

DUBAI ISLAMIC BANK PAKISTAN LIMITED

INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED MARCH 31, 2012

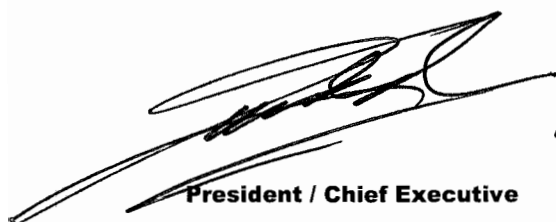
DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012

	Note	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks		3,223,053	3,429,994
Balances with other banks		2,904,861	1,116,928
Due from financial institutions		5,583,295	3,826,084
Investments	6	12,853,115	12,937,179
Financing	7	22,606,325	23,340,602
Operating fixed assets		1,546,703	1,597,770
Deferred tax assets		363,087	377,691
Other assets		1,995,125	1,570,201
		<u>51,075,564</u>	<u>48,196,449</u>
LIABILITIES			
Bills payable		493,359	394,426
Due to financial institutions		1,132,000	1,898,500
Deposits and other accounts	8	42,069,186	38,491,607
Sub-ordinated financing		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,095,519	1,177,867
		<u>44,790,064</u>	<u>41,962,400</u>
NET ASSETS		<u>6,285,500</u>	<u>6,234,049</u>
REPRESENTED BY			
Share capital		6,776,030	6,776,030
Reserves		-	85,058
Accumulated loss		(485,618)	(622,281)
		<u>6,290,412</u>	<u>6,238,307</u>
Advance against future issue of share capital		18	18
Deficit on revaluation of assets - net		(4,930)	(4,776)
		<u>6,285,500</u>	<u>6,234,049</u>

CONTINGENCIES AND COMMITMENTS

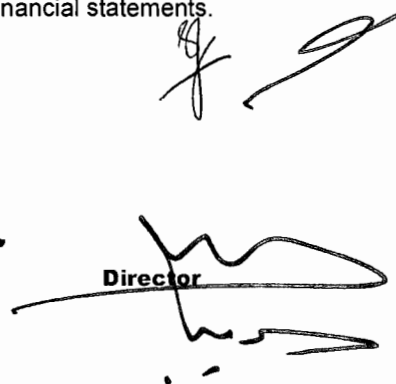
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The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.


President / Chief Executive


Director

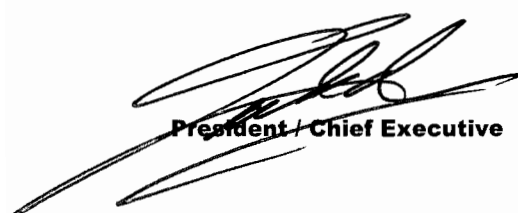

Director


Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED STATEMENT OF PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED MARCH 31, 2012
(UNAUDITED)

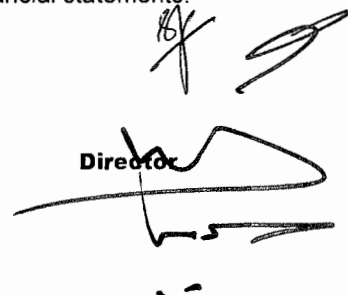
	March 31, 2012	March 31, 2011
	----- Rupees in '000 -----	
Profit / return on financing, investments and placements earned	1,298,869	1,079,749
Return on deposits and other dues expensed	<u>669,659</u>	<u>529,443</u>
Net spread earned	629,210	550,306
Provision against non-performing financing	(33,691)	(32,518)
Provision for diminution in the value of investments	-	-
Bad debts written off directly	-	-
	<u>(33,691)</u>	<u>(32,518)</u>
Net spread after provisions	595,519	517,788
OTHER INCOME		
Fee, commission and brokerage income	41,724	94,546
Dividend Income	30,812	-
Income from dealing in foreign currencies	30,116	28,162
Gain on sale of securities	-	-
Unrealized gain / (loss) on revaluation of investments classified as held for trading	-	-
Other income	2,413	4,680
Total other income	<u>105,065</u>	<u>127,388</u>
	700,584	645,176
OTHER EXPENSES		
Administrative expenses	617,915	561,524
Other provisions / write offs	345	-
Other charges	1,992	1,686
Total other expenses	<u>620,252</u>	<u>563,210</u>
	80,332	81,966
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	<u>80,332</u>	<u>81,966</u>
Taxation – Current	(14,039)	(12,071)
– Prior years	-	-
– Deferred	(14,688)	(20,443)
	<u>(28,727)</u>	<u>(32,514)</u>
PROFIT AFTER TAXATION	<u>51,605</u>	<u>49,452</u>
Basic earnings per share – Rupee	<u>0.08</u>	<u>0.07</u>
Diluted earnings per share – Rupee	<u>0.08</u>	<u>0.07</u>

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President / Chief Executive


Director

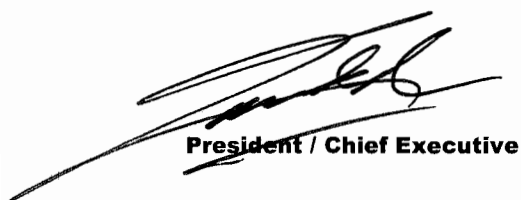

Director


Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2012
(UNAUDITED)

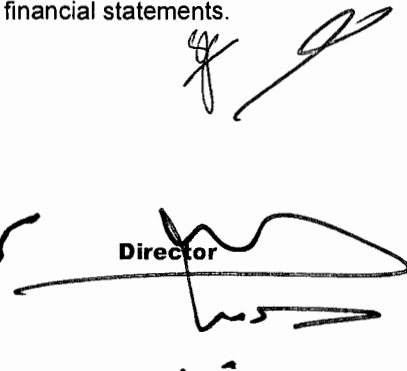
	March 31, 2012	March 31, 2011
	----- Rupees in '000 -----	
Profit for the quarter	51,605	49,452
Other comprehensive income	-	-
Total comprehensive income for the quarter	51,605	49,452
Component of comprehensive income not transferred to equity		
Deficit on revaluation of investments	(7,584)	-
Deferred tax on revaluation of investments	2,654	-
Total comprehensive income for the quarter	46,675	49,452

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.


President / Chief Executive


Director


Director


Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2012
(UNAUDITED)

	Share capital	Statutory Reserves	Accumulated loss	Total
	----- Rupees in '000 -----			
Balance as at January 01, 2011	6,776,030	46,961	(774,670)	6,048,321
Profit after taxation for the quarter ended March 31, 2011	-	-	49,452	49,452
Other comprehensive income	-	-	-	-
Total comprehensive income for the quarter ended March 31, 2011	-	-	49,452	49,452
Transfer to Statutory reserves	-	9,890	(9,890)	-
Balance as at March 31, 2011	6,776,030	56,851	(735,108)	6,097,773
Profit after taxation for the nine months period ended December 31, 2011	-	-	141,034	141,034
Other comprehensive income	-	-	-	-
Total comprehensive income for the nine months period ended December 31, 2011	-	-	141,034	141,034
Transfer to Statutory reserves	-	28,207	(28,207)	-
Balance as at December 31, 2011	6,776,030	85,058	(622,281)	6,238,807
Profit after taxation for the quarter ended March 31, 2012	-	-	51,605	51,605
Other comprehensive income	-	-	-	-
Total comprehensive income for the quarter ended March 31, 2012	-	-	51,605	51,605
Transfer from Statutory reserves	-	(85,058)	85,058	-
Balance as at March 31, 2012	6,776,030	-	(485,618)	6,290,412

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.


President / Chief Executive


Director


Director


Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
INTERIM CONDENSED CASH FLOW STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2012
(UNAUDITED)

	March 31, 2012	March 31, 2011
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	80,332	81,966
Less: Dividend	(30,812)	-
	49,520	81,966
Adjustments:		
Depreciation	55,099	56,020
Amortization	21,764	30,688
Provision against non-performing financing – net of reversal	33,691	32,518
Other provision / write offs	345	-
Other income	(2,413)	(939)
	108,486	118,287
	158,006	200,253
(Increase) / decrease in operating assets		
Due from financial institutions	(1,757,211)	1,020,725
Financing	700,586	517,410
Others assets	(393,356)	(454,185)
	(1,449,981)	1,083,950
Increase / (decrease) in operating liabilities		
Bills payable	98,933	(30,545)
Due to financial institutions	(766,500)	(180,300)
Deposits and other accounts	3,577,579	(1,672,599)
Other liabilities	(82,348)	(46,249)
	2,827,664	(1,929,693)
	1,535,689	(645,490)
Income tax paid	(13,332)	(13,229)
Net cash generated from / (used in) operating activities	1,522,357	(658,719)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investments in securities / (repayment)	84,064	(2,520,076)
Investments in operating fixed assets	(26,273)	(35,249)
Sale proceeds of property and equipment disposed-off	844	2,742
Net cash used in investing activities	58,635	(2,552,583)
Increase / (decrease) in cash and cash equivalents	1,580,992	(3,211,302)
Cash and cash equivalents at beginning of the period	4,546,922	6,653,549
Cash and cash equivalents at end of the period	6,127,914	3,442,247

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.


President / Chief Executive


Director


Director


Director

DUBAI ISLAMIC BANK PAKISTAN LIMITED
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2012

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 Sharia.
- 1.2 The State Bank of Pakistan (the SBP) granted a "Scheduled Islamic Commercial Bank" license to the Bank on November 26, 2005 and subsequently the Bank received the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in Corporate, Commercial and Consumer banking activities and investing activities.
- 1.3 Based on the financial statements of the Bank for the year ended December 31, 2010, JCR-VIS Credit Rating Company Limited determined the Bank's long-term rating as 'A' and the short term rating as 'A-1'.
- 1.4 The Bank is operating through 75 branches as at March 31, 2012 (December 31, 2011: 75 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).
- 1.5 The State Bank of Pakistan (SBP) vide circular no.7 dated April 15, 2009 has set the Minimum Capital Requirement (MCR) for banks upto Rs. 10 billion to be achieved in a phased manner by December 31, 2013. As per this circular, MCR (free of losses) and Capital Adequacy Ratio (CAR) requirements as of December 31, 2011 is Rs. 8 billion and 10% respectively. However, the paid-up capital of the Bank (free of losses) as of March 31, 2012 amounts to Rs.6.290 billion although its CAR stands at 19.89%.

Last year the Bank was granted exemption from meeting the MCR for a period of two years i.e. December 31, 2010 and December 31, 2011 subject to compliance of certain conditions as mentioned in SBP letter no. BSD/BAI-3/608/1329/2011 dated February 2, 2011. In addition the Bank was also required to submit a capital enhancement plan to SBP which was duly submitted during the last year after the approval of the Board of Directors of the Bank.

SBP in its letter no. BSD/BAI-3/608/6918/2011 dated May 31, 2011 intimated that it may offer the Bank extension till December 31, 2012 subject to a firm commitment from the sponsor to enhance capital as per the following schedule:

- The paid up capital (free of losses) will be raised to Rs 6.4 billion by December 31, 2011;
- The paid up capital (free of losses) will be raised to Rs 7.5 billion by December 31, 2012;
- and
- The paid up capital (free of losses) will be raised to Rs 10 billion by December 31, 2013.

The Bank was advised to submit its request for exemption from MCR till December 31, 2012 along with a modified capital enhancement plan so as to process the request for approval, if the Bank agrees with the above proposal.

The Bank vide its letter dated February 1, 2012 requested the SBP to allow extension in timeline to the Bank for meeting its MCR (free of losses) of Rs 6.4 billion till April 30, 2012. The SBP vide its letter no. BSD/CSD/2215/12/2012 dated February 17, 2012 has granted extension in timeline to the Bank for meeting the aforementioned MCR (free of losses) till April 30, 2012 subject to the conditions as stipulated vide BSD letter dated February 2, 2011. The Bank has also been advised to submit concrete time bound capital enhancement plan, duly approved by the Board of Directors along with firm commitment from the sponsors for meeting the MCR (free of losses).



2. BASIS OF PRESENTATION

- 2.1 The Bank provides financing mainly through Murabaha, Musharaka cum Ijara, Istisna cum Wakala and other Islamic modes. The transactions of purchases, sales and leases executed under these arrangements are not reflected in these interim condensed 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 Standards - 1. The income on such financing is recognised in accordance with the principles of Islamic shari'ah. However, income, if any, received which does not comply with the principles of Islamic shari'a is recognised as charity payable if so directed by the Shari'a Advisor / Shari'a Supervisory Board.

3. STATEMENT OF COMPLIANCE

- 3.1 These interim condensed financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standard, issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 or 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 or the requirements of the said directives prevail.
- 3.2 The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies 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 these interim condensed financial statements. However, investments have been classified and valued in accordance with the requirements prescribed by the SBP through various circulars.
- 3.3 SBP through its BSD Circular No. 07 dated April 20, 2010 has clarified that for the purpose of preparation of interim condensed financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on revaluation of Available-For-Sale Securities (AFS) only may be included in the 'Statement of Comprehensive Income' but will continue to be shown separately in the Statement of Financial Position. Accordingly, the above requirements have been adopted in the preparation of these interim condensed financial statements.

4. BASIS OF MEASUREMENT

- 4.1 These interim condensed financial statements have been prepared under the historical cost convention, except that certain investments, foreign currency balances and commitments in respect of foreign exchange contracts have been marked to market and are carried at fair value.

These interim condensed financial statements are presented in Pakistani Rupees, which is the Bank's functional and presentation currency. The amounts are rounded to the nearest thousand.

- 4.2 The preparation of interim condensed financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgements, 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 based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. 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.



5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in preparation of these interim condensed financial statements and the significant judgements made are consistent with those applied in the preparation of the financial statements of the Bank for the year ended December 31, 2011.

6. INVESTMENTS

	March 31, 2012 (Unaudited)			December 31, 2011 (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
----- (Rupees in '000) -----						
6.1 Investments by types						
Available for sale securities						
WAPDA Sukuk Certificates	752,526	-	752,526	790,518	-	790,518
GoP- Ijara Sukuk Certificates	10,000,000	-	10,000,000	10,000,000	-	10,000,000
Other Sukuk Certificates	908,173	-	908,173	954,008	-	954,008
Mutual Fund	1,200,000	-	1,200,000	1,200,000	-	1,200,000
Total investments at cost	12,860,699	-	12,860,699	12,944,526	-	12,944,526
Deficit on revaluation of available for sale securities	(7,584)	-	(7,584)	(7,347)	-	(7,347)
Total investment at market value	12,853,115	-	12,853,115	12,937,179	-	12,937,179

	Note	March 31, 2012 (Unaudited)	December 31, 2011 (Audited)
----- Rupees in '000 -----			

7. FINANCING

Financing in Pakistan			
- Murabaha		2,528,156	2,824,901
- Musharaka cum Ijara – Housing		5,110,090	5,159,555
- Musharaka cum Ijara – Autos		5,786,465	5,810,997
- Ijara Muntahiya Bil Tamleek – Autos		177,802	186,642
- Musharaka cum Ijara – Others		607,410	656,502
- Export Refinance under Islamic Scheme		1,383,441	1,563,196
- Wakala Istithmar-Pre manufacturing		341,835	781,305
- Wakala Istithmar-Post manufacturing		-	4,638
- Shirkatulmilk		1,716,522	1,815,622
- Service Ijara		700,000	700,000
- Musharaka		300,667	330,667
- Istisna cum Wakala		4,549,406	4,068,355
Financing – gross		23,201,794	23,902,380
Less: Provision for non-performing financing	7.2	(595,469)	561,778
Financing – net of provisions		22,606,325	23,340,602

7.1 Financing include Rs. 2,105.522 million (December 31, 2011: Rs. 2,107.709 million) which have been placed under non-performing status as detailed below:

Category of classification	Domestic	Overseas	Total	Provision Required	Provision Held
----- (Rupees in '000) -----					
Substandard	891,831	-	891,831	13,892	13,892
Doubtful	330,289	-	330,289	68,163	68,163
Loss	883,402	-	883,402	457,854	457,854
	2,105,522	-	2,105,522	539,909	539,909

7.2 Particulars of provision against non-performing financing:

	March 31, 2012 (Unaudited)			December 31, 2011 (Audited)		
	Specific	General	Total	Specific	General	Total
	----- (Rupees in '000) -----					
Opening balance	505,668	56,110	561,778	492,593	60,610	553,203
Charge for the year	56,291	-	56,291	138,304	-	138,304
Reversals	(22,050)	(550)	(22,600)	(123,729)	(4,500)	(128,229)
	34,241	(550)	33,691	14,575	(4,500)	10,075
Write off	-	-	-	(1,500)	-	(1,500)
Closing balance	539,909	55,560	595,469	505,668	56,110	561,778

March 31, December 31,
2012 2011
(Unaudited) (Audited)
----- Rupees in '000 -----

8. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	19,812,508	17,762,396
Savings deposits	13,366,934	12,079,175
Current accounts - non-remunerative	8,714,512	8,604,317
Margin accounts - non-remunerative	60,003	27,030
	<u>41,953,957</u>	<u>38,472,918</u>

Financial Institutions

Remunerative deposits	96,564	5,437
Non-remunerative deposits	18,665	13,252
	<u>42,069,186</u>	<u>38,491,607</u>

8.1 Particulars of deposits

In local currency	38,034,780	34,561,601
In foreign currencies	4,034,406	3,930,006
	<u>42,069,186</u>	<u>38,491,607</u>

9. CONTINGENCIES AND COMMITMENTS

9.1 Transaction-related contingent liabilities

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

- Government	422,187	439,678
- Banking companies and other financial institutions	35,851	34,617
- Others	1,166,127	1,221,157
	<u>1,624,165</u>	<u>1,695,452</u>

9.2 Trade-related contingent liabilities

Import Letters of Credit	1,725,689	1,371,808
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9.3 Commitments in respect of forward exchange promises to

Purchase	878,536	3,672,473
Sale	876,862	3,678,113

9.4 Commitments for the acquisition of operating fixed assets

	7,770	43,637
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9.5 Commitments for unutilized financing facility

The Bank makes commitments to extend financing in the normal course of its business but these being revocable commitments do not attract any significant penalty or expense if the facility is unilaterally withdrawn.



10. RELATED PARTY TRANSACTIONS

Related parties comprise Dubai Islamic Bank PJSC, UAE (the holding Company), related group companies, directors and key management personnel including Chief Executive Officer and staff retirement funds.

The details of transactions with related parties during the period are as follows:

	March 31, 2012 (Unaudited) ----- (Rupees '000) -----	December 31, 2011 (Audited) -----
<u>Key management personnel</u>		
Financing		
At beginning of the period / year	108,810	144,101
Disbursements	3,221	63,552
Repayments / transfer	(75,066)	(98,843)
At the end of the period / year	<u>36,965</u>	<u>108,810</u>
Deposits		
At beginning of the period / year	40,112	21,432
Deposits	36,926	165,140
Withdrawals / transfer	(58,088)	(146,460)
At the end of the period / year	<u>18,950</u>	<u>40,112</u>
<u>Directors</u>		
Financing		
At beginning of the period / year	-	13,425
Repayments / transfer	-	(13,425)
At the end of the period / year	<u>-</u>	<u>-</u>
Deposits		
At beginning of the period / year	1,720	730
Deposits	606	3,218
Withdrawals / transfer	(5)	(2,228)
At the end of the period / year	<u>2,320</u>	<u>1,720</u>
<u>Holding company</u>		
Placements		
At beginning of the period / year	-	2,140,918
Placements	23,880,333	10,735,835
Repayments	(21,613,793)	(12,876,753)
At the end of the period / year	<u>2,266,540</u>	<u>-</u>
Deposits		
At beginning of the period / year	13,252	35,338
Deposits	221,453	620,280
Withdrawals	(216,040)	(642,366)
At the end of the period / year	<u>18,665</u>	<u>13,252</u>
Balance held abroad		
At beginning of the period / year	44,055	317,727
Deposits	9,181,521	20,316,894
Withdrawals	(9,129,916)	(20,590,566)
At the end of the period / year	<u>95,660</u>	<u>44,055</u>
Other payables	<u>14,275</u>	<u>14,200</u>
Other receivables	<u>41</u>	<u>-</u>
	March 31, 2012 (Unaudited) ----- (Rupees '000) -----	March 31, 2011 (Audited) -----
Return on deposits to Directors	<u>33</u>	<u>52</u>



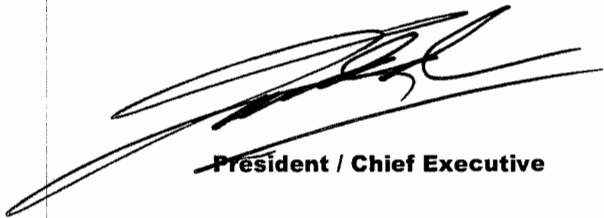
	March 31, 2012	March 31, 2011
	(Unaudited)	
	----- (Rupees '000) -----	
Profit earned on financing to Key Management Personnel	<u>363</u>	<u>1,920</u>
Return on deposits to Key Management Personnel	<u>42</u>	<u>211</u>
Profit earned on financing to Directors	<u>-</u>	<u>513</u>
Profit earned on placements with Holding Company	<u>650</u>	<u>3,796</u>
<u>Employee benefit plans</u>		
Contribution to Employees Gratuity Fund	<u>6,354</u>	<u>4,137</u>
Contribution to Employees Provident Fund	<u>7,268</u>	<u>7,341</u>

11. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorized for issue on 19th April 2012 by the Board of Directors of the Bank.

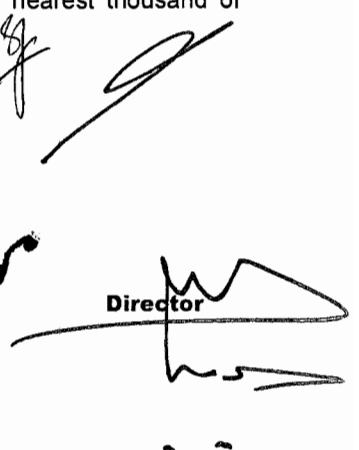
12. GENERAL

The figures in the interim condensed financial statements are rounded off to the nearest thousand of rupees.


President / Chief Executive


Director


Director


Director