

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL INFORMATION
AS OF AND FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2014

		Unaudited September 30, 2014	Audited December 31, 2013
Note			
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks	10	8,718,455	5,291,178
Balances with other banks	11	304,782	1,840,378
Due from financial institutions		2,221,273	9,740,822
Investments	12	24,310,117	25,044,279
Islamic financing and related assets	13	47,527,898	35,540,386
Operating fixed assets	14	1,544,429	1,454,910
Deferred tax assets-net		-	234,187
Other assets		1,635,229	1,110,472
		<u>86,262,183</u>	<u>80,256,612</u>
LIABILITIES			
Bills payable		1,269,300	1,208,862
Due to financial institutions		2,593,288	2,938,000
Deposits and other accounts	15	69,953,945	67,639,224
Sub-ordinated loans	16	3,181,657	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net		15,231	-
Other liabilities		1,772,263	1,508,093
		<u>78,785,684</u>	<u>73,294,179</u>
NET ASSETS		<u>7,476,499</u>	<u>6,962,433</u>
REPRESENTED BY			
Share capital		6,976,030	6,976,030
Reserves		27,372	27,372
Accumulated profit / (losses)		414,016	(73,788)
		<u>7,417,418</u>	<u>6,929,614</u>
Advance against future issue of share capital		18	18
Surplus on revaluation of assets - net of tax		59,063	32,801
		<u>7,476,499</u>	<u>6,962,433</u>

CONTINGENCIES AND COMMITMENTS

17

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

CHAIRMAN

PRESIDENT / CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - UNAUDITED
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2014

Profit / return earned

Profit / return expensed
Net spread earned

Provision against non-performing Islamic financing and related assets - net
Provision for diminution in the value of investments
Bad debts written off directly

Net spread after provisions

OTHER INCOME

Fee, commission and brokerage income
Dividend Income
Income from dealing in foreign currencies
Gain on sale of securities
Unrealized gain / (loss) on revaluation of
investments classified as held for trading
Other income
Total other income

OTHER EXPENSES

Administrative expenses
Other provisions / write offs
Other charges
Total other expenses

Extra ordinary / unusual items

PROFIT BEFORE TAXATION

Taxation

- Current
- Prior years
- Deferred

PROFIT AFTER TAXATION

Basic earnings per share – Rupees

Diluted earnings per share – Rupees

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

	Quarter ended Sep 30, 2014	Nine months ended Sep 30, 2014	Quarter ended Sep 30, 2013	Nine months ended Sep 30, 2013
----- Rupees in '000 -----				
Profit / return earned	1,787,291	5,464,346	1,471,192	4,231,076
Profit / return expensed	844,439	2,552,410	657,829	1,950,037
Net spread earned	942,852	2,911,936	813,363	2,281,039
Provision against non-performing Islamic financing and related assets - net	(63,243)	(160,220)	(201,039)	(307,528)
Provision for diminution in the value of investments	-	-	-	-
Bad debts written off directly	-	-	-	-
Net spread after provisions	879,609	2,751,716	612,324	1,973,511
OTHER INCOME				
Fee, commission and brokerage income	195,486	600,419	147,533	434,370
Dividend Income	-	-	-	-
Income from dealing in foreign currencies	23,437	117,138	20,422	62,244
Gain on sale of securities	20,034	176,609	2,050	28,958
Unrealized gain / (loss) on revaluation of investments classified as held for trading	(6,232)	(6,232)	-	-
Other income	(271)	(388)	230	723
Total other income	232,454	887,546	170,235	526,295
	1,112,063	3,639,262	782,559	2,499,806
OTHER EXPENSES				
Administrative expenses	995,772	2,834,074	806,414	2,361,219
Other provisions / write offs	-	-	5,844	7,384
Other charges	3,083	18,587	506	2,532
Total other expenses	998,855	2,852,661	812,764	2,371,135
Extra ordinary / unusual items	113,208	786,601	(30,205)	128,671
PROFIT BEFORE TAXATION	113,208	786,601	(30,205)	128,671
Taxation				
- Current	(20,198)	(63,519)	(16,414)	(47,573)
- Prior years	-	-	-	-
- Deferred	(47,365)	(235,278)	26,651	3,563
	(67,563)	(298,797)	10,237	(44,010)
PROFIT AFTER TAXATION	45,645	487,804	(19,968)	84,661
Basic earnings per share – Rupees	0.07	0.70	(0.03)	0.12
Diluted earnings per share – Rupees	0.07	0.70	(0.03)	0.12

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME -UNAUDITED
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2014

	Quarter ended Sep 30, 2014	Nine months ended Sep 30, 2014	Quarter ended Sep 30, 2013	Nine months ended Sep 30, 2013
	----- Rupees in '000 -----			
Profit after taxation for the period	45,645	487,804	(19,968)	84,661
Comprehensive income transferred to equity	<u>45,645</u>	<u>487,804</u>	<u>(19,968)</u>	<u>84,661</u>
Components of comprehensive income not reflected in equity :				
(Deficit) / Surplus on revaluation of available for sale investments - net of tax	(56,161)	26,262	76,948	(160,477)
Total comprehensive income for the period	<u>(10,516)</u>	<u>514,066</u>	<u>56,980</u>	<u>(75,816)</u>

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

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT - UNAUDITED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

September 30,
2014

September 30,
2013

----- Rupees in '000 -----

CASH FLOW FROM OPERATING ACTIVITIES

Profit before taxation

786,601

128,671

Adjustments for:

Depreciation

179,647

166,874

Amortisation

62,120

62,315

Provision against non-performing Islamic financing and related assets - net

160,220

307,528

Other provisions / write offs

-

7,384

Gain on sale of securities

(176,609)

(28,958)

Unrealized loss on revaluation of investment held for trading

6,232

-

Charge for defined benefit plan

24,570

22,123

Loss / (gain) on sale of operating fixed assets

393

(666)

256,573

536,600

1,043,174

665,271

(Increase) / decrease in operating assets

Due from financial institutions

7,519,549

(296,092)

Islamic financing and related assets

(12,147,732)

(4,835,523)

Others assets (excluding advance taxation)

(521,919)

(667,627)

(5,150,102)

(5,799,242)

Increase / (decrease) in operating liabilities

Bills payable

60,438

761,395

Due to financial institutions

(344,712)

(282,456)

Deposits and other accounts

2,314,721

7,880,484

Other liabilities (excluding current taxation)

264,170

92,154

2,294,617

8,451,577

(1,812,311)

3,317,606

Payment against defined benefit plan

(24,570)

(22,123)

Income tax paid

(66,358)

(33,438)

Net cash generated from operating activities

(1,903,239)

3,262,045

CASH FLOW FROM INVESTING ACTIVITIES

Net Investments in available for sale securities

944,943

(7,877,158)

Investments in operating fixed assets

(332,403)

(100,139)

Proceeds realised on disposal of operating fixed assets

723

2,359

Net cash used in Investing activities

613,263

(7,974,938)

CASH FLOW FROM FINANCING ACTIVITIES

Sub-ordinated loans

3,181,657

Net cash generated from financing activities

3,181,657

Increase / (decrease) in cash and cash equivalents

1,891,681

(4,712,893)

Cash and cash equivalents at beginning of the period

7,131,556

9,856,404

Cash and cash equivalents at end of the period

9,023,237

5,143,511

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*DIRECTOR

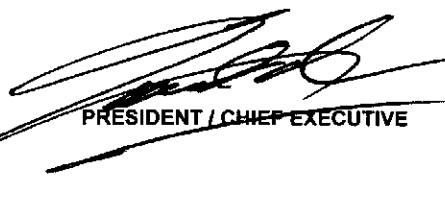
DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY -UNAUDITED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

	Share capital	Advance against Future issue of share capital	Statutory Reserves	Accumulated losses	Total
Rupees in '000					
Balance as at January 01, 2013	6,976,030	18	69,140	(251,808)	6,793,380
Transfer from Statutory reserve	-	-	(69,140)	69,140	-
Profit after taxation for the nine months ended September 30, 2013 transferred from Statement of Comprehensive Income	-	-	-	84,661	84,661
Balance as at September 30, 2013	6,976,030	18	-	(98,007)	6,878,041
Profit after taxation for the three months ended December 31, 2013 transferred from Statement of Comprehensive Income	-	-	-	52,199	52,199
Transfer to Statutory reserve	-	-	27,372	(27,372)	-
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	(608)	(608)
Balance as at December 31, 2013	6,976,030	18	27,372	(73,768)	6,929,632
Profit after taxation for the nine months ended September 30, 2014 transferred from Statement of Comprehensive Income	-	-	-	487,804	487,804
Balance as at September 30, 2014	<u>6,976,030</u>	<u>18</u>	<u>27,372</u>	<u>414,016</u>	<u>7,417,436</u>

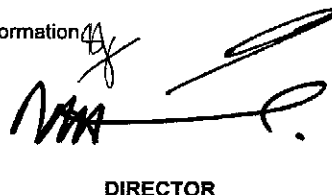
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CHAIRMAN



PRESIDENT / CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

1 STATUS AND NATURE OF BUSINESS

- 1.1 Dubai Islamic Bank Pakistan Limited (the Bank) was incorporated in Pakistan as an unlisted public limited company on May 27, 2005 under the Companies Ordinance, 1984 to carry out the business of an Islamic Commercial Bank in accordance with the principles of shari'a.
- 1.2 The State Bank of Pakistan (the SBP) granted a "Scheduled Islamic Commercial Bank" license to the Bank on November 26, 2005 and subsequently the Bank received the Certificate of Commencement of Business from the Securities and Exchange Commission of Pakistan (the SECP) on January 26, 2006. The Bank commenced its operations as a scheduled Islamic Commercial Bank with effect from March 28, 2006 on receiving certificate of commencement of business from the SBP. The Bank is principally engaged in Corporate, Commercial and Consumer banking activities and investing activities.
- 1.3 Based on the financial statements of the Bank for the year ended December 31, 2013, JCR-VIS Credit Rating Company Limited determined the Bank's medium to long-term rating as 'A+' (A plus) and the short term rating as 'A-1' (A one) while the outlook has been changed to "Stable".
- 1.4 The Bank is operating through 145 branches as at September 30, 2014 (December 2013: 125 branches). The registered office of the Bank is situated at Hassan Chambers, DC-7, Block-7 Kehkashan, Clifton, Karachi. The Bank is a wholly owned subsidiary of Dubai Islamic Bank PJSC, UAE (the Holding Company).
- 1.5 The State Bank of Pakistan (SBP) vide circular no.7 dated April 15, 2009 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, 2013 was Rs 10 billion and 10% respectively.

In the year 2010, 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 dated February 2, 2011. In addition, the Bank was also required to submit a capital enhancement plan to SBP which was duly submitted after the approval of the Board of Directors of the Bank. In response, SBP vide its letter dated May 31, 2011 stated that it may offer the Bank extension till December 31, 2012 subject to firm commitment from the sponsors to enhance capital as per the following schedule:

- The Bank will raise its paid up capital (free of losses) 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 SBP vide its letter no. BPRD/BA & CP/623/019653/2013 dated December 28, 2013 has allowed the Bank to raise FCY sub-ordinated debt of US\$ 32 million from sponsors and place the same in non-remunerative deposit account with SBP. The funds placed as non-remunerative deposit with SBP will be considered for CAR / MCR purposes subject to certain terms and conditions.

The amount of US\$ 31 million (equivalent to Rs 3.182 billion as per the SBP letter no Bkg. U-10/Sec/21270/60-(FB)-2014 dated October 1, 2014) in respect of FCY subordinated debt from the sponsors was received on January 10, 2014 and has been placed in non-remunerative deposit account with SBP.

The deposit of USD with SBP in lieu of paid up capital is a short term arrangement and the bank is required to comply with the MCR (free of losses) of Rs. 10 billion by December 31, 2016. The Bank is also required to initiate the process of share issuance for meeting any shortfall in the MCR of Rs. 10 billion in the 1st half of 2016.

2 BASIS OF PRESENTATION

The Bank invests and finances mainly through Murabaha, Musharaka, Musharaka cum Ijara, Shirkatulmilk, Istisna cum Wakala, Wakala Istihmar, Service Ijarah and other Islamic modes. The transactions of purchases, sales and leases executed under these arrangements are not reflected in these financial statements as such but are restricted to the amount of facility actually utilized and the appropriate portion of rental / profit thereon. The income on such Islamic financing and related assets is recognised in accordance with the principles of Shari'a. However, income if any, received which does not comply with the principles of Shari'a is recognised as charity payable if so directed by the Shari'a Advisor / Shari'a Executive Committee.



3 STATEMENT OF COMPLIANCE

- 3.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, as are notified under the Companies Ordinance, 1984, the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). Wherever the requirements of provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS-1 notified under the Companies Ordinance, 1984 and the directives issued by the SECP and SBP differ with the requirements of IFRS, the provisions and directives issued under the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962, IFAS notified under the Companies Ordinance, 1984 and the requirements of the directives issued by the SECP and SBP prevail.
- 3.2** The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies in Pakistan through BSD Circular Letter 10 dated August 26, 2002 till further instructions. Further, the SECP has deferred the applicability of International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' through its notification S.R.O 411(I)/2008 dated April 28, 2008. Accordingly, the requirements of these standards have not been considered in the preparation of these 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 07 dated April 20, 2010 has clarified that for the purpose of preparation of financial statements in accordance with International Accounting Standard - 1 (Revised) 'Presentation of Financial Statements', two statement approach shall be adopted i.e. separate 'Profit and Loss Account' and 'Statement of Comprehensive Income' shall be presented, and Balance Sheet shall be renamed as 'Statement of Financial Position'. Furthermore, the Surplus / (Deficit) on revaluation of Available-For-Sale Securities (AFS) only may be included in the 'Statement of Comprehensive Income' but will continue to be shown separately in the Statement of Financial Position below equity. Accordingly, the above requirements have been adopted in the preparation of these financial statements.
- 3.4** IFRS 8 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 1, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorisation in the above mentioned circular, the SBP requirements prevail over the requirements specified in IFRS 8.

4 BASIS OF MEASUREMENT

These 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. In addition, obligation in respect of staff retirement benefit is carried at fair value.

5 FUNCTIONAL AND PRESENTATION CURRENCY

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

6 ROUNDING OFF

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

7 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES


The accounting policies used in the preparation of this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2013.

8 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The basis and the methods used for critical accounting estimates and judgments adopted in this condensed interim financial information are the same as those applied in the preparation of the annual financial statements of the Bank for the year ended December 31, 2013.

9 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, 2013.



		September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	Note	Rupees in '000	
10 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		1,150,066	1,108,709
- foreign currency		627,123	549,842
		1,777,189	1,658,551
With the State Bank of Pakistan in			
- local currency current account		2,397,375	2,131,864
- foreign currency current account		3,882	3,432
- foreign currency capital account	16	3,181,657	-
- foreign currency deposit accounts			
Cash Reserves Account		453,181	452,685
Special Cash Reserve Account		543,797	543,201
		996,978	995,886
With National Bank of Pakistan in			
- local currency current account		361,374	501,445
		8,718,455	5,291,178
11 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		4,968	3,404
- in deposit accounts		11,840	44,790
Outside Pakistan			
- in current accounts		287,974	1,792,184
		304,782	1,840,378
12 INVESTMENTS			
12.1 Investments by type			

	September 30, 2014 (Un-audited)			December 31, 2013 (Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
	Rupees in '000					
Held for trading securities						
GOP Ijarah Sukuk	900,000	-	900,000	-	-	-
	900,000	-	900,000	-	-	-
Available for sale securities						
GOP Ijarah Sukuk	19,529,417	-	19,529,417	18,062,874	-	18,062,874
WAPDA Sukuk	1,064,452	-	1,064,452	1,140,348	-	1,140,348
Other Sukuk	2,731,613	-	2,731,613	5,790,594	-	5,790,594
	23,325,482	-	23,325,482	24,993,816	-	24,993,816
Total Investments at cost	24,225,482	-	24,225,482	24,993,816	-	24,993,816
Surplus / (deficit) on revaluation of						
-available-for-sale securities	90,867	-	90,867	50,463	-	50,463
-held for-trading securities	(6,232)	-	(6,232)	-	-	-
Total Investments at market value	24,310,117	-	24,310,117	25,044,279	-	25,044,279

	Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
		-----Rupees in '000-----	
13 ISLAMIC FINANCING AND RELATED ASSETS			
In Pakistan			
- Murabaha	13.1	7,553,634	7,182,260
- Musharaka cum Ijara – Housing		5,505,853	5,054,607
- Musharaka cum Ijara	13.2	8,318,171	7,137,338
- Ijara Muntahiya Bil Tamleek – Autos		300,012	242,860
- Musharaka cum Ijara – Other		537,680	554,704
- Export Refinance under Islamic Scheme - SBP		1,568,288	1,961,521
- Wakala Istithmar – Pre manufacturing		1,364,814	2,256,917
- Wakala Istithmar – Post manufacturing		1,743,666	554,120
- Shirkatulmilk		7,225,950	3,679,553
- Service Ijarah and related assets		750,000	996,000
- Musharaka		2,240,330	1,359,953
- Musawama		959	-
- Istisna cum Wakala	13.3	11,797,284	5,779,076
Islamic financing and related assets – gross		48,906,641	36,758,909
Less: Provision against non-performing Islamic financing and related assets	13.5 & 13.6	(1,378,743)	(1,218,523)
Islamic financing and related assets – net of provisions		47,527,898	35,540,386
13.1 Murabaha			
Financing		6,543,947	6,315,680
Advances		1,009,687	866,580
		7,553,634	7,182,260
13.2 Musharaka cum Ijara			
Financing		7,863,898	7,022,364
Advances		454,273	114,974
		8,318,171	7,137,338
13.3 Istisna cum Wakala			
Financing		4,512,401	3,913,500
Advances		7,284,883	1,865,576
		11,797,284	5,779,076
13.4 Musawama			
Financings		959	-
Advances		-	-
		959	-

13.5 Islamic financings and related assets include Rs. 2,356.644 million (December 31, 2013: 2,602.630 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2014 (Un-audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Substandard	323,921	-	323,921	45,679	-	45,679	45,679	-	45,679
Doubtful	365,209	-	365,209	69,268	-	69,268	69,268	-	69,268
Loss	1,667,514	-	1,667,514	1,202,783	-	1,202,783	1,202,783	-	1,202,783
	2,356,644	-	2,356,644	1,317,730	-	1,317,730	1,317,730	-	1,317,730

Category of classification	December 31, 2013 (Audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	----- Rupees in '000 -----								
Substandard	263,564	-	263,564	60,505	-	60,505	60,505	-	60,505
Doubtful	190,824	-	190,824	17,400	-	17,400	17,400	-	17,400
Loss	2,148,242	-	2,148,242	1,086,792	-	1,086,792	1,086,792	-	1,086,792
	2,602,630	-	2,602,630	1,164,697	-	1,164,697	1,164,697	-	1,164,697

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

	September 30, 2014 (Un-audited)		
	Specific	General	Total
	Rupees in '000		
Opening balance	1,164,697	53,826	1,218,523
Charge for the period	236,008	7,187	243,195
Reversals during the period	(82,975)	-	(82,975)
Net charge	153,033	7,187	160,220
Write off	-	-	-
Closing balance	1,317,730	61,013	1,378,743

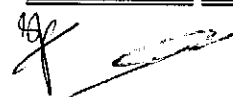
	December 31, 2013 (Audited)		
	Specific	General	Total
	Rupees in '000		
Opening balance	708,535	53,226	761,761
Charge for the year	556,405	600	557,005
Reversals during the year	(100,243)	-	(100,243)
Net charge	456,162	600	456,762
Write off	-	-	-
Closing balance	1,164,697	53,826	1,218,523

13.6.1 The Bank has availed benefit of forced sale values amounting to Rs. 409.609 million (December 31, 2013: Rs. 584.677 million) in determining the provisioning against non performing Islamic financings as at September 30, 2014.

13.6.2 The non performing financings includes classified financings of Rs. 531.728 million disbursed to Agritech Limited. The required provision as at September 30, 2014 in accordance with the requirements of the Prudential Regulations of the State Bank of Pakistan against Agritech Limited amounted to Rs 531.728 million. However, the State Bank of Pakistan vide its letter no. BPRD / BRD - (Policy) / 2014-11546 dated June 27, 2014 has provided relaxation to the Bank, whereby the Bank is allowed to recognise provision in a phased manner against outstanding exposure and maintain at least 65%, 70%, 75%, 80%, 85%, 90%, and 100% of the required provision as at June 30, 2014, September 30, 2014, December 31, 2014, March 31, 2015, June 30, 2015, September 30, 2015 and December 31, 2015 respectively. Following relaxation provided by the SBP, the Bank has recorded total provision of Rs. 372.209 million in respect of outstanding exposure of Agritech Limited.

13.7 General provisioning is held against consumer finance portfolio in accordance with the requirements of the Prudential Regulations issued by the State Bank of Pakistan except for Musharaka cum Ijara - Autos. The SBP vide its letter no BPRD / BLRD - 03 / 2009 / 6877 dated October 15, 2009 has allowed relaxation to the Bank from recognising general provision against Musharaka cum Ijara - Autos on the condition that the facility will be categorised as "Loss" on the 180th day from the date of default. 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 5% threshold, the exemption shall stand withdrawn from that point of time.

	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	Rupees in '000	
14 OPERATING FIXED ASSETS		
Capital work-in-progress - net	214,668	6,757
Property and equipment	1,104,390	1,173,303
Intangible assets	225,371	274,850
	<u>1,544,429</u>	<u>1,454,910</u>



15 DEPOSITS AND OTHER ACCOUNTS

	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- Rupees in '000 -----	
Fixed deposits	25,502,956	23,016,851
Savings deposits	24,035,462	22,549,736
Current accounts - non-remunerative	20,285,187	21,992,239
Margin accounts - non-remunerative	130,340	80,398
	<u>69,953,945</u>	<u>67,639,224</u>

16 SUB-ORDINATED LOAN

As referred in note 1.5 to these condensed interim financial statements, the Bank has entered into sub-ordinated loan agreement with the sponsor. In terms of the said agreement, a sub-ordinated loan of USD \$ 31 million (equivalent to Rs 3.182 billion) has been provided to the Bank for meeting the shortfall in minimum capital requirement (free of losses) of Rs 10 billion as required by the State Bank of Pakistan (SBP). The amount so required has been placed by the Bank with SBP in a non remunerative account. The subordinate loan is a short term arrangement, i.e for a period of three years ending on December 31, 2016. The Bank is also required to initiate the process of share issuance for meeting any shortfall in the MCR of Rs. 10 billion in the 1st half of 2016.

17 CONTINGENCIES AND COMMITMENTS**17.1 Transactions-related contingent liabilities**

Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring

- Government
- Banking companies and other financial institutions
- Others

September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
----- Rupees in '000 -----	

491,954	474,750
37,215	31,815
1,368,893	1,531,397
<u>1,898,062</u>	<u>2,037,962</u>

17.2 Trade-related contingent liabilities

Import Letters of Credit

<u>4,459,490</u>	<u>4,468,071</u>
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17.3 Commitments in respect of forward exchange promises to

Purchase

<u>5,713,346</u>	<u>4,029,920</u>
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Sale

<u>2,539,206</u>	<u>4,908,501</u>
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17.4 Commitments for the acquisition of operating fixed assets

<u>166,294</u>	<u>88,364</u>
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18 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

The Bank has related party relationship with Dubai Islamic Bank P.J.S.C, U.A.E, the holding company, shareholders, directors, related group companies and associated undertakings, key management personnel including the Chief Executive Officer and Staff Retirement Funds.

A number of banking transactions are entered into with related parties in the normal course of business. These include financing and deposit transactions. These transactions are executed substantially on the same terms including profit rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk.

Contributions to staff retirement benefit plan are made in accordance with the terms of the contribution plan. Remuneration to the executives are determined in accordance with the terms of their appointment.

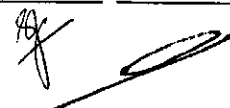
Usual transactions with related parties include deposits, financing, returns and provision of other banking services.

Transactions with executives are undertaken at terms in accordance with employment agreements and service rules.

	September 30, 2014 (Un-Audited)	December 31, 2013 (Audited)
	----- Rupees in '000 -----	
Key management personnel		
Islamic financing and related assets		
At beginning of the period / year	88,562	96,730
Disbursements	93,175	22,581
Payments	(55,050)	(30,749)
At the end of the period / year	<u>126,687</u>	<u>88,562</u>
Deposits		
At beginning of the year	6,174	16,136
Deposits	177,612	121,134
Withdrawals	(144,935)	(131,096)
At the end of the period / year	<u>38,851</u>	<u>6,174</u>
Directors		
Deposits		
At beginning of the period / year	5,375	1,164
Deposits	33,389	13,552
Withdrawals	(24,691)	(9,341)
At the end of the period / year	<u>14,073</u>	<u>5,375</u>

- 18.1 The bank usually enters into transactions pertaining to sale and purchase of foreign currencies (in ready / spot / tom and forward markets) with Dubai Islamic Bank PJSC in the ordinary course of business.

	September 30, 2014 (Un-Audited)	December 31, 2013 (Audited)
	----- Rupees in '000 -----	
Deposits		
At beginning of the year	60,428	1,178
Deposits	911,510	941,864
Withdrawals	(964,809)	(882,614)
At the end of the period / year	<u>7,129</u>	<u>60,428</u>
Balance held abroad		
At beginning of the year	160,875	4,021,441
Deposits	34,323,917	31,699,556
Withdrawals	(34,437,742)	(35,560,122)
At the end of the period / year	<u>47,050</u>	<u>160,875</u>
Other payables	<u>8,333</u>	<u>10,600</u>
Other receivables	<u>141</u>	<u>9,324</u>



September 30, September 30,
2014 2013
(Un-Audited)
----- Rupees in '000 -----

Profit earned on Islamic financing and related assets to key management personnel	2,888	993
Return on deposits to key management personnel	788	83
Remuneration to key management personnel	117,784	106,239
Return on deposits to directors	171	14
Remuneration to directors	10,422	6,485
Purchase of foreign currency sukuk from holding company	690,298	4,305,116
Sale of foreign currency sukuk to holding company	3,554,585	768,431
Gain on sale of foreign currency sukuk to holding company	38,101	13,901
Fee charged by the holding company in respect of outsourcing arrangement	35,259	39,600
Employee benefit plans		
Contribution to employees gratuity fund	24,570	22,123
Sale of sukuk to employees gratuity fund	-	90,607
Gain on sale of sukuk to employees gratuity fund	-	607
Contribution to employees provident fund	32,899	27,680
Sale of sukuk to employees provident fund	-	211,418
Gain on sale of sukuk to employees provident fund	-	1,418

19 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on November 27, 2014 by the Board of Directors of the Bank.

20 GENERAL

Captions, as prescribed by BSD Circular Letter No. 2 dated May 12, 2004 issued by the SBP, in respect of which there are no amounts, have not been reproduced in this condensed interim financial information, except for captions of the statement of financial position and profit and loss account.


CHAIRMAN


PRESIDENT/CHIEF EXECUTIVE


DIRECTOR


DIRECTOR