



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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Dubai Islamic Bank Pakistan Limited** as at June 30, 2011 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the half year then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review. The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2011 and 2010 have not been reviewed, as we are required to review only the cumulative figures for the half year ended June 30, 2011. The financial statements of the bank for the year ended December 31, 2010 and half year ended June 30, 2010 were audited and reviewed respectively by another auditor. Their audit report dated February 28, 2011 contained an emphasis of matter paragraph on the same issue as described below while the review report dated August 23, 2010 contained an unqualified conclusion.

Scope of Review

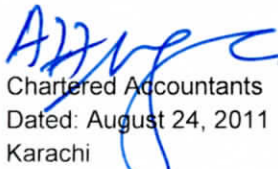
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as of and for the half year ended June 30, 2011 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter paragraph

We draw attention to note 1.3 to the condensed interim financial information which describes the matter relating to exemption granted by the State Bank of Pakistan in respect of minimum capital requirement of the bank up to December 31, 2011, subject to conditions stated in the note. Our conclusion is not qualified in respect of this matter.


Chartered Accountants
Dated: August 24, 2011
Karachi

DUBAI ISLAMIC BANK PAKISTAN LIMITED

**FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2011**

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2011

| | Note | Un-audited June 30, 2011 | Audited December 31, 2010 |
|---|------|--------------------------------|---------------------------------|
| Rupees in '000 | | | |
| ASSETS | | | |
| Cash and balances with treasury banks | | 3,657,737 | 3,197,884 |
| Balances with other banks | 9 | 351,226 | 3,455,665 |
| Due from financial institutions | | 3,007,321 | 1,020,725 |
| Investments | 10 | 9,170,598 | 5,945,370 |
| Financings | 11 | 22,393,722 | 22,764,954 |
| Operating fixed assets | 12 | 1,655,111 | 1,703,588 |
| Deferred tax assets - net | 13 | 409,561 | 447,788 |
| Other assets | | 1,843,193 | 1,352,762 |
| | | <u>42,488,469</u> | <u>39,888,736</u> |
| LIABILITIES | | | |
| Bills payable | | 471,077 | 411,944 |
| Due to financial institutions | | 1,558,430 | 950,000 |
| Deposits and other accounts | 14 | 33,298,268 | 31,414,908 |
| Sub-ordinated loans | | - | - |
| Liabilities against assets subject to finance lease | | - | - |
| Deferred tax liabilities - net | | - | - |
| Other liabilities | | 1,007,057 | 1,063,545 |
| | | <u>36,334,832</u> | <u>33,840,397</u> |
| NET ASSETS | | <u>6,153,637</u> | <u>6,048,339</u> |
| REPRESENTED BY | | | |
| Share capital | | 6,776,030 | 6,776,030 |
| Reserves | | 68,021 | 46,961 |
| Accumulated losses | | (690,432) | (774,670) |
| | | <u>6,153,619</u> | <u>6,048,321</u> |
| Advance against future issue of share capital | | 18 | 18 |
| Surplus / Deficit on revaluation of assets - net of tax | | - | - |
| | | <u>6,153,637</u> | <u>6,048,339</u> |

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


PRESIDENT & CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2011

| | Quarter ended June 30, 2011 | Half year ended June 30, 2011 | Quarter ended June 30, 2010 | Half year ended June 30, 2010 |
|---|-----------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| | Rupees in '000 | | | |
| Profit / return earned on financing, investments and placements | 1,147,592 | 2,227,341 | 1,023,410 | 1,997,065 |
| Return on deposits and other dues expensed | 549,054 | 1,078,497 | 544,191 | 1,036,210 |
| Net spread earned | 598,538 | 1,148,844 | 479,219 | 960,855 |
| Provision against non-performing financings - net | 11.2 11,974 | 44,492 | 36,222 | 71,785 |
| Provision for diminution in the value of investments | - | - | - | - |
| Bad debts written off | - | - | - | - |
| Net spread after provisions | 586,564 | 1,104,352 | 442,997 | 889,070 |
| Other income | | | | |
| Fee, commission and brokerage income | 35,981 | 130,527 | 61,959 | 144,029 |
| Dividend income | - | - | - | - |
| Income from dealing in foreign currencies | 21,187 | 49,349 | 35,962 | 61,619 |
| Gain on sale of securities | 27,783 | 27,783 | 2,161 | 2,661 |
| Unrealised gain on revaluation of investments classified as held for trading | - | - | - | - |
| Other income | 1,893 | 6,573 | - | 200 |
| Total other income | 86,844 | 214,232 | 100,082 | 208,509 |
| Other expenses | | | | |
| Administrative expenses | 568,452 | 1,129,976 | 577,667 | 1,048,679 |
| Other provisions / write offs | 16,306 | 16,306 | - | (2,251) |
| Other charges | 2,675 | 4,361 | 1,143 | 1,243 |
| Total other expenses | 587,433 | 1,150,643 | 578,810 | 1,047,671 |
| Extraordinary / unusual items | 85,975 | 167,941 | (35,731) | 49,908 |
| Profit / (loss) before taxation | 85,975 | 167,941 | (35,731) | 49,908 |
| Taxation - Current period | (12,345) | (24,416) | (16,646) | (22,056) |
| - Prior years | - | - | - | - |
| - Deferred | (17,784) | (38,227) | 26,741 | 642 |
| Profit / (loss) after taxation | 55,846 | 105,298 | (25,636) | 28,494 |
| Basic and diluted earnings / (loss) per share | 16 0.08 | 0.16 | (0.04) | 0.04 |

The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


PRESIDENT & CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND HALF YEAR ENDED JUNE 30, 2011

| | Quarter ended June 30, 2011 | Half year ended June 30, 2011 | Quarter ended June 30, 2010 | Half year ended June 30, 2010 |
|---|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| | Rupees in '000 | | | |
| Profit / (loss) for the period after tax | 55,846 | 105,298 | (25,636) | 28,494 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income / (loss) for the period | 55,846 | 105,298 | (25,636) | 28,494 |

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 The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


 PRESIDENT & CHIEF EXECUTIVE


 DIRECTOR


 DIRECTOR


 DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2011

| | June 30, 2011 | June 30, 2010 |
|---|--------------------|--------------------|
| | Rupees in '000 | |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 167,941 | 49,908 |
| Adjustments for: | | |
| Depreciation | 106,625 | 104,094 |
| Amortisation | 40,008 | 35,013 |
| Provision against non-performing financings - net | 44,492 | 71,785 |
| Amortisation of Preliminary Expenses | 10,401 | 20,506 |
| Gain on sale of non trading investments | (27,783) | (2,661) |
| Provision / (Reversal) of provision against other assets | 15,995 | (2,251) |
| Fixed assets written off | 204 | - |
| Gain on sale of operating fixed assets | (2,812) | (195) |
| | <u>187,130</u> | <u>226,291</u> |
| | 355,071 | 276,199 |
| (Increase) / decrease in operating assets | | |
| Due from financial institutions | (1,986,596) | (2,750,605) |
| Financings | 326,740 | (383,084) |
| Other assets (excluding advance taxation and deferred cost) | (515,383) | 308,409 |
| | <u>(2,175,239)</u> | <u>(2,825,280)</u> |
| Increase / (decrease) in operating liabilities | | |
| Bills payable | 59,133 | 682,523 |
| Due to financial institutions | 608,430 | (100,000) |
| Deposits and other accounts | 1,883,360 | 4,918,184 |
| Other liabilities | (56,488) | 47,822 |
| | <u>2,494,435</u> | <u>5,548,529</u> |
| | 674,267 | 2,999,448 |
| Income tax paid | (25,858) | (12,055) |
| Net cash generated from operating activities | <u>648,409</u> | <u>2,987,393</u> |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Net investment in available for sale securities | (3,197,445) | (233,664) |
| Investment in operating fixed assets | (102,337) | (90,386) |
| Proceeds realised on disposal of operating fixed assets | 6,787 | 770 |
| Net cash used in investing activities | <u>(3,292,995)</u> | <u>(323,280)</u> |
| (Decrease) / increase in cash and cash equivalents | <u>(2,644,586)</u> | <u>2,664,113</u> |
| Cash and cash equivalents at beginning of the period | 6,653,549 | 5,362,701 |
| Cash and cash equivalents at end of the period | <u>4,008,963</u> | <u>8,026,814</u> |

AKO The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


PRESIDENT & CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


DIRECTOR

**DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2011**

| | Share capital | Advance against future issue of share capital | Statutory reserve | Accumulated Losses | Total |
|---|--------------------------|---|-------------------|--------------------|------------------|
| | -----Rupees in '000----- | | | | |
| Balance as at January 1, 2010 | 6,776,030 | 18 | 45,347 | (781,130) | 6,040,265 |
| Profit after taxation for the half year ended June 30, 2010 | - | - | - | 28,494 | 28,494 |
| Transfer to statutory reserve | - | - | 5,699 | (5,699) | - |
| Balance as at June 30, 2010 | 6,776,030 | 18 | 51,046 | (758,335) | 6,068,759 |
| Loss after taxation for the half year ended December 31, 2010 | - | - | - | (20,420) | (20,420) |
| Transfer from statutory reserve | - | - | (4,085) | 4,085 | - |
| Balance as at December 31, 2010 | 6,776,030 | 18 | 46,961 | (774,670) | 6,048,339 |
| Profit after taxation for the half year ended June 30, 2011 | - | - | - | 105,298 | 105,298 |
| Transfer to statutory reserve | - | - | 21,060 | (21,060) | - |
| Balance as at June 30, 2011 | <u>6,776,030</u> | <u>18</u> | <u>68,021</u> | <u>(690,432)</u> | <u>6,153,637</u> |

Atto The annexed notes 1 to 20 form an integral part of this condensed interim financial information.


PRESIDENT & CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2011

1 STATUS AND NATURE OF BUSINESS

- 1.1 Dubai Islamic Bank Pakistan Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 27, 2005 under the Companies Ordinance, 1984 to carry out the business of an Islamic Commercial Bank in accordance with the principles of Islamic Shariah.

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 operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of its commencement of business from the SBP.

- 1.2 The Bank is operating through 64 branches as at June 30, 2011 (31 December 2010: 51 branches). The registered office of the Bank is situated at Hasan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE (The Holding Company).
- 1.3 The State Bank of Pakistan (SBP) vide BSD Circular No. 7 dated April 15, 2009 has set the Minimum Capital Requirement (MCR) for banks up to Rs 10 billion to be achieved in phased manner by December 31, 2013. Further, as per the said circular, MCR (free of losses) and Capital Adequacy Ratio (CAR) requirements as of December 31, 2010 was Rs 7 billion and 10% respectively. The paid-up capital of the Bank (free of losses) as of December 31, 2010 amounted to Rs 6.001 billion while its CAR stood at 20.87%.

Subsequent to the December 31, 2010, the Bank has been granted exemption from the MCR by the State Bank of Pakistan (SBP) vide its letter number BSD/BA1-3/608/132/2011 dated February 02, 2011, for a period of two years i.e. December 31, 2010 to December 31, 2011, subject to the compliance of the following conditions during the exemption period:

- The Bank shall maintain paid-up capital (free of losses) of at least Rs 6 billion at all times;
- The Bank shall maintain CAR of 15% or above;
- There would be moratorium on dividend payments until the Bank meets the existing regulatory capital requirements; and
- The Bank shall not undertake related party transactions (as defined in BSD Circular No. 4, dated February 17, 2006).

In addition, the Bank was also required to formulate and submit a capital enhancement plan to the SBP by June 30, 2011 so that the Bank eventually meets the capital requirements as of December 31, 2012 and onwards. The bank has filed the capital enhancement plan on May 6, 2011 to the State Bank of Pakistan regarding meeting the capital requirements applicable to the Bank as of December 31, 2012 and onwards.

2 BASIS OF PRESENTATION

The Bank provides financing through Shariah compliant financial products. The transactions of purchases, sales and leases executed arising 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. However, Murabaha transactions are accounted for under the Islamic Financial Accounting Standard - 1. Income, if any, received which does not comply with the principles of Shariah is segregated and recognized as charity payable if so directed by the Sharia Advisory / Sharia Supervisory Board.

3 STATEMENT OF COMPLIANCE

- 3.1 This condensed interim financial information has been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, Islamic Financial Accounting Standard - 1 (IFAS-1) "Murabaha" issued by the Institute of Chartered Accountants of Pakistan and notified by the Securities and Exchange Commission of Pakistan (SECP), the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, or the directives issued by the SECP and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS-1 "Murabaha" or the directives issued by the SECP and SBP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS-1 "Murabaha" or the requirements of the said directives issued by the SECP and SBP prevail.

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- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' through its notification S.R.O. 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of this condensed interim financial information. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 The disclosures made in this condensed interim financial information have been limited based on the format prescribed by the State Bank of Pakistan through BSD Circular Letter No. 2 dated May 12, 2004 and the requirements of International Accounting Standard 34, "Interim Financial Reporting". They do not include all of the information required for the full annual financial statements and this condensed interim financial information should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2010.
- 3.4 SBP vide its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised), 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on Revaluation of Available for sale (AFS) Securities only, may be included in the 'Statement of Comprehensive Income'. However, it should continue to be shown separately in the statement of financial position below equity. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.

4 BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention except that certain investments and commitments in respect of certain foreign exchange contracts are marked to market and are carried at fair value.

5 FUNCTIONAL AND PRESENTATION CURRENCY

Items included in this condensed interim financial information are measured using the currency of the primary economic environment in which the Bank operates. This condensed interim financial information are presented in Pakistani Rupees, which is the Bank's functional and presentation currency.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2010.

7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2010.

8 FINANCIAL RISK MANAGEMENT

The Bank's Financial Risk Management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2010.

9 BALANCES WITH OTHER BANKS

| | Un-audited June 30, 2011 | Audited December 31, 2010 |
|--------------------|--------------------------------|---------------------------------|
| | Rupees in '000 | |
| In Pakistan | | |
| - Current accounts | 4,937 | 5,343 |
| - Saving accounts | 10 | 10 |
| Outside Pakistan | | |
| - Current accounts | 346,279 | 1,309,394 |
| - Saving accounts | - | 2,140,918 |
| | <u>351,226</u> | <u>3,455,665</u> |

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10 INVESTMENTS

10.1 Investments by type

| | Un-audited June 30, 2011 | | | Audited December 31, 2010 | | |
|--|-----------------------------|------------------------|-----------|------------------------------|------------------------|-----------|
| | Held by Bank | Given as collateral | Total | Held by Bank | Given as collateral | Total |
| Rupees in '000 | | | | | | |
| Available for sale securities | | | | | | |
| WAPDA Sukuk Certificates | 790,608 | - | 790,608 | 790,695 | - | 790,695 |
| Ijara Sukuk - GOP | 6,100,000 | - | 6,100,000 | 3,000,000 | - | 3,000,000 |
| Other Sukuk Certificates | 1,079,990 | - | 1,079,990 | 2,154,675 | - | 2,154,675 |
| Units of Mutual fund | 1,200,000 | - | 1,200,000 | - | - | - |
| Investments at cost | 9,170,598 | - | 9,170,598 | 5,945,370 | - | 5,945,370 |
| (Deficit) / surplus on revaluation of available for sale securities - net | | | | | | |
| Total investments | 9,170,598 | - | 9,170,598 | 5,945,370 | - | 5,945,370 |

11 FINANCINGS

Financings in Pakistan

| | Note | Un-audited June 30, 2011 | Audited December 31, 2010 |
|---|------|--------------------------------|---------------------------------|
| Rupees in '000 | | | |
| - Murabaha | 11.1 | 1,896,074 | 3,033,796 |
| - Musharaka cum Ijara – Housing | | 5,392,046 | 5,493,212 |
| - Musharaka cum Ijara – Autos | | 5,739,136 | 5,610,713 |
| - Ijara Muntahiya Bil Tamleek – Autos | | 191,752 | 172,699 |
| - Musharaka cum Ijara – Other | | 740,415 | 921,526 |
| - Export Refinance under Islamic Scheme | | 1,302,066 | 950,000 |
| - Wakala Istithmar – Pre manufacturing | | 1,234,963 | 297,574 |
| - Wakala Istithmar – Post manufacturing | | 75,600 | 23,116 |
| - Shirkatulmilik | | 1,285,358 | 1,184,212 |
| - Service Ijara | | 700,000 | 700,000 |
| - Musharaka | | 330,667 | 369,417 |
| - Istisna cum Wakala | | 4,103,340 | 4,561,892 |
| Financings – gross | | 22,991,417 | 23,318,157 |
| Provision against non-performing financings | 11.2 | (597,695) | (553,203) |
| Financings - net of provision | | 22,393,722 | 22,764,954 |

11.1 Financings include Rs. 1,866.610 million (December 31, 2010: Rs 1,858.799 million) which have been placed under non-performing status as detailed below:

| | June 30, 2011 (Un-audited) | | | | | | | | |
|------------------------------------|----------------------------|----------|-----------|--------------------|----------|---------|----------------|----------|---------|
| | Classified financing | | | Provision required | | | Provision held | | |
| | Domestic | Overseas | Total | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Rupees in '000 | | | | | | | | | |
| Category of classification | | | | | | | | | |
| Other Assets (Specially Mentioned) | | | | | | | | | |
| Substandard | 946,375 | - | 946,375 | 35,115 | - | 35,115 | 35,115 | - | 35,115 |
| Doubtful | 162,829 | - | 162,829 | 24,643 | - | 24,643 | 24,643 | - | 24,643 |
| Loss | 757,406 | - | 757,406 | 477,831 | - | 477,831 | 477,831 | - | 477,831 |
| | 1,866,610 | - | 1,866,610 | 537,589 | - | 537,589 | 537,589 | - | 537,589 |

| | December 31, 2010 (Audited) | | | | | | | | |
|------------------------------------|-----------------------------|----------|-----------|--------------------|----------|---------|----------------|----------|---------|
| | Classified financing | | | Provision required | | | Provision held | | |
| | Domestic | Overseas | Total | Domestic | Overseas | Total | Domestic | Overseas | Total |
| Rupees in '000 | | | | | | | | | |
| Category of classification | | | | | | | | | |
| Other Assets (Specially Mentioned) | | | | | | | | | |
| Substandard | 1,039,471 | - | 1,039,471 | 43,238 | - | 43,238 | 43,238 | - | 43,238 |
| Doubtful | 180,949 | - | 180,949 | 40,781 | - | 40,781 | 40,781 | - | 40,781 |
| Loss | 638,379 | - | 638,379 | 408,574 | - | 408,574 | 408,574 | - | 408,574 |
| | 1,858,799 | - | 1,858,799 | 492,593 | - | 492,593 | 492,593 | - | 492,593 |

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11.2 Particulars of provision against non-performing financings

| | June 30, 2011 (Un-audited) | | |
|-----------------------------|----------------------------|---------|----------|
| | Specific | General | Total |
| | Rupees in '000 | | |
| Opening balance | 492,593 | 60,610 | 553,203 |
| Charge for the period | 107,761 | - | 107,761 |
| Reversals during the period | (62,765) | (504) | (63,269) |
| Net charge | 44,996 | (504) | 44,492 |
| Closing balance | 537,589 | 60,106 | 597,695 |

| | December 31, 2010 (Audited) | | |
|---------------------------|-----------------------------|---------|-----------|
| | Specific | General | Total |
| | Rupees in '000 | | |
| Opening balance | 307,445 | 64,534 | 371,979 |
| Charge for the year | 292,691 | 667 | 293,358 |
| Reversals during the year | (107,543) | (4,591) | (112,134) |
| Net charge | 185,148 | (3,924) | 181,224 |
| Closing balance | 492,593 | 60,610 | 553,203 |

11.2.1 The State Bank of Pakistan (SBP) vide its letter no. BSD/BRP-5/X/8787/2011 dated July 6, 2011 has allowed relaxation in maintaining provisioning against the exposure of Agritech Limited till August 31, 2011, to all those banks who have agreed to reschedule / restructure their exposures against the company. Had the exemption not been available, the provision against financings would have been higher by Rs 185.348 million while the profit before taxation for the current period would have been lower by Rs 185.348 million.

11.2.2 Under the guidelines issued by the SBP, banks have been allowed to avail the benefit of 40% of forced sales value of pledged stocks and mortgaged commercial, residential and industrial properties held as collateral against all non-performing loans for 4 years from the date of classification for calculating provisioning requirement. However, as per the Circular, the additional impact on profitability arising from availing the benefit of forced sales value against pledged stocks and mortgaged residential, commercial and industrial properties would not be available for payment of cash or stock dividend.

The accumulated FSV benefit availed as at June 30, 2011 amounts to Rs 214.746 million (December 31, 2010: Rs 189.184 million) which is not available for either cash or stock dividend to shareholders.

11.3 General provision against consumer loans has been maintained at an amount equal to 1.5% of the fully secured regular portfolio of consumer loans and 5% of the unsecured regular portfolio of consumer loans as per the requirements of the Prudential Regulations issued by the State Bank of Pakistan. The SBP through its letter No. BPRD/BLRD-03/2009/6877 dated October 15, 2009 has granted exemption from general reserve requirement for the auto finance portfolio.

| | Un-audited Half year ended | |
|--|-------------------------------|------------------|
| | June 30, 2011 | June 30, 2010 |
| | Rupees in '000 | |
| 12 FIXED ASSETS | | |
| 12.1 Additions to operating fixed assets | | |
| Leasehold improvements | 49,041 | 16,641 |
| Furniture and fixtures | 16,628 | 2,552 |
| Electrical, office and computer equipment | 32,949 | 56,134 |
| Vehicles | - | 1,849 |
| Capital work-in-progress | 503 | 18,424 |
| 12.2 Intangibles | | |
| Software | 3,216 | 4,549 |
| 12.3 Disposals and write offs of operating fixed assets | | |
| Electrical, office and computer equipment ((WDV: Rs 4.179 million) June 30, 2010 (Rs 0.575 million)) | 7,242 | 10,228 |
| Vehicles | - | 1,328 |

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13 DEFERRED TAX ASSETS - NET

The Bank has an aggregate amount of Rs 1,106.474 million unabsorbed tax losses as at June 30, 2011. The management has recognised deferred tax debit balance on the entire amount of these losses based on management's best estimate of the probable benefit expected to be realised in future years in the form of reduced tax liability as the Bank would be able to set off the profit earned in these years against losses carried forward from prior years. The amount of this benefit has been determined based on projections of the Bank for the next three years ending December 31, 2011, December 31, 2012 and December 31, 2013 as approved by the Board of Directors of the Bank.

14 DEPOSITS AND OTHER ACCOUNTS

June 30, 2011
(Un-Audited)
December 31, 2010
(Audited)
Rupees in '000

| | | |
|-------------------------------------|-------------------|-------------------|
| Fixed deposits | 14,351,670 | 15,555,400 |
| Savings deposits | 11,761,160 | 10,116,105 |
| Current accounts - non-remunerative | 7,153,391 | 5,742,723 |
| Margin accounts - non-remunerative | 32,047 | 680 |
| | <u>33,298,268</u> | <u>31,414,908</u> |

15 CONTINGENCIES AND COMMITMENTS

15.1 Transactions-related contingent liabilities

Contingent liability in respect of guarantees favouring:

| | | |
|--|------------------|------------------|
| i) Government | 397,648 | 403,147 |
| ii) Banking companies and other financial institutions | 34,617 | 34,617 |
| iii) Others | 1,215,230 | 1,390,418 |
| | <u>1,647,495</u> | <u>1,828,182</u> |

15.2 Trade-related contingent liabilities

| | | |
|--------------------------|----------------|----------------|
| Import Letters of Credit | <u>676,225</u> | <u>962,405</u> |
|--------------------------|----------------|----------------|

15.3 Commitments in respect of forward exchange promises to

| | | |
|----------|----------------|------------------|
| Purchase | <u>732,290</u> | <u>1,434,666</u> |
| Sale | <u>616,319</u> | <u>1,430,733</u> |

15.4 Commitments for the acquisition of operating fixed assets

| | | |
|--|--------------|---------------|
| | <u>5,830</u> | <u>48,902</u> |
|--|--------------|---------------|

16 BASIC / DILUTED EARNINGS / (LOSS) PER SHARE

| | Un-audited | | | |
|---|-------------------------------|-------------------------------|-----------------------------|-------------------------------|
| | Quarter ended June 30, 2011 | Half year ended June 30, 2011 | Quarter ended June 30, 2010 | Half year ended June 30, 2010 |
| | Rupees in '000 | | | |
| Profit / (loss) after taxation | 55,846 | 105,298 | (25,636) | 28,494 |
| | Number of shares in thousands | | | |
| Weighted average number of ordinary shares | <u>677,603</u> | <u>677,603</u> | <u>677,603</u> | <u>677,603</u> |
| | Rupees | | | |
| Basic and diluted earnings / (loss) per share | <u>0.08</u> | <u>0.16</u> | <u>(0.04)</u> | <u>0.04</u> |

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17 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

Primary segment information

For management purposes the Bank is organised into four major business segments:

- Corporate Finance
- Trading and Sales
- Retail Banking
- Commercial Banking

All assets, liabilities, off balance sheet items and items of income and expense are distributed in primary segments in accordance with the core functions performed by the business groups.

| | Corporate Finance | Trading & Sales | Retail Banking | Commercial Banking | Others | Total |
|--|----------------------|--------------------|-------------------|-----------------------|--------------|----------------|
| ----- Rupees in '000 ----- | | | | | | |
| For the half year ended June 30, 2011 | | | | | | |
| Internal Income | - | (465,159) | 1,060,231 | (592,331) | (2,741) | - |
| Total income - net | 55,928 | 560,286 | 971,903 | 839,187 | 14,269 | 2,441,573 |
| Total expenses | 3,184 | 64,539 | 1,943,908 | 250,622 | 11,379 | 2,273,632 |
| Profit before taxation | <u>52,744</u> | <u>30,588</u> | <u>88,226</u> | <u>(3,766)</u> | <u>149</u> | <u>167,941</u> |
| As at June 30, 2011 | | | | | | |
| Segment assets (Gross) | - | 14,158,815 | 11,668,298 | 12,912,422 | 4,358,887 | 43,098,422 |
| Segment non performing financings | - | - | 893,886 | 929,475 | 43,249 | 1,866,610 |
| Segment provision required | - | - | 494,455 | 83,934 | 31,564 | 609,953 |
| Segment liabilities | - | - | 33,044,343 | 2,283,432 | 1,007,057 | 36,334,832 |
| Segment return on assets (ROA) (%) | - | <u>9.93%</u> | <u>18.20%</u> | <u>13.21%</u> | <u>4.60%</u> | |
| Segment cost of funds (%) | - | <u>12.31%</u> | <u>6.57%</u> | <u>8.33%</u> | <u>0.00%</u> | |
| For the half year ended June 30, 2010 | | | | | | |
| Internal Income | - | (244,721) | 829,814 | (581,900) | (3,193) | - |
| Total income - net | 45,742 | 318,821 | 954,864 | 874,094 | 12,053 | 2,205,574 |
| Total expenses | 2,474 | 60,856 | 1,850,247 | 236,687 | 5,402 | 2,155,666 |
| Profit before taxation | <u>43,268</u> | <u>13,244</u> | <u>(65,569)</u> | <u>55,507</u> | <u>3,458</u> | <u>49,908</u> |
| As at December 31, 2010 | | | | | | |
| Internal Income | - | (702,988) | 1,848,875 | (1,148,338) | 2,451 | - |
| Total income - net | 50,443 | 795,360 | 1,905,670 | 1,663,565 | 22,849 | 4,437,887 |
| Total expenses | 5,873 | 110,845 | 3,815,960 | 462,179 | 25,299 | 4,420,156 |
| Profit before taxation | <u>44,570</u> | <u>(18,473)</u> | <u>(61,415)</u> | <u>53,048</u> | <u>1</u> | <u>17,731</u> |
| Segment assets (Gross) | - | 11,104,292 | 11,611,757 | 13,765,853 | 3,960,037 | 40,441,939 |
| Segment non performing financings | - | - | 887,405 | 943,444 | 27,950 | 1,858,799 |
| Segment provision required | - | - | 455,781 | 82,040 | 15,382 | 553,203 |
| Segment liabilities | - | - | 31,150,450 | 1,626,402 | 1,063,545 | 33,840,397 |
| Segment return on assets (ROA) (%) | - | <u>8.04%</u> | <u>17.76%</u> | <u>13.01%</u> | <u>4.74%</u> | |
| Segment cost of funds (%) | - | <u>11.21%</u> | <u>6.72%</u> | <u>6.30%</u> | - | |

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18 RELATED PARTY TRANSACTIONS

The related parties of the Bank comprise group companies, directors and their close family members, employee benefits plan, executives and the holding company of the Bank i.e. Dubai Islamic Bank PJSC, UAE.

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.

| Note | June 30, 2011 (Un-Audited) | Decemember 31, 2010 (Audited) |
|--|----------------------------------|-------------------------------------|
| | ----- (Rupees '000) ----- | |
| <u>Key management personnel</u> | | |
| Financings | | |
| At beginning of the period / year | 15,008 | 10,309 |
| Disbursements | - | 5,000 |
| Payments | (15,008) | (301) |
| At the end of the period / year | <u>-</u> | <u>15,008</u> |
| Deposits | | |
| At beginning of the period / year | 21,432 | 24,076 |
| Deposits | 55,778 | 192,355 |
| Withdrawals | (60,861) | (194,999) |
| At the end of the period / year | <u>16,349</u> | <u>21,432</u> |
| <u>Directors</u> | | |
| Financings | | |
| At beginning of the period / year | 13,425 | 13,682 |
| Disbursement | - | - |
| Payments | (13,425) | (257) |
| At the end of the period / year | <u>-</u> | <u>13,425</u> |
| Deposits | | |
| At beginning of the period / year | 182 | 313 |
| Deposits | - | 11,903 |
| Withdrawals | (182) | (12,034) |
| At the end of the period / year | <u>-</u> | <u>182</u> |
| <u>Holding company</u> | | |
| Placements | | |
| At beginning of the period / year | 2,140,918 | 421,208 |
| Placements | 882,790 | 6,442,397 |
| Payments | (3,023,708) | (4,722,687) |
| At the end of the period / year | <u>-</u> | <u>2,140,918</u> |

18.1 These include placements made by the holding company under Wakala arrangement on behalf of the Bank.

| | June 30, 2011 (Un-Audited) | Decemember 31, 2010 (Audited) |
|----------------------------|----------------------------------|-------------------------------------|
| | ----- (Rupees '000) ----- | |
| Deposits | | |
| At beginning of the year | 35,338 | 13,213 |
| Deposits | 295,769 | 502,455 |
| Withdrawals | (316,463) | (480,330) |
| At the end of the year | <u>14,644</u> | <u>35,338</u> |
| Balance held abroad | | |
| At beginning of the year | 317,727 | 430,075 |
| Deposits | 11,007,211 | 44,954,769 |
| Withdrawals | (11,287,381) | (45,067,117) |
| At the end of the year | <u>37,557</u> | <u>317,727</u> |

Atto

| | June 30, 2011 (Un-Audited) ----- (Rupees '000) ----- | December 31, 2010 (Audited) ----- (Rupees '000) ----- |
|--|---|--|
| Other payables | 16,000 | - |
| Other receivables | - | 31,070 |
| | June 30, 2011 (Un-Audited) ----- (Rupees '000) ----- | June 30, 2010 (Un-Audited) ----- (Rupees '000) ----- |
| Profit earned on financing to key management personnel | 577 | 814 |
| Return on deposits to key management personnel | 349 | 301 |
| Profit earned on financing to directors | 513 | 917 |
| Gain on sale of Securities to holding company | 27,783 | - |
| Profit earned on placements with holding company | 2,802 | 15,104 |
| Remuneration to key management personnel | 43,481 | 79,674 |
| Employee benefit plans | | |
| Contribution to Employees Gratuity Fund | 8,274 | 10,530 |
| Contribution to Employees Provident Fund | 14,380 | 16,235 |

19 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on 15 AUG 2011 by the Board of Directors of the Bank.

20 GENERAL

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


PRESIDENT & CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


DIRECTOR