	**39,359**	**0.10%**
Transport, storage and communication	**7,030,915**	**5.79%**	**2,272,942**	**1.52%**	**128,547**	**-**
Financial	**242,514**	**0.20%**	**8,147,859**	**5.46%**	**3,244,204**	**8.45%**
Insurance	**-**	**-**	**4,373,364**	**2.93%**	**-**	**-**
Services	**7,354,666**	**6.05%**	**21,310,113**	**14.27%**	**199,356**	**0.52%**
Individuals	**28,794,248**	**23.70%**	**82,080,748**	**54.98%**	**1,753,616**	**4.56%**
Others	**10,221,356**	**8.41%**	**15,439,285**	**10.34%**	**8,800,206**	**22.91%**
	121,480,512	**100%**	**149,295,457**	**100%**	**38,414,837**	**100%**

* Contingent liabilities for the purpose of this note are presented at cost and include direct credit substitutes, transaction related contingent liabilities, trade related contingent liabilities and claims not acknowledged as debt.

	2016					
	Islamic Financing and Related Assets (Gross)		Deposits		Contingencies and Commitments*	
	(Rupees in '000)	%	(Rupees in '000)	%	(Rupees in '000)	%
Agriculture	-	-	3,270	0.00%	-	-
Textile	9,919,773	10.36%	328,998	0.74%	845,030	3.75%
Chemical and pharmaceuticals	6,417,128	6.70%	2,051,621	1.81%	2,482,502	11.02%
Cement	1,448,808	1.51%	80,250	0.79%	59,127	0.26%
Sugar		-	1,059,920	0.05%	-	-
Food	13,679,108	14.29%	1,186,459	2.08%	2,271,808	10.09%
Footwear and leather garments	817,556	0.85%	294,839	-	-	-
Automobile and transportation equipment	88,710	0.09%	164,787	0.09%	-	-
Electronics and electrical appliances	146,582	0.15%	1,515,016	1.42%	1,537,639	6.83%
Construction	652,223	0.68%	13,750	0.00%	-	-
Power (electricity), gas, water, sanitary	4,212,134	4.40%	87,381	0.12%	-	-
Wholesale and retail trade	3,549,665	3.71%	1,567,776	1.20%	4,915,173	21.82%
Exports / imports	2,547,365	2.66%	233,234	0.22%	-	-
Transport, storage and communication	4,929,154	5.15%	1,973,222	3.14%	122,601	0.54%
Financial	-	-	2,916,169	7.41%	1,055,245	4.69%
Insurance	-	-	2,019,957	2.74%	-	-
Services	2,139,377	2.24%	21,689,665	14.54%	-	-
Fertilizer	-	-	-	-	81,111	0.36%
Individuals	22,932,199	23.96%	77,702,954	51.64%	16,175	0.07%
Others	22,233,767	23.23%	14,375,245	12.01%	9,136,938	40.57%
	95,713,549	100%	129,264,513	100%	22,523,349	100%

* Contingent liabilities for the purpose of this note are presented at cost and include direct credit substitutes, transaction related contingent liabilities and trade related contingent liabilities.

40.1.2 Segment by sector

	2017					
	Islamic Financing and Related Assets (Gross)		**Deposits**		**Contingencies and Commitments**	
	Rupees in '000	**%**	**Rupees in '000**	**%**	**Rupees in '000**	**%**
Public / Government	**13,772,044**	**11.34%**	**16,243,360**	**10.88%**	**319,300**	**0.83%**
Private	**107,708,468**	**88.66%**	**133,052,097**	**89.12%**	**38,095,537**	**99.17%**
	121,480,512	**100.00%**	**149,295,457**	**100.00%**	**38,414,837**	**100.00%**

	2016					
	Islamic Financing and Related Assets (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	%	Rupees in '000	%	Rupees in '000	%
Public / Government	9,955,006	10.40%	12,127,108	9.38%	8,373,440	37.18%
Private	85,758,543	89.60%	117,137,405	90.62%	14,149,909	62.82%
	95,713,549	100.00%	129,264,513	100.00%	22,523,349	100.00%

40.1.3 Details of non-performing Islamic financing and related assets and specific provisions by class of business segment:

	2017		2016	
	Classified Islamic financing and related assets	**Specific provisions held**	Classified Islamic financing and related assets	Specific provisions held
	------------------------------ **(Rupees in '000)** ------------------------------			
Textile	**341,310**	**337,017**	340,910	336,610
Chemical	**725,836**	**593,404**	686,028	597,301
Wholesale and retail trade	**9,769**	**1,193**	36,424	11,378
Services	**861**	**861**	861	861
Individuals	**694,031**	**496,459**	797,500	471,416
Food	**-**	**122,289**	138,289	122,289
Telecommunication	**380,052**	**296,475**	380,712	142,768
Others	**155,995**	**33,706**	33,703	33,705
	2,307,854	**1,881,404**	2,414,427	1,716,328

40.1.4 Details of non-performing Islamic financing and related assets and specific provisions by sector:

	2017		2016	
	Classified financings	**Specific provisions held**	Classified financings	Specific provisions held
	------------------------------ **(Rupees in '000)** ------------------------------			
Public / Government	**-**	**-**	-	-
Private	**2,307,854**	**1,881,404**	2,414,427	1,716,328
	2,307,854	**1,881,404**	2,414,427	1,716,328

40.1.5 Geographical segment analysis

	2017			
	Profit before taxation	**Total assets employed**	**Net assets employed**	**Contingenci es and**
	------------------------------ **(Rupees in '000)** ------------------------------			
Pakistan	**2,563,565**	**182,271,523**	**14,912,171**	**38,414,837**

	2016			
	Profit before taxation	Total assets employed	Net assets employed	Contingencie s and
	------------------------------ (Rupees in '000) ------------------------------			
Pakistan	855,540	152,133,399	12,107,335	22,523,349

* Contingent liabilities for the purpose of this note are presented at cost and include direct credit substitutes, transaction related contingent liabilities and trade related contingent liabilities.

40.1.6 Credit risk - General disclosures

The Bank uses the 'Standardised Approach' in calculation of credit risk and capital requirements throughout its statement of financial position.

Credit Risk: Disclosures for portfolio subject to the Standardised Approach and supervisory risk weights in the IRB Approach

External Credit Assessment Institutions (ECAIs) Pakistan Credit Rating Agency Limited (PACRA) and JCR-VIS Credit Rating Company Limited (JCR-VIS) are used for domestic claims as recommended by the SBP. Moody's is used for claims on foreign banks. Details of rating agencies used for different types of bank's exposures are given below:

Types of Exposures and ECAI's used

	2017		
Exposures	**JCR - VIS**	**PACRA**	**Moody's**
Corporate	✔	✔	N/A
Banks	✔	✔	✔
Sovereigns	✔	✔	N/A
SME's	✔	✔	N/A

Credit Exposures subject to Standardised approach

		2017			2016		
Exposures	**Rating Category**	**Amount Outstanding**	**Deduction CRM**	**Net amount**	Amount Outstanding	Deduction CRM	Net amount
		(Rupees in '000)					
Funded							
Corporate	1	**2,248,446**	**-**	**2,248,446**	5,193,670	-	5,193,670
	2	**5,186,922**	**1,085,095**	**4,101,827**	4,233,905	-	4,233,905
	3,4	**639,525**	**-**	**639,525**	289,292	53,422	235,870
	5,6	**-**	**-**	**-**	-	-	-
		8,074,893	**1,085,095**	**6,989,798**	9,716,867	53,422	9,663,445
Banks	1	**5,825,648**	**-**	**5,825,648**	14,234,812	-	14,234,812
	2,3	**664,569**	**-**	**664,569**	57,486	-	57,486
		6,490,217	**-**	**6,490,217**	14,292,298	-	14,292,298
Mortgages		**8,436,912**	**-**	**8,436,912**	6,763,746	-	6,763,746
PSEs		**13,772,010**	**-**	**13,772,010**	10,379,790	-	10,379,790
Retail		**22,185,186**	**87,239**	**22,097,947**	16,666,194	104,955	16,561,239
Unrated-1		**41,618,754**	**1,195,152**	**40,423,602**	28,424,413	862,502	27,561,911
Unrated-2		**25,084,901**	**500,000**	**24,584,901**	21,348,111	-	21,348,111
		125,662,873	**2,867,486**	**122,795,387**	107,591,419	1,020,879	106,570,540
Non Funded							
Corporate	1	**1,122,067**	**-**	**1,122,067**	1,431,000	-	1,431,000
	2	**1,735,136**	**-**	**1,735,136**	226,825	-	226,825
	3	**806,551**	**-**	**806,551**	-	-	-
		3,663,754	**-**	**3,663,754**	1,657,825	-	1,657,825
Banks	1	**60,082**	**-**	**60,082**	-	-	-
	2,3	**1,071,048**	**-**	**1,071,048**	1,157,544	-	1,157,544
		1,131,130	**-**	**1,131,130**	1,157,544	-	1,157,544
PSEs		**5,737,863**	**-**	**5,737,863**	4,872,607	-	4,872,607
Retail		**1,166,316**	**277,777**	**888,539**	991,357	344,871	646,486
Unrated-1		**20,527,227**	**1,381,889**	**19,145,338**	10,276,295	941,341	9,334,954
Unrated-2		**3,582,632**	**672,492**	**2,910,140**	4,797,721	209,767	4,587,954
		35,808,922	**2,332,158**	**33,476,764**	23,753,349	1,495,979	22,257,370

Credit Risk: Disclosures with respect to Credit Risk Mitigation - Standardized Approach

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals as specified for Simple Approach of Credit Risk Mitigation under Standardized Approach prescribed by SBP under BSD Circular No. 8 of 2007.

40.2 Market Risk

Market risk is the risk that the value of the on and off balance sheet positions of the Bank will be adversely affected by movements in market rates or other underlying risk factors.

The Bank manages the market risk in its portfolios through its Market Risk Management framework and methodologies set out in its Board approved Market Risk Policy as per the SBP guidelines. A separate market risk monitoring function has also been set up.

Market Risk at the Bank is controlled by:

- Identifying the relevant market risk factors for a particular product, portfolio or business proposition;
- Applying an appropriate limit structure; and
- Setting and monitoring appropriate levels of limits.

These are adequately supported by stringent operational controls and standards and compliance with internal and regulatory policies.

Standard risk management techniques and tools have been adopted by the risk management group, including the SBP mandated stress testing methodology to monitor and manage market risk. The Bank has adopted Standardised Approach for calculation of capital charge against market risk charge.

40.2.1 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuations of exchange rates.

In the normal course of conducting commercial banking business, which ranges from intermediation only to taking on principal risk as dealer or as counterparty, the Bank purchases or sells currencies in today / ready and gives or receives unilateral promises for sale or purchase of FX at future dates in a long or short position in different currency pairs. These positions expose the Bank to foreign exchange risk. To control this risk, the Bank primarily uses principal limits at various levels to control the open position, and ultimately the residual foreign exchange risk of the Bank. The Bank also strictly adheres to all associated regulatory limits.

The following is a summary of the assets of the Bank subject to foreign exchange risk:

	2017			
	Assets	**Liabilities**	**Off-balance Sheet**	**Net foreign currency exposure**
	-------------------------------- (Rupees in '000) --------------------------------			
Pakistan Rupee	**168,374,663**	**150,890,811**	**(2,567,575)**	**14,916,277**
United States Dollar	**13,761,826**	**10,239,337**	**(3,532,793)**	**(10,304)**
Great Britain Pound	**55,859**	**2,986,404**	**2,929,636**	**(909)**
Japanese Yen	**7,387**	**2,798**	**-**	**4,589**
Euro	**180,432**	**749,577**	**570,559**	**1,414**
Swiss Franc	**3,487**	**685**	**-**	**2,802**
U.A.E Dirham	**(118,039)**	**2,482,752**	**2,600,173**	**(618)**
Australian Dollar	**1,520**	**-**	**-**	**1,520**
Canadian Dollar	**1,638**	**8,958**	**-**	**(7,320)**
Saudi Riyal	**1,202**	**191**	**-**	**1,011**
Chinese Yen	**287**	**-**	**-**	**287**
Singapore Dollar	**1,261**	**(2,161)**	**-**	**3,422**
	182,271,523	**167,359,352**	**-**	**14,912,171**

	2016			
	Assets	Liabilities	Off-balance Sheet	Net foreign currency exposure
	-------------------------------- (Rupees in '000) --------------------------------			
Pakistan Rupee	141,669,923	123,817,369	(5,992,187)	11,860,367
United States Dollar	9,929,314	9,978,730	299,719	250,303
Great Britain Pound	266,189	2,985,720	2,719,306	(225)
Japanese Yen	-	1,122	1,791	669
Euro	114,727	747,023	636,265	3,969
Swiss Franc	2,117	-	-	2,117
U.A.E Dirham	147,028	2,496,100	2,335,106	(13,966)
Australian Dollar	-	-	-	-
Canadian Dollar	1,638	-	-	1,638
Saudi Riyal	1,202	-	-	1,202
Singapore Dollar	1,261	-	-	1,261
	152,133,399	140,026,064	-	12,107,335

40.2.2 Equity Position Risk

The Bank had no exposure to equities as at the balance sheet date.

40.2.3 Yield / Profit Rate Risk

All products dealt in by the Bank are duly approved by the Bank's Shari'a Board / Resident Shari'a Board Member and the Bank does not conduct any business in interest related products.

The objective of yield / profit rate risk monitoring is to manage the resultant impact on the Bank's statement of financial position due to changes in profit / return on investment and financing products. Yield / profit rate risk review of the statement of financial position is also done monthly in ALCO meetings. Various ratios as prescribed by the SBP are also monitored. The Bank also uses Gap Analysis and Notional Principal Limits to monitor the risks.

40.2.4 Mismatch of Yield / Profit Rate Sensitive Assets and Liabilities

	2017											
	Effective Yield / Profit rate	Total	Exposed to Yield / Profit rate risk									
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-profit bearing financial instruments
			---------- (Rupees in '000) ----------									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	**10,423,998**	-	-	-	-	-	-	-	-	-	**10,423,998**
Balances with other banks	-	**1,173,267**	-	-	-	-	-	-	-	-	-	**1,173,267**
Due from financial institutions	5.78%	**4,860,272**	**4,860,272**	-	-	-	-	-	-	-	-	-
Investments	5.23%	**41,474,123**	**1,500,000**	**2,246,959**	**7,599,594**	-	**2,225,430**	**13,892,297**	**2,850,421**	**11,110,345**	-	**49,077**
Islamic financing and related assets	7.79%	**119,522,264**	**9,717,854**	**18,230,500**	**22,948,685**	**49,426,379**	**1,163,930**	**78,998**	**290,565**	**115,871**	**983,394**	**16,566,088**
Other assets	-	**2,943,931**	-	-	-	-	-	-	-	-	-	**2,943,931**
		180,397,855	**16,078,126**	**20,477,459**	**30,548,279**	**49,426,379**	**3,389,360**	**13,971,295**	**3,140,986**	**11,226,216**	**983,394**	**31,156,361**
Liabilities												
Bills payable	-	**3,677,900**	-	-	-	-	-	-	-	-	-	**3,677,900**
Due to financial institutions	2.79%	**5,255,642**	**546,625**	**2,302,686**	**2,406,331**	-	-	-	-	-	-	-
Deposits and other accounts	2.82%	**149,295,457**	**101,507,788**	-	-	-	-	-	-	-	-	**47,787,669**
Sub-ordinated debt	6.64%	**4,000,000**	**4,000,000**	-	-	-	-	-	-	-	-	-
Other liabilities	-	**5,032,226**	-	-	-	-	-	-	-	-	-	**5,032,226**
		167,261,225	**106,054,413**	**2,302,686**	**2,406,331**	-	-	-	-	-	-	**56,497,795**
On-balance sheet gap		**13,136,630**	**(89,976,287)**	**18,174,773**	**28,141,948**	**49,426,379**	**3,389,360**	**13,971,295**	**3,140,986**	**11,226,216**	**983,394**	**(25,341,434)**
Contingencies and commitments		**38,414,837**	-	-	-	-	-	-	-	-	-	**38,414,837**
Off-balance sheet gap		**(38,414,837)**	-	-	-	-	-	-	-	-	-	**(38,414,837)**
Total Yield / Profit Rate Risk Sensitivity Gap			**(89,976,287)**	**18,174,773**	**28,141,948**	**49,426,379**	**3,389,360**	**13,971,295**	**3,140,986**	**11,226,216**	**983,394**	**(63,756,271)**
Cumulative Yield / Profit Rate Risk Sensitivity Gap			**(89,976,287)**	**(71,801,514)**	**(43,659,566)**	**5,766,813**	**9,156,173**	**23,127,468**	**26,268,454**	**37,494,670**	**38,478,064**	**(25,278,207)**

	Effective yield / Profit Rate	Total	Exposed to Yield / Profit rate risk									Non-profit bearing financial instruments
2016			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	
			(Rupees in '000)									
On-balance sheet financial instruments												
Assets												
Cash and balances with treasury banks	-	14,007,320	-	-	-	-	-	-	-	-	-	14,007,320
Balances with other banks	-	543,363	-	-	-	-	-	-	-	-	-	543,363
Due from financial institutions	5.85%	12,536,061	12,536,061	-	-	-	-	-	-	-	-	-
Investments	5.13%	27,211,659	1,574,980	2,185,461	15,837,781	-	-	4,217,335	1,772,645	1,606,587	-	16,870
Islamic financing and related assets	7.86%	93,910,902	10,401,102	18,842,893	47,923,498	6,612,405	32,827	76,495	272,837	114,483	907,077	8,727,285
Other assets	-	1,077,448	-	-	-	-	-	-	-	-	-	1,077,448
		149,286,753	24,512,143	21,028,354	63,761,279	6,612,405	32,827	4,293,830	2,045,482	1,721,070	907,077	24,372,286
Liabilities												
Bills payable	-	2,218,979	-	-	-	-	-	-	-	-	-	2,218,979
Due to financial institutions	3.27%	5,670,091	201,122	3,648,273	1,820,696	-	-	-	-	-	-	-
Deposits and other accounts	3.13%	129,264,513	88,199,251	-	-	-	-	-	-	-	-	41,065,262
Sub-ordinated debt	-	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	-	2,241,119	-	-	-	-	-	-	-	-	-	2,241,119
		139,394,702	88,400,373	3,648,273	1,820,696	-	-	-	-	-	-	45,525,360
On-balance sheet gap		9,892,051	(63,888,230)	17,380,081	61,940,583	6,612,405	32,827	4,293,830	2,045,482	1,721,070	907,077	(21,153,074)
Contingencies and commitments		22,523,349	-	-	-	-	-	-	-	-	-	22,523,349
Off-balance sheet gap		(22,523,349)	-	-	-	-	-	-	-	-	-	(22,523,349)
Total Yield / Profit Rate Risk Sensitivity Gap			(63,888,230)	17,380,081	61,940,583	6,612,405	32,827	4,293,830	2,045,482	1,721,070	907,077	(43,676,423)
Cumulative Yield / Profit Rate Risk Sensitivity Gap			(63,888,230)	(46,508,149)	15,432,434	22,044,839	22,077,666	26,371,496	28,416,978	30,138,048	31,045,125	(12,631,298)

40.3 Liquidity Risk

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet in an orderly way its contractual obligations when due. Liquidity risk arises in the general funding of the Bank's activities and in the management of its assets. The Bank maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new financings, participate in new investments when opportunities arise, and to meet any other commitments. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

Bank calculates the Liquidity Coverage Ratio (LCR) on monthly basis as per SBP Basel III Liquidity Standards issued under BPRD circular no 08 dated June 23, 2016. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile of Bank which requires banks to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar-days period. As of December 31, 2017, Bank’s LCR stood at 127.01% against the SBP’s minimum requirement of 90%.

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. Banks are expected to meet the NSFR requirement of at least 100% on an ongoing basis from December 31, 2017.

Governance of Liquidity risk management

Liquidity and related risks are managed through standardized processes established in the Bank. Board and senior management are apprised about liquidity profile of the Bank on periodic basis so as to ensure proactive liquidity management and to avoid abrupt shocks. The management of liquidity risk within the Bank is undertaken within limits and other policy parameters set by ALCO, which meets monthly and reviews compliance with policy parameters. Day to day monitoring is done by the treasury while overall compliance is monitored and coordinated by the ALCO and includes reviewing the actual and planned strategic growth of the business and its impact on the statement of financial position and monitoring the Bank's liquidity profile and associated activities. Bank's treasury function has the primary responsibility for assessing, monitoring and managing bank's liquidity and funding strategy. Treasury Middle Office being part of Risk management group is responsible for the independent identification, monitoring & analysis of risks inherent in treasury operations. The bank has in place duly approved Treasury investment policy and strategy along with liquidity risk tolerance/appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Bank.

Funding Strategy

Bank's prime source of liquidity is the customer's deposit base. Within deposits, Bank strives to maintain a healthy core deposit base in form of current and saving deposits and avoid concentration in particular products, tenors and dependence on large fund providers. Further, Bank relies on Interbank borrowing for stop gap funding arrangements but same is less preferred source of liquidity. Within borrowing, sources of funding are also diversified to minimize concentration. Usually Interbank borrowing is for short term. The bank follows centralized funding strategy so as to ensure achievement of strategic and business objectives of the Bank.

Liquidity Risk Mitigation techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like cash to deposits, financing to deposit ratio, liquid assets to total deposits, Interbank borrowing to total deposits and large deposits to total deposits which are monitored on daily basis against different triggers levels and communicated to senior management and to ALCO forum regularly. Further, Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. For maturity analysis, behavioral study techniques are also used to determine the behavior of non-contractual assets and liabilities based on historic data and statistical techniques. The Bank also ensures to maintain statutory cash and liquidity requirements all times.

Liquidity Stress Testing

As per SBP BSD Circular No. 1 of 2012, Liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits and increase in assets, withdrawals of wholesale/large deposits & interbank borrowing and utilization of undrawn credit lines etc. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch for the Bank.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the bank which identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis. At DIBPL, a comprehensive liquidity contingency funding plan is prepared which highlights liquidity management chain that needs to be followed. Responsibilities and crisis management phases are also incorporated in order to tackle the liquidity crisis. Moreover, CFP highlights possible funding sources, in case of a liquidity crisis.

Main drivers of LCR Results

Main drivers of LCR Results are High Quality Liquid Assets and Net cash outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are as prescribed by the regulator.

Composition of High Quality Liquid Assets - HQLA

High Quality Liquid Assets composed of Level-1 Assets which can be included in the stock of liquid assets at 100% of their market value. Bank has taken Cash & treasury balances, Investments in GoP Ijarah Sukuks classified as Available for Sale category and foreign currency Sukuks issued by sovereigns. Further, Level 2-A asset category includes investment in corporate sukuk.

Concentration of Funding Sources

Being a commercial bank, DIBPL relies on funds provided by depositors. However the Bank has been continuously improving upon its ratio of core deposits. Current and Saving accounts consist of 68% of total deposits, term deposits are 31% and borrowing from SBP and financial institutions is 4% of total deposits. Moreover the Bank does not rely on top few depositors to meet its funding requirements. This clearly shows that the funding sources for the Bank are well diversified.

Currency Mismatch in the LCR

Currency mismatch is minimal as PKR deposits are 86% of Bank's total deposits.

40.3.1 Liquidity Coverage Ratio (LCR)

	TOTAL UNWEIGHTED VALUE (Average)	TOTAL WEIGHTED VALUE (Average)
	A	**B**
High quality liquid assets		
-Total high quality liquid assets (HQLA)	42,591,646	34,146,061
Cash outflows		
-Retail deposits and deposits from small business cusmtomers of which:	105,499,286	10,549,929
stable deposit	-	-
Less stable deposit	105,499,286	10,549,929
Unsecured wholesale funding of which:	36,888,302	15,371,518
Operational deposits (all counterparties)	972,779	243,195
Non-operational deposits (all counterparties)	34,645,334	13,858,134
Unsecured debt	1,270,189	1,270,189
Secured wholesale funding	-	-
Additional requirements of which:	176,755,965	9,352,877
Outflows related to derivative exposures and other collateral requirements	7,980,384	7,980,384
Outflows related to loss of funding on debt products	-	-
Credit and Liquidity facilities	168,775,581	1,372,493
Other contractual funding obligations	1,518,208	151,821
Other contingent funding obligations	6,568,018	6,568,018
Total cash outflows		**41,994,163**
Cash inflows		
Secured lending	3,879,460	3,312,817
Inflows from fully performing exposures	7,711,056	3,855,528
Other Cash inflows	7,389,025	6,720,288
Total cash inflows		**13,888,633**
Total High Quality Liquid Assets (HQLA)		**34,146,061**
Total Net Cash Outflows		**28,105,530**
Liquidity Coverage Ratio		**121.49%**

40.3.2 Net Stable Funding Ratio (NSFR)

	Unweighted value by residual maturity				weighted value
	No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item					
Capital					
Regulatory capital	15,054,435	-	-	-	15,054,435
Other capital instruments	4,000,000	-	-	-	4,000,000
Less stable deposits	96,456,136	6,484,659	3,291,445	5,884,184	108,438,602
Wholesale funding					
Operational deposits	1,722,176	-	-	-	861,088
Other wholesale funding	4,284,534	11,808,025	7,215,468	12,148,828	25,346,575
Other liabilities:					
All other liabilities and equity not included in other categories	-	13,545,999	517,894	-	258,947
Total ASF					**153,959,647**
RSF item					
Total NSFR high-quality liquid assets (HQLA)	-	-	-	-	10,028,842
Deposits held at other financial institutions for operational	-	1,173,267	-	-	586,634
Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financail institutions	-	4,860,272	-	-	729,041
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	41,365,193	6,903,031	49,076,270	89,983,053
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	391,271	628,637	20,808,248	14,545,269
NSFR derivative assets	-			5,331,587	5,331,587
All other assets not included in the above categories	9,144,532	35,879	35,879	-	9,180,410
Off-balance sheet items	-	213,613,841	3,447,638	2,014,693	10,953,809
Total RSF					**141,338,645**
Net Stable Funding Ratio (%)					**108.93%**

* The Liquidity coverage ratio and Net stable funding ratio are applicable from 2017 onwards, therefore, comparative information is not applicable.

40.3.3 Maturities of Assets and Liabilities

Maturities of Assets and Liabilities - Expected Maturity

	2017									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	10,423,998	10,423,998	-	-	-	-	-	-	-	-
Balances with other banks	1,173,267	1,173,267	-	-	-	-	-	-	-	-
Due from financial institutions	4,860,272	4,860,272	-	-	-	-	-	-	-	-
Investments	41,474,123	221,708	101,625	522,644	1,105,373	4,580,658	15,384,866	5,725,581	13,831,668	-
Islamic financing and related assets	119,522,264	8,930,055	18,054,237	18,596,532	20,893,038	12,772,473	21,864,918	6,689,495	5,192,872	6,528,644
Operating fixed assets	1,703,784	41,223	85,605	128,408	227,495	454,990	302,802	460,244	3,017	-
Deferred tax assets	71,759	5,980	11,960	17,940	35,879	-	-	-	-	-
Other assets	3,042,056	1,253,405	407,122	876,009	145,197	131,436	115,082	81,909	31,896	-
	182,271,523	26,909,908	18,660,549	20,141,533	22,406,982	17,939,557	37,667,668	12,957,229	19,059,453	6,528,644
Liabilities										
Bills payable	3,677,900	3,677,900	-	-	-	-	-	-	-	-
Due to financial institutions	5,255,642	238,150	2,611,161	2,406,331	-	-	-	-	-	-
Deposits and other accounts	149,295,457	8,436,122	15,407,221	20,787,596	27,126,536	19,343,171	19,271,885	38,725,148	197,778	-
Sub-ordinated debt	4,000,000	-	-	-	-	-	-	-	4,000,000	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,130,353	2,475,244	833,976	864,125	438,487	129,631	129,630	259,260	-	-
	167,359,352	14,827,416	18,852,358	24,058,052	27,565,023	19,472,802	19,401,515	38,984,408	4,197,778	-
Net assets	14,912,171	12,082,492	(191,809)	(3,916,519)	(5,158,041)	(1,533,245)	18,266,153	(26,027,179)	14,861,675	6,528,644
Share capital	11,652,288									
Reserves	725,101									
Unappropriated profit	2,677,047									
Deficit on revaluation of assets - net of tax	(142,265)									
	14,912,171									

	2016									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	---------- (Rupees in '000) ----------									
Assets										
Cash and balances with treasury banks	14,007,320	14,007,320	-	-	-	-	-	-	-	-
Balances with other banks	543,363	543,363	-	-	-	-	-	-	-	-
Due from financial institutions	12,536,061	12,536,061	-	-	-	-	-	-	-	-
Investments	27,211,659	65,065	67,075	11,243,151	307,165	1,358,581	5,575,916	2,966,930	5,627,776	-
Islamic financing and related assets	93,910,902	6,666,740	10,900,043	12,461,983	5,691,385	3,583,014	8,494,594	21,518,165	18,276,764	6,318,214
Operating fixed assets	1,870,060	43,487	86,971	130,457	206,631	413,262	417,975	492,685	78,592	-
Deferred tax assets	-	-	-	-	-	-	-	-	-	-
Other assets	2,054,034	267,438	627,315	748,479	104,224	127,128	86,190	60,268	8,932	24,060
	152,133,399	34,129,474	11,681,404	24,584,070	6,309,405	5,481,985	14,574,675	25,038,048	23,992,064	6,342,274
Liabilities										
Bills payable	2,218,979	2,218,979	-	-	-	-	-	-	-	-
Due to financial institutions	5,670,091	201,122	3,648,273	1,820,696	-	-	-	-	-	-
Deposits and other accounts	129,264,513	10,435,157	10,841,340	15,878,148	21,234,182	18,009,394	17,389,745	34,979,696	496,851	-
Sub-ordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	16,784	1,399	2,797	4,196	8,392	-	-	-	-	-
Other liabilities	2,855,697	1,329,889	563,583	399,602	392,335	46,702	37,891	78,631	7,064	-
	140,026,064	14,186,546	15,055,993	18,102,642	21,634,909	18,056,096	17,427,636	35,058,327	503,915	-
Net assets	12,107,335	19,942,928	(3,374,589)	6,481,428	(15,325,504)	(12,574,111)	(2,852,961)	(10,020,279)	23,488,149	6,342,274
Share capital	10,225,567									
Reserves	404,694									
Unappropriated profit	1,416,263									
Surplus on revaluation of assets - net of tax	60,811									
	12,107,335									

Maturities of Assets and Liabilities - Contractual Maturity

	2017									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	10,423,998	10,423,998	-	-	-	-	-	-	-	-
Balances with other banks	1,173,267	1,173,267	-	-	-	-	-	-	-	-
Due from financial institutions	4,860,272	4,860,272	-	-	-	-	-	-	-	-
Investments	41,474,123	221,708	101,625	522,644	1,105,373	4,580,658	15,384,866	5,725,581	13,831,668	-
Islamic financing and related assets	119,522,264	8,930,055	18,054,237	18,596,532	20,893,038	12,772,473	21,864,918	6,689,495	5,192,872	6,528,644
Operating fixed assets	1,703,784	41,223	85,605	128,408	227,495	454,990	302,802	460,244	3,017	-
Deferred tax assets	71,759	5,980	11,960	17,940	35,879	-	-	-	-	-
Other assets	3,042,056	1,253,405	407,122	876,009	145,197	131,436	115,082	81,909	31,896	-
	182,271,523	26,909,908	18,660,549	20,141,533	22,406,982	17,939,557	37,667,668	12,957,229	19,059,453	6,528,644
Liabilities										
Bills payable	3,677,900	3,677,900	-	-	-	-	-	-	-	-
Due to financial institutions	5,255,642	238,150	2,611,161	2,406,331	-	-	-	-	-	-
Deposits and other accounts	149,295,457	108,462,318	10,769,724	13,634,847	12,663,836	899,858	828,573	1,838,523	197,778	-
Sub-ordinated debt	4,000,000	-	-	-	-	-	-	-	4,000,000	-
Deferred tax liabilities	-	-	-	-	-	-	-	-	-	-
Other liabilities	5,130,353	2,475,244	833,976	864,125	438,487	129,631	129,630	259,260	-	-
	167,359,352	114,853,612	14,214,861	16,905,303	13,102,323	1,029,489	958,203	2,097,783	4,197,778	-
Net assets	14,912,171	(87,943,704)	4,445,688	3,236,230	9,304,660	16,910,068	36,709,465	10,859,446	14,861,675	6,528,644
Share capital	11,652,288									
Reserves	725,101									
Unappropriated profit	2,677,047									
Deficit on revaluation of assets - net of tax	(142,265)									
	14,912,171									

	2016									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	(Rupees in '000)									
Assets										
Cash and balances with treasury banks	14,007,320	14,007,320	-	-	-	-	-	-	-	-
Balances with other banks	543,363	543,363	-	-	-	-	-	-	-	-
Due from financial institutions	12,536,061	12,536,061	-	-	-	-	-	-	-	-
Investments	27,211,659	65,065	67,075	11,243,151	307,165	1,358,581	5,575,916	2,966,930	5,627,776	-
Islamic financing and related assets	93,910,902	6,666,740	10,900,043	12,461,983	5,691,385	3,583,014	8,494,594	21,518,165	18,276,764	6,318,214
Operating fixed assets	1,870,060	43,487	86,971	130,457	206,631	413,262	417,975	492,685	78,592	-
Deferred tax assets	-									
Other assets	2,054,034	267,438	627,315	748,479	104,224	127,128	86,190	60,268	8,932	24,060
	152,133,399	34,129,474	11,681,404	24,584,070	6,309,405	5,481,985	14,574,675	25,038,048	23,992,064	6,342,274
Liabilities										
Bills payable	2,218,979	2,218,979	-	-	-	-	-	-	-	-
Due to financial institutions	5,670,091	201,122	3,648,273	1,820,696	-	-	-	-	-	-
Deposits and other accounts	129,264,513	99,465,114	6,713,660	9,511,726	8,361,417	1,593,621	973,972	2,148,152	496,851	-
Sub-ordinated debt	-	-	-	-	-	-	-	-	-	-
Deferred tax liabilities	16,784	1,399	2,797	4,196	8,392	-	-	-	-	-
Other liabilities	2,855,697	1,329,889	563,583	399,602	392,335	46,702	37,891	78,631	7,064	-
	140,026,064	103,216,503	10,928,313	11,736,220	8,762,144	1,640,323	1,011,863	2,226,783	503,915	-
Net assets	12,107,335	(69,087,029)	753,091	12,847,850	(2,452,739)	3,841,662	13,562,812	22,811,265	23,488,149	6,342,274
Share capital	10,225,567									
Reserves	404,694									
Unappropriated profit	1,416,263									
Surplus on revaluation of assets	60,811									
	12,107,335									

40.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed processes, people and systems or from external events and Sharia non-compliance. In this regard, in-compliance with the Risk Management Guidelines, issued by SBP, an Operational Risk Management Unit has been established within the Risk Management Group, under supervision of the CRO.

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. To reduce losses arising from operational risk, the Bank has strengthened its risk management framework duly approved by the BOD by developing strategies, polices, guidelines and manuals. It also includes risk and control self-assessment, key risk indicator, loss data management, set up independent fraud risk management unit, enhancing security measures, improving efficiency and effectiveness of operations and improving quality of human resources through trainings.

41 TRUST ACTIVITIES

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust.

Category	Type	No. of IPS account		--------Rupees in '000-------	
				Face Value	
		2017	2016	**2017**	2016
Financial Institutions	Government Ijarah sukuk	**1**	-	**1,000**	-

Category	Type	No. of shares		--------Rupees in '000-------	
				Face Value	
		2017	2016	**2017**	2016
Related parties:					
Dubai Islamic Bank PJSC	Shares	**3,347,600**	3,347,600	**33,476**	33,476

42 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL & SPECIFIC POOLS

The Bank managed following general and specific pools during the year:

2017

General Depositors Mudaraba Pool	**Profit rate and weightages announcement period**	**Profit rate return earned**	**Profit Sharing Ratio of Mudarib**	**Mudarib Share-Net of Hiba and Mudarib Fee ('000)**	**Mudarib Share-Net of Hiba and Mudarib Fee (%)**	**Mudarib Share transferred to the depositors through Hiba ('000)**	**Mudarib Share transferred to the depositors through Hiba (%)**	**Profit rate return distributed**
Common mudaraba pool	**Monthly**	**4.78%**	**50.00%**	**1,207,721**	**49.80%**	**54,232**	**4.49%**	**2.54%**

2016

General Depositors Mudaraba Pool	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share-Net of Hiba and Mudarib Fee ('000)	Mudarib Share-Net of Hiba and Mudarib Fee (%)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed
Common mudaraba pool	Monthly	5.26%	50.00%	1,658,836	55.31%	28,886	1.74%	2.67%

2017

Specific Pools	**Profit rate and weightages announcement period**	**Profit rate return earned**	**Profit Sharing Ratio of Mudarib**	**Mudarib Share-Net of Hiba and Mudarib Fee ('000)**	**Mudarib Share-Net of Hiba and Mudarib Fee (%)**	**Mudarib Share transferred to the depositors through Hiba ('000)**	**Mudarib Share transferred to the depositors through Hiba (%)**	**Profit rate return distributed**
Islamic Export Refinance								
- Musharaka Pool	**Monthly**	**3.96%**	**50.00%**	**203,538**	**71.27%**	**531**	**0.26%**	**2.00%**
Inter-bank wakala borrowing pool	**As required**	**6.67% - 10.66%**	*****	*****	**-**	**N/A**	**-**	**5.22% - 5.80%**
Other Mudaraba Pools	**As required**	**3.57% - 8.80%**	*****	**1,940,154**	**40.85%**	**236,120**	**12.17%**	**1% - 7.78%**

2016

Specific Pools	Profit rate and weightages announcement period	Profit rate return earned	Profit Sharing Ratio of Mudarib	Mudarib Share-Net of Hiba and Mudarib Fee ('000)	Mudarib Share-Net of Hiba and Mudarib Fee (%)	Mudarib Share transferred to the depositors through Hiba ('000)	Mudarib Share transferred to the depositors through Hiba (%)	Profit rate return distributed
Islamic Export Refinance								
- Musharaka Pool	Monthly	4.88%	50.00%	394,099	81.59%	6,091	1.55%	2.53%
Inter-bank wakala borrowing pool	As required	6.64% - 7.66%	*	*	-	N/A	-	4.89% - 6.14%
Other Mudaraba Pools	As required	3.12% - 12.27%	*	1,620,656	39.40%	179,342	11.07%	1% - 7.78%

* The profit sharing ratio and the investment ratio varies case to case basis.

43 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on ________________by the Board of Directors of the Bank.

44 GENERAL

44.1 Captions, as prescribed by BSD Circular No. 04 of 2006 dated February 17, 2006 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for captions of the statement of financial position and profit and loss account.

44.2 The figures in the financial statements are rounded off to the nearest thousand rupee.

Chairman	President / Chief Executive	Director	Director

ANNEXURE - 1

DUBAI ISLAMIC BANK PAKISTAN LIMITED
STATEMENT SHOWING WRITTEN-OFF ISLAMIC FINANCING AND RELATED ASSETS OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE DURING THE YEAR ENDED DECEMBER 31, 2017

NAME AND ADDRESS OF THE CUSTOMER

S. No.	Name and address of the customer		Father/Husband Name	CNIC No.	Outstanding Liabilities at beginning of year				Principal written-off	Profit written-off	Other financial relief provided (Early Settlement charges)	Total (10+11+12)
	Name	Address			Principal	Profit	Others (Early Settlement charges)	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13
					(Rupees in '000)							
1	WAJID ALI	HOUSE NO.135, BLOCK-F, PIA HOUSING SOCIETY, LAHORE	NAZIR HUSSAIN (LATE)	35202-8765292-5	4,921	706	-	5,627	-	946	-	946
2	MALIK ATA UR REHMAN	HOUSE# 10-A, STREET# 04, AL HABIB PARK, OLD SANDA ROAD, LAHORE	MALIK ABDUR REHMAN (LATE)	35202-0351374-9	10,650	397	-	11,046	-	1,407	-	1,407
3	MUHAMMAD USMAN GHANI CHUGTAI	HOUSE# 61, STREET# 03, NEAR EDEN PALACE VILLAS, RAIWIND ROAD, LAHORE	ABDUL GHANI CHUGTAI (LATE)	35202-3213391-9	5,751	1,509	-	7,260	-	1,505	-	1,505
4	MUHAMMAD ARIF KHAN	OFFICE NO 3 2ND FLOOR PLOT NO 14-C ZAMZAMA COMMERCIAL LANE NO 8 DHA KARACHI	MUHAMMAD MOHSIN KHAN (LATE)	42000-7672423-1	42,183	2,263	-	44,446	-	4,591	-	4,591
5	CHAUDHARY SHAHBAZ MAQBOOL	HOUSE# 290, STREET# 68, SECTOR# G-10/3, ISLAMABAD	MAQBOOL AHMED	61101-9261826-3	21,985	5,636	-	27,620	-	4,620	-	4,620
6	CHAUDHARY MUHAMMAD SHAFIQUE	CHAUDHRY STEEL RE-ROLLING MILLS (PVT) LIMITED, 79-PECO ROAD, BADAMI BAGH, LAHORE.	CH. NOOR MUHAMMAD (LATE)	35202-0217025-7	18,337	4,955	-	23,292	-	4,891	-	4,891
7	MUHAMMAD ABDUL WAHAB	H NO L-13 BLK-17 GULSHAN-E-IQBAL KARACHI	HAFIZ MUHAMMAD HAIDER (LATE)	42201-6296308-1	22,189	5,740	-	27,929	-	5,698	-	5,698
8	Akbar Brothers	Khawaja House. Chowk BCG, Multan	1) Azhar Ahmed S/O Khawaja Muhammad Akbar 2) Khawaja Muhammad Adil S/O Khawaja Muhammad Tariq	1) 37405-8925293-7 2) 37405-0299356-7	21,365	19,578	-	40,943	-	19,578	-	19,578
					147,381	**40,784**	**-**	**188,163**	**-**	**43,236**	**-**	**43,236**