

**Dubai Islamic Bank
Pakistan Limited**

Condensed Interim Financial Information
for the period ended September 30, 2018

Dubai Islamic Bank Pakistan Limited
Condensed Interim Statement of Financial Position
As at September 30, 2018

	<i>Note</i>	September 30, 2018 (Un-audited) ----- Rupees in '000 -----	December 31, 2017 (Audited)
ASSETS			
Cash and balances with treasury banks	7	12,423,782	10,423,998
Balances with other banks	8	987,350	1,173,267
Due from financial institutions	9	8,200,000	4,860,272
Investments	10	45,771,391	41,474,123
Islamic financing and related assets - net	11	149,223,868	119,522,264
Operating fixed assets	12	1,543,520	1,703,784
Deferred tax assets	13	501,301	71,759
Other assets		4,590,167	3,042,056
		223,241,379	182,271,523
LIABILITIES			
Bills payable		2,241,028	3,677,900
Due to financial institutions		7,158,357	5,255,642
Deposits and other accounts	14	187,311,477	149,295,457
Sub-ordinated debt	15	4,000,000	4,000,000
Deferred tax liabilities		-	-
Other liabilities		6,496,553	5,130,353
		207,207,415	167,359,352
NET ASSETS		16,033,964	14,912,171
REPRESENTED BY			
Share capital		11,652,288	11,652,288
Reserves		1,095,703	725,101
Unappropriated profit		4,159,457	2,677,047
		16,907,448	15,054,436
Deficit on revaluation of investments - net of tax		(873,484)	(142,265)
		16,033,964	14,912,171

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

CHAIRMAN PRESIDENT / CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

Dubai Islamic Bank Pakistan Limited
Condensed Interim Profit and Loss Account (Un-Audited)
For the quarter and nine months period ended September 30, 2018

	Note	Quarter ended Sep 30, 2018	Nine months period ended Sep 30, 2018	Quarter ended Sep 30, 2017	Nine months period ended Sep 30, 2017
		----- Rupees in '000 -----			
Profit / return earned		3,971,991	10,395,212	2,887,761	7,894,716
Profit / return expensed		(1,882,663)	(4,427,399)	(1,161,130)	(3,064,708)
Net profit / return		2,089,328	5,967,813	1,726,631	4,830,008
Reversal of provision / (provision) against non-performing Islamic financing and related assets - net	11.13	6,952	20,932	(31,102)	(85,504)
Provision for diminution in the value of investments	10.2	(30,256)	(23,393)	(30,256)	(30,256)
Bad debts written off directly		-	-	-	-
		(23,304)	(2,461)	(61,358)	(115,760)
Net spread earned after provisions		2,066,024	5,965,352	1,665,273	4,714,248
OTHER INCOME					
Fee, commission and brokerage income		415,989	1,237,016	397,462	1,246,794
Dividend income		-	-	-	-
Income from dealing in foreign currencies		94,841	306,814	40,869	58,274
Gain on sale of securities		-	-	57,831	77,714
Other income		335	2,490	59	155
Total other income		511,165	1,546,320	496,221	1,382,937
		2,577,189	7,511,672	2,161,494	6,097,185
OTHER EXPENSES					
Administrative expenses		(1,493,806)	(4,411,597)	(1,410,855)	(4,241,432)
Reversal of other provisions / write offs		-	-	1,066	1,066
Other charges		(20,345)	(62,222)	(15,063)	(37,165)
Total other expenses		(1,514,151)	(4,473,819)	(1,424,852)	(4,277,531)
		1,063,038	3,037,853	736,642	1,819,654
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		1,063,038	3,037,853	736,642	1,819,654
Taxation					
- Current		(424,216)	(1,220,649)	(272,587)	(617,694)
- Prior years		-	-	-	(61,255)
- Deferred		12,310	35,808	14,749	(19,198)
		(411,906)	(1,184,841)	(257,838)	(698,147)
PROFIT AFTER TAXATION		651,132	1,853,012	478,804	1,121,507
----- Rupees -----					
Basic & diluted earnings per share	17	0.56	1.59	0.42	0.99

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

CHAIRMAN

PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Dubai Islamic Bank Pakistan Limited

Condensed Interim Statement of Comprehensive Income (Un-Audited)

For the quarter and nine months period ended September 30, 2018

	Quarter ended Sep 30, 2018	Nine months period ended Sep 30, 2018	Quarter ended Sep 30, 2017	Nine months period ended Sep 30, 2017
	----- Rupees in '000 -----			
Profit after taxation for the period	651,132	1,853,012	478,804	1,121,507
Comprehensive income transferred to equity	651,132	1,853,012	478,804	1,121,507
Components of comprehensive income not reflected in equity:				
Deficit on revaluation of investments	(296,290)	(1,124,953)	(55,788)	(62,647)
Related deferred tax asset	103,702	393,734	19,526	21,927
	(192,588)	(731,219)	(36,262)	(40,720)

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

CHAIRMAN

PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

Dubai Islamic Bank Pakistan Limited
Condensed Interim Statement of Changes in Equity (Un-Audited)
For the nine months period ended September 30, 2018

	Share capital	Advance against share subscription	Statutory reserve	Unappropriated profit	Total
	Rupees in '000				
Balance as at January 01, 2017	10,225,567	-	404,694	1,416,263	12,046,524
Total comprehensive income for the period					
Profit after taxation for the nine months period ended September 30, 2017	-	-	-	1,121,507	1,121,507
Transaction 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	-	-	224,301	(224,301)	-
Balance as at September 30, 2017	11,652,288	-	628,995	2,310,083	14,591,366
Total comprehensive income for the quarter					
Profit after taxation for the quarter ended December 31, 2017	-	-	-	480,529	480,529
Remeasurements of defined benefit plan - net of tax	-	-	-	(17,459)	(17,459)
	-	-	-	463,070	463,070
Transaction with owners recognised directly in equity					
Transfer to statutory reserve	-	-	96,106	(96,106)	-
Balance as at December 31, 2017	11,652,288	-	725,101	2,677,047	15,054,436
Total comprehensive income for the period					
Profit after taxation for the nine months period ended September 30, 2018	-	-	-	1,853,012	1,853,012
Transaction with owners recognised directly in equity					
Transfer to statutory reserve	-	-	370,602	(370,602)	-
Balance as at September 30, 2018	11,652,288	-	1,095,703	4,159,457	16,907,448

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

CHAIRMAN PRESIDENT / CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

Dubai Islamic Bank Pakistan Limited
Condensed Interim Cash Flow Statement (Un-Audited)
For the nine months period ended September 30, 2018

	Note	Nine months period ended Sep 30, 2018	Nine months period ended Sep 30, 2017
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		3,037,853	1,819,654
Adjustments for:			
Depreciation		237,453	238,226
Amortisation		56,000	107,318
(Reversal of provision) / provision against non-performing Islamic financing and related assets - net	11.13	(20,932)	85,504
Provision for diminution in the value of investments	10.2	23,393	30,256
Gain on sale of securities		-	(77,714)
Gain on sale of operating fixed assets		(2,434)	(147)
Reversal of other provisions		-	(1,066)
		293,480	382,377
		3,331,333	2,202,031
(Increase) / decrease in operating assets			
Due from financial institutions		(3,339,728)	6,177,571
Islamic financing and related assets		(29,680,672)	(25,355,540)
Others assets		(1,548,104)	(1,532,835)
		(34,568,504)	(20,710,804)
Increase / (decrease) in operating liabilities			
Bills payable		(1,436,872)	614,866
Due to financial institutions		1,902,715	(172,358)
Deposits and other accounts		38,016,020	16,504,104
Other liabilities (excluding current taxation)		1,249,020	2,230,722
		39,730,883	19,177,334
		8,493,712	668,561
Income taxes paid		(1,100,676)	(698,202)
Net cash generated from / (used in) operating activities		7,393,036	(29,641)
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in available-for-sale securities		(5,445,614)	(7,913,601)
Investments in operating fixed assets		(139,254)	(176,210)
Proceeds from sale of operating fixed assets		5,699	2,060
Net cash used in investing activities		(5,579,169)	(8,087,751)
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of sub-ordinated debt		-	4,000,000
Issuance of share capital		-	1,426,721
Net cash generated from financing activities		-	5,426,721
Increase/ (decrease) in cash and cash equivalents		1,813,867	(2,690,671)
Cash and cash equivalents at beginning of the period		11,597,265	14,701,519
Cash and cash equivalents at end of the period	18	13,411,132	12,010,848

The annexed notes 1 to 24 form an integral part of this condensed interim financial information.

CHAIRMAN PRESIDENT / CHIEF EXECUTIVE DIRECTOR DIRECTOR CHIEF FINANCIAL OFFICER

Dubai Islamic Bank Pakistan Limited

Notes to and forming part of the Condensed Interim Financial Information (Un-Audited)

For the nine months period ended September 30, 2018

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 Act, 2017 (previously Companies Ordinance, 1984) to carry out the business of an Islamic Commercial Bank in accordance with the principles of Shari'a.
- 1.2** The State Bank of Pakistan (the SBP) granted a "Scheduled Islamic Commercial Bank" license to the Bank on November 26, 2005 and subsequently the Bank received the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in Corporate, Commercial and Consumer Islamic banking and investing activities.
- 1.3** JCR-VIS Credit Rating Company Limited on June 29, 2018 has reaffirmed the Bank's medium to long-term rating as 'AA-' (AA minus) and the short term rating as 'A-1' (A one) with stable outlook.
- 1.4** The Bank is operating through 200 branches as at September 30, 2018 (December 31, 2017: 200 branches). The registered office of the Bank is situated at Hassan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank P.J.S.C, UAE (the Holding Company).

2 BASIS OF PRESENTATION

- 2.1** The Bank provides Islamic financing and makes investments mainly through Murabaha, Musharaka, Running Musharaka, Musharaka cum Ijara, Shirkatulmilk, Istisna cum Wakala, Wakala Istithmar, Service Ijarah and Export Refinance under Islamic Export Refinance Scheme of State Bank of Pakistan (SBP) and other Islamic modes. The transactions of purchases, sales and leases executed under these arrangements are not reflected in these condensed interim financial information as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. The income on such Islamic financing and related assets is recognised in accordance with the principles of Shari'a. However, income if any, received which does not comply with the principles of Shari'a is recognised as charity payable if so directed by the Shari'a Board / Resident Shari'a Board Member.
- 2.2** The disclosures made in the condensed interim financial information have been limited based on the format prescribed by the SBP through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full set of annual financial statements and the condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2017.
- 2.3** The condensed interim financial information is presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

3 STATEMENT OF COMPLIANCE

The condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017;
- Banking Companies Ordinance, 1962 and the directives issued by SBP;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

In case the requirement of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued by SBP or IFAS differ from the requirement of IAS 34, the requirement of Companies Act, 2017, Banking Companies Ordinance, 1962, directives issued by SBP and IFAS has been followed.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2017.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in the condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2017.

6 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2017.

	September 30, 2018 (Un-audited) ---- Rupees in '000 ----	December 31, 2017 (Audited)
	Note	
7 CASH AND BALANCES WITH TREASURY BANKS		
In hand		
- local currency	2,053,514	2,338,026
- foreign currencies	702,170	653,361
	<u>2,755,684</u>	<u>2,991,387</u>
With the State Bank of Pakistan in		
- local currency current accounts	6,179,468	4,678,341
- foreign currency current accounts	8,953	7,936
Cash reserve account	1,345,060	1,040,737
Special cash reserve account	1,613,363	1,248,918
	<u>2,958,423</u>	<u>2,289,655</u>
With National Bank of Pakistan in		
- local currency current accounts	521,254	456,679
	<u>12,423,782</u>	<u>10,423,998</u>
8 BALANCES WITH OTHER BANKS		
In Pakistan		
- in current accounts	388,473	499,396
- in deposit accounts	10	-
	<u>388,483</u>	<u>499,396</u>
Outside Pakistan		
- in current accounts	598,867	673,871
- in deposit accounts	-	-
	<u>598,867</u>	<u>673,871</u>
	<u>987,350</u>	<u>1,173,267</u>
9 DUE FROM FINANCIAL INSTITUTIONS		
Commodity Murabaha	-	2,860,272
Musharakah	9.1 8,200,000	2,000,000
	<u>8,200,000</u>	<u>4,860,272</u>

- 9.1 These carry expected profit rate ranging from 7.50% to 7.65% (December 31, 2017: 5.85%) per annum and are due to mature latest by October 04, 2018 (December 31, 2017: January 04, 2018).

10 INVESTMENTS

10.1 Investments by types

	Note	September 30, 2018			December 31, 2017		
		(Un-audited)			(Audited)		
		Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
----- Rupees in '000 -----							
Held-to-maturity securities							
GOP Ijarah sukuk		4,000,000	-	4,000,000	4,000,000	-	4,000,000
Available-for-sale securities							
GOP Ijarah sukuk		15,595,844	-	15,595,844	12,103,089	-	12,103,089
Other sukuk certificates		11,593,072	-	11,593,072	11,379,280	-	11,379,280
Global sukuk certificates		15,996,792	-	15,996,792	14,257,725	-	14,257,725
Investments at cost		47,185,708	-	47,185,708	41,740,094	-	41,740,094
Less: Provision for diminution in the value of investments	10.2	(70,495)	-	(70,495)	(47,102)	-	(47,102)
Investments (net of provisions)		47,115,213	-	47,115,213	41,692,992	-	41,692,992
Deficit on revaluation of available-for-sale securities		(1,343,822)	-	(1,343,822)	(218,869)	-	(218,869)
Total investments		45,771,391	-	45,771,391	41,474,123	-	41,474,123

10.2 Particulars of provision for diminution in the value of investments

	Note	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
---- Rupees in '000 ----			
Opening balance		47,102	16,846
Charge for the period / year		23,393	30,256
Reversals during the period / year		-	-
		23,393	30,256
Closing balance	10.2.1	70,495	47,102

10.2.1 This represent sukuk of Quetta Textile Mills Limited amounting to Rs. 89.32 million (December 31, 2017: Rs. 96.18 million) which have been placed under non-performing status. However, the Forced Sale Value (FSV) of the collateral held in respect of this Sukuk is Rs. 18.83 million (December 31, 2017: Rs. 49.08 million). The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2018 which is not available for distribution as either cash or stock dividend to shareholders and bonus for staff amounted to Rs.12.24 million (December 31, 2017: Rs. 31.9 million).

	Note	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
---- Rupees in '000 ----			
11 ISLAMIC FINANCING AND RELATED ASSETS - NET			
Murabaha	11.1	30,680,691	21,503,533
Tijarah cum wakala	11.2	5,571,908	3,105,982
Musawama	11.3	1,496,513	1,044,963
Istisna cum Wakala	11.4	10,028,518	8,025,033
Salam	11.5	1,441,538	1,100,337
Islamic Export Refinance Scheme - SBP	11.6	6,308,854	5,424,642
Running Musharaka financing		8,804,257	5,821,842
Wakala Istithmar financing – Pre manufacturing		14,358,887	9,607,202
Wakala Istithmar financing – Post manufacturing		21,980	1,929,362
Shirkatulmilk - Autos	11.7	18,435,918	16,943,517
Shirkatulmilk - Fleet	11.8	7,746,636	5,945,862
Shirkatulmilk - Housing	11.9	9,946,511	9,107,624
Shirkatulmilk - Others	11.10	17,954,168	18,290,081
Diminishing Musharaka financing - Autos		-	30,793
Diminishing Musharaka financing - Others		16,654,892	12,087,846
Staff financing		1,709,913	1,511,893
Islamic financing and related assets – gross		151,161,184	121,480,512
Less: Provision against non-performing Islamic financing & related assets	11.13	(1,937,316)	(1,958,248)
Islamic financing and related assets – net of provisions		149,223,868	119,522,264

		September 30, 2018 (Un-audited) ---- Rupees in '000 ----	December 31, 2017 (Audited)
11.1	Murabaha		
	Financing	10,446,776	9,279,560
	Inventory	19,549,468	635,323
	Advance	684,447	11,588,650
		<u>30,680,691</u>	<u>21,503,533</u>
11.2	Tijarah cum wakala		
	Financing	5,571,908	1,176,072
	Inventory	-	1,929,910
		<u>5,571,908</u>	<u>3,105,982</u>
11.3	Musawama		
	Financing	1,464,529	1,017,693
	Advance	31,984	27,270
		<u>1,496,513</u>	<u>1,044,963</u>
11.4	Istisna cum Wakala		
	Financing	10,028,518	6,053,266
	Advance	-	1,971,767
		<u>10,028,518</u>	<u>8,025,033</u>
11.5	Salam		
	Financing	1,290,338	250,198
	Advance	151,200	850,139
		<u>1,441,538</u>	<u>1,100,337</u>
11.6	Islamic Export Refinance Scheme - SBP		
	Wakala Istithmar - Financing	2,582,454	2,319,242
	Running Musharaka - Financing	3,670,400	3,105,400
	Istisna cum Wakala - Advance	56,000	-
		<u>6,308,854</u>	<u>5,424,642</u>
11.7	Shirkatulmilk - Autos		
	Financing	17,690,747	15,622,881
	Advance	745,171	1,320,636
		<u>18,435,918</u>	<u>16,943,517</u>
11.8	Shirkatulmilk - Fleet		
	Financing	6,966,074	4,992,743
	Advance	780,562	953,119
		<u>7,746,636</u>	<u>5,945,862</u>
11.9	Shirkatulmilk - Housing		
	Financing	9,900,991	9,035,189
	Advance	45,520	72,435
		<u>9,946,511</u>	<u>9,107,624</u>
11.10	Shirkatulmilk - Others		
	Financing	<u>17,954,168</u>	<u>18,290,081</u>
11.11	Particulars of Islamic financing and related assets - gross		
11.11.1	In local currency	151,083,617	121,108,442
	In foreign currencies	77,567	372,070
		<u>151,161,184</u>	<u>121,480,512</u>
11.11.2	Short term (for upto one year)	78,713,147	66,473,862
	Long term (for over one year)	72,448,037	55,006,650
		<u>151,161,184</u>	<u>121,480,512</u>

- 11.12** Islamic financing and related assets include Rs. 2,528.774 million (December 31, 2017: Rs. 2,307.854 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2018 (Un-audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- Rupees in '000 -----									
Other Assets									
Especially Mentioned	25,849	-	25,849	-	-	-	-	-	-
Substandard	343,711	-	343,711	43,917	-	43,917	43,917	-	43,917
Doubtful	146,491	-	146,491	54,809	-	54,809	54,809	-	54,809
Loss	2,012,723	-	2,012,723	1,745,107	-	1,745,107	1,745,107	-	1,745,107
	<u>2,528,774</u>	<u>-</u>	<u>2,528,774</u>	<u>1,843,833</u>	<u>-</u>	<u>1,843,833</u>	<u>1,843,833</u>	<u>-</u>	<u>1,843,833</u>

Category of classification	December 31, 2017 (Audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
----- Rupees in '000 -----									
Other Assets									
Especially Mentioned	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
	<u>2,307,854</u>	<u>-</u>	<u>2,307,854</u>	<u>1,881,404</u>	<u>-</u>	<u>1,881,404</u>	<u>1,881,404</u>	<u>-</u>	<u>1,881,404</u>

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

	September 30, 2018 (Un-audited)			December 31, 2017 (Audited)		
	Specific	General	Total	Specific	General	Total
----- Rupees in '000 -----						
Opening balance	1,881,404	76,844	1,958,248	1,716,328	86,319	1,802,647
Charge for the period / year	168,362	16,639	185,001	235,024	-	235,024
Reversals during the period / year	(205,933)	-	(205,933)	(69,948)	(9,475)	(79,423)
	(37,571)	16,639	(20,932)	165,076	(9,475)	155,601
Amount written-off	-	-	-	-	-	-
Closing balance	<u>1,843,833</u>	<u>93,483</u>	<u>1,937,316</u>	<u>1,881,404</u>	<u>76,844</u>	<u>1,958,248</u>

As allowed by the SBP, the Bank has availed the benefit of Forced Sale Values (FSV) amounting to Rs. 240.186 million (December 31, 2017: Rs. 231.352 million) in determining the provisioning requirement against non-performing Islamic financing. The additional profit arising from availing the FSV benefit - net of tax as at September 30, 2018 which is not available for distribution as either cash or stock dividend to shareholders and for staff bonus amounted to Rs. 156.121 million (December 31, 2017: Rs. 150.379 million).

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

	September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
----- Rupees in '000 -----		
12 OPERATING FIXED ASSETS		
Capital work-in-progress - net	33,428	14,182
Property and equipment	1,375,899	1,499,409
Intangible assets	134,193	190,193
	<u>1,543,520</u>	<u>1,703,784</u>
12.1 Additions to Fixed Assets at cost	<u>120,008</u>	<u>335,119</u>
Disposal of Fixed Assets at cost	<u>15,440</u>	<u>5,025</u>

		September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
		---- Rupees in '000 ----	
13	DEFERRED TAX ASSET		
	Deductible temporary differences on:		
	Provision for diminution in the value of investments	24,673	16,486
	Provision against non-performing Islamic financing and related assets	16,501	3,703
	Provision against other assets	6,273	6,273
	Deficit on revaluation of investments	470,338	76,604
	Deficit on defined benefit plan	17,101	17,101
		534,886	120,167
	Taxable temporary differences on:		
	Accelerated tax depreciation and amortisation	(33,585)	(48,408)
		501,301	71,759
14	DEPOSITS AND OTHER ACCOUNTS		
	Customers		
	Fixed deposits	56,556,402	40,412,007
	Savings deposits	66,888,796	48,943,369
	Current accounts - non-remunerative	48,152,758	45,940,983
	Margin accounts - non-remunerative	826,770	1,477,875
		172,424,726	136,774,234
	Financial Institutions		
	Remunerative deposits	14,519,891	12,152,412
	Non-remunerative deposits	366,860	368,811
		187,311,477	149,295,457
15	SUB-ORDINATED DEBT		
	In 2017, the Bank issued regulatory Shariah compliant rated, unsecured, subordinated and privately placed Tier II Sukuk of Rs. 4,000 million as instrument of redeemable capital under section 66 of the Companies Act, 2017. The JCR-VIS Credit Rating Company Limited has reaffirmed Tier II Sukuk rating of "A+" (Single A Plus) with stable outlook. The tenor of the sukuk is ten years from the issue date. 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 7.56% per annum.		
		September 30, 2018 (Un-audited)	December 31, 2017 (Audited)
		---- Rupees in '000 ----	
16	CONTINGENCIES AND COMMITMENTS		
16.1	Transactions-related contingent liabilities		
	Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favouring		
	- Government	7,009,970	5,604,476
	- Banking companies and other financial institutions	211,417	1,313,220
	- Others	2,075,586	3,056,515
		9,296,973	9,974,211
16.2	Trade-related contingent liabilities		
	Import Letters of Credit	20,363,087	21,587,436
	Acceptances	2,553,756	2,722,358
		22,916,843	24,309,794
16.3	Commitments in respect of forward exchange contracts		
	Purchase	21,832,660	12,172,781
	Sale	15,191,241	9,659,679
16.4	Commitments in respect of financing facilities	1,125,937	1,524,915
16.5	Commitments for the acquisition of operating fixed assets	39,775	82,815

16.6 Tax authorities has raised a demand of Rs. 18.725 million regarding tax not deducted by the Bank on profit accrued on balances of certain customers has been issued by the tax authorities for which the Bank has filed an appeal with the Appellate Tribunal Inland Revenue, and is confident that the matter will be decided in their favour.

17 BASIC AND DILUTED EARNINGS PER SHARE

Profit after taxation for the period

Weighted average number of ordinary shares

Earning per share - basic and diluted

Quarter ended September 30, 2018	Nine months period ended September 30, 2018	Quarter ended September 30, 2017	Nine months period ended September 30, 2017
----- Rupees in '000 -----			
651,132	1,853,012	478,804	1,121,507
----- Number of shares '000 -----			
1,165,229	1,165,229	1,130,214	1,130,214
----- Rupees -----			
0.56	1.59	0.42	0.99

17.1 There were no convertible / dilutive potential ordinary shares as at September 30, 2018 and September 30, 2017.

18 CASH AND CASH EQUIVALENTS

Cash and balances with treasury banks
Balances with other banks

September 30, 2018 (Un-audited)	September 30, 2017
---- Rupees in '000 ----	
12,423,782	10,742,712
987,350	1,268,136
13,411,132	12,010,848

19 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	September 30, 2018 (Un-audited)				
	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Others	Total
	----- Rupees in '000 -----				
External revenue					
Net profit / return earned	1,402,499	425,398	3,687,237	452,679	5,967,813
Fee, commission, brokerage and other income	3,426	913,532	629,362	-	1,546,320
Intersegment revenue	(1,075,887)	3,592,950	(2,065,709)	(451,354)	-
Total revenue	330,038	4,931,880	2,250,890	1,325	7,514,133
Depreciation and amortisation	(7,142)	(243,299)	(43,012)	-	(293,453)
Impairment of financing assets	(23,393)	(34,857)	57,114	(1,325)	(2,461)
Other expenses	(108,718)	(3,037,456)	(1,034,192)	-	(4,180,366)
Total expenses	(139,253)	(3,315,612)	(1,020,090)	(1,325)	(4,476,280)
Reportable segment profit	190,785	1,616,268	1,230,800	-	3,037,853
Tax expense	(74,408)	(630,386)	(480,047)	-	(1,184,841)
Segment assets (Gross)	36,888,134	50,119,854	111,836,401	26,407,325	225,251,714
Segment liabilities	1,079,123	126,552,463	69,079,276	10,496,553	207,207,415
Segment average return on net assets	5.38%	10.79%	7.64%	5.21%	
Segment cost of funds	2.83%	2.76%	3.99%	6.95%	
	September 30, 2017 (Un-audited)				
	Trading & Sales	Retail Banking	Corporate & Commercial Banking	Others	Total
	----- Rupees in '000 -----				
External revenue					
Net profit / return earned	1,120,351	156,984	3,184,860	367,813	4,830,008
Fee, commission, brokerage and other income	167,705	747,408	467,824	-	1,382,937
Intersegment revenue	(855,935)	3,156,833	(1,937,478)	(363,420)	-
Total revenue	432,121	4,061,225	1,715,206	4,393	6,212,945
Depreciation and amortisation	(10,418)	(281,568)	(53,558)	-	(345,544)
Impairment of financing assets	-	(16,130)	(97,630)	(2,000)	(115,760)
Other expenses	(251,512)	(2,835,070)	(843,012)	(2,393)	(3,931,987)
Total expenses	(261,930)	(3,132,768)	(994,200)	(4,393)	(4,393,291)
Reportable segment profit	170,191	928,457	721,006	-	1,819,654
Tax expense	(65,297)	(356,221)	(276,629)	-	(698,147)
Segment assets (Gross)	31,340,051	41,695,234	86,855,333	19,854,310	179,744,928
Segment liabilities	2,237,754	110,787,933	41,073,386	9,081,221	163,180,294
Segment average return on net assets	4.86%	10.46%	7.08%	4.52%	
Segment cost of funds	5.40%	2.52%	3.31%	6.64%	

20 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:

	September 30, 2018 (Un-audited)						December 31, 2017 (Audited)					
	Associated companies	Holding company	Directors	Key management personnel	Others	Total	Associated companies	Holding company	Directors	Key management personnel	Others	Total
Rupees in '000												
Balances with other banks												
As at January 1	-	140,147	-	-	-	140,147	-	53,113	-	-	-	53,113
Deposited during the period / year	-	33,012,914	-	-	-	33,012,914	-	61,267,830	-	-	-	61,267,830
Withdrawals during the period / year	-	(33,049,301)	-	-	-	(33,049,301)	-	(61,180,796)	-	-	-	(61,180,796)
Closing balance	-	103,760	-	-	-	103,760	-	140,147	-	-	-	140,147
Investments												
As at January 1	-	-	-	-	1,031,293	1,031,293	-	-	-	-	1,588,330	1,588,330
Investments made during the period / year	-	-	-	-	-	-	-	-	-	-	660,913	660,913
Investments redeemed during the period / year	-	-	-	-	-	-	-	-	-	-	(1,217,950)	(1,217,950)
Others	-	-	-	-	95,337	95,337	-	-	-	-	-	-
Closing balance	-	-	-	-	1,126,630	1,126,630	-	-	-	-	1,031,293	1,031,293
Islamic financing and related assets												
As at January 1	-	-	-	98,552	-	98,552	-	-	-	141,721	-	141,721
Disbursed during the period / year	-	-	-	30,189	-	30,189	-	-	-	27,847	-	27,847
Payments during the period / year	-	-	-	(23,990)	-	(23,990)	-	-	-	(52,416)	-	(52,416)
Adjustments *	-	-	-	1,500	-	1,500	-	-	-	(18,600)	-	(18,600)
Closing balance	-	-	-	106,251	-	106,251	-	-	-	98,552	-	98,552
Deposits and other accounts												
As at January 1	-	32,058	7,198	115,570	861,297	1,016,123	-	29,362	6,214	46,818	756,622	839,016
Received during the period / year	-	1,164,520	14,598	451,269	959,907	2,590,294	-	1,815,991	172,020	600,310	248,198	2,836,519
Withdrawals during the period / year	-	(1,156,801)	(15,936)	(464,549)	(775,409)	(2,412,695)	-	(1,813,295)	(171,036)	(510,806)	(143,523)	(2,638,660)
Adjustments *	-	-	-	4,140	-	4,140	-	-	-	(20,752)	-	(20,752)
Closing balance	-	39,777	5,860	106,430	1,045,795	1,197,862	-	32,058	7,198	115,570	861,297	1,016,123

	September 30, 2018 (Un-audited)						September 30, 2017 (Un-audited)					
	Associated companies	Holding company	Directors	Key management personnel	Others	Total	Associated companies	Holding company	Directors	Key management personnel	Others	Total
Rupees in '000												
Transactions during the period												
Fees to directors	-	-	4,820	-	-	4,820	-	-	10,914	-	-	10,914
Remuneration to key management personnel (including bonus)	-	-	-	203,643	-	203,643	-	-	-	148,053	-	148,053
Profit earned on investments	-	-	-	-	34,294	34,294	-	-	-	-	12,436	12,436
Profit earned on financings	-	-	-	3,536	-	3,536	-	-	-	4,184	-	4,184
Profit expensed on deposits	-	-	47	3,691	-	3,738	-	-	45	257	-	302
Purchase of global sukuk	-	-	-	-	-	-	-	9,783,363	-	-	-	9,783,363
Sale of global sukuk	-	-	-	-	-	-	-	7,377,604	-	-	-	7,377,604
Capital loss on sale of global sukuk	-	-	-	-	-	-	-	(6,353)	-	-	-	(6,353)
Contribution made to gratuity fund	-	-	-	-	43,100	43,100	-	-	-	-	37,343	37,343
Contribution made to provident fund	-	-	-	-	66,146	66,146	-	-	-	-	56,969	56,969
Contingencies and commitments												
Foreign currency purchase contracts	-	45,837,180	-	-	-	45,837,180	-	52,599,253	-	-	-	52,599,253
Foreign currency sale contracts	-	46,407,161	-	-	-	46,407,161	-	51,987,110	-	-	-	51,987,110

* 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 September 30, 2018.

21 LIQUIDITY STANDARDS

Bank calculates the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) as per SBP Basel III Liquidity Standards issued under BPRD circular no 08 dated June 23, 2016. As of September 30, 2018, the Bank's LCR stood at 145.03% (December 31, 2017: 121.49%) and NSFR stood at 108.12% (December 31, 2017: 113.02%).

22 FAIR VALUE OF FINANCIAL INSTRUMENTS

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

On-Balance sheet Financial Instruments	September 30, 2018 (Un-audited)						Fair Value			
	Carrying Value									
	Held to Maturity	Available for Sale	Financing and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000									
Financial assets - measured at fair value										
Investments										
GOP Ijara sukuk	-	15,595,844	-	-	-	15,595,844	-	15,153,212	-	15,153,212
Other sukuk certificates	-	11,522,577	-	-	-	11,522,577	6,390,073	5,306,321	-	11,696,394
Global sukuk	-	15,996,792	-	-	-	15,996,792	14,921,785	-	-	14,921,785
Other assets										
Unrealized gain on foreign exchange contracts	-	-	-	206,371	-	206,371	-	206,371	-	206,371
Financial assets - not measured at fair value										
Cash and balances with treasury banks	-	-	-	12,423,782	-	12,423,782				
Balances with other banks	-	-	-	987,350	-	987,350				
Due from financial institution	-	-	-	8,200,000	-	8,200,000				
Investments	4,000,000	-	-	-	-	4,000,000				
Islamic financings and related assets - net	-	-	149,223,868	-	-	149,223,868				
Other asset	-	-	-	3,246,926	-	3,246,926				
	4,000,000	43,115,213	149,223,868	25,064,429	-	221,403,510				
Financial liabilities - measured at fair value										
Other liabilities										
Unrealized loss on foreign exchange contracts	-	-	-	-	328,354	328,354	-	328,354	-	328,354
Financial liabilities - not measured at fair value										
Bills Payable	-	-	-	-	2,241,028	2,241,028				
Due to financial institutions	-	-	-	-	7,158,357	7,158,357				
Deposits and other accounts	-	-	-	-	187,311,477	187,311,477				
Sub-ordinated debt	4,000,000	-	-	-	-	4,000,000				
Other liabilities	-	-	-	-	4,006,297	4,006,297				
	4,000,000	-	-	-	201,045,513	205,045,513				
Off-balance sheet financial instruments - measured at fair value										
Forward foreign exchange contracts	-	-	-	6,641,419	-	-	-	6,519,436	-	6,519,436
	December 31, 2017 (Audited)									
On-Balance sheet Financial Instruments	Carrying Value						Fair Value			
	Held to Maturity	Available for Sale	Financing and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	Rupees in '000									
Financial assets - measured at fair value										
Investments										
GOP Ijara sukuk	-	12,103,089	-	-	-	12,103,089	-	12,117,727	-	12,117,727
Other sukuk certificates	-	11,332,178	-	-	-	11,332,178	2,746,554	8,649,077	-	11,395,631
Global sukuk	-	14,257,725	-	-	-	14,257,725	13,960,765	-	-	13,960,765
Other assets										
Unrealized gain on foreign exchange contracts	-	-	-	189,853	-	189,853	-	189,853	-	189,853
Financial assets - not measured at fair value										
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 institution	-	-	-	4,860,372	-	4,860,372				
Investments	4,000,000	-	-	-	-	4,000,000				
Islamic financings and related assets - net	-	-	119,522,264	-	-	119,522,264				
Other asset	-	-	-	2,943,931	-	2,943,931				
	4,000,000	37,692,992	119,522,264	19,591,421	-	180,806,677				
Financial liabilities - measured at fair value										
Other liabilities										
Unrealized loss on foreign exchange contracts	-	-	-	-	133,403	133,403	-	133,403	-	133,403
Financial liabilities - not measured at fair value										
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 debt	4,000,000	-	-	-	-	4,000,000				
Other liabilities	-	-	-	-	5,032,226	5,032,226				
	4,000,000	-	-	-	163,394,628	167,394,628				
Off-balance sheet financial instruments - measured at fair value										
Forward foreign exchange contracts	-	-	-	2,513,102	-	2,513,102	-	2,569,504	-	2,569,504

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

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

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

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

23 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on _____ by the Board of Directors of the Bank.

24 GENERAL

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

CHAIRMAN	PRESIDENT / CHIEF EXECUTIVE	DIRECTOR	DIRECTOR	CHIEF FINANCIAL OFFICER
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