

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM FINANCIAL INFORMATION
AS OF AND FOR NINE MONTHS ENDED SEPTEMBER 30, 2015

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2015

		Unaudited September 30, 2015	Audited December 31, 2014
Note			
----- Rupees in '000 -----			
ASSETS			
	9	10,842,594	10,480,052
Cash and balances with treasury banks			
Balances with other banks	10	657,703	529,277
Due from financial institutions	11	12,724,193	10,147,169
Investments	12	22,146,950	18,258,604
Islamic financing and related assets	13	77,099,483	58,840,280
Operating fixed assets	14	1,696,206	1,751,032
Deferred tax assets-net	15	-	62,434
Other assets		2,275,834	1,484,151
		<u>127,442,963</u>	<u>101,552,999</u>

LIABILITIES

Bills payable		1,697,610	1,250,385
Due to financial institutions		3,304,680	3,567,342
Deposits and other accounts	16	109,087,228	83,844,395
Sub-ordinated loans	17	3,239,863	3,114,976
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities-net	15	35,917	-
Other liabilities		2,220,644	2,336,820
		<u>119,585,942</u>	<u>94,113,918</u>
		<u>7,857,021</u>	<u>7,439,081</u>

NET ASSETS

REPRESENTED BY

Share capital		6,976,030	6,976,030
Reserves		147,475	147,475
Accumulated profit		736,788	406,760
		<u>7,860,293</u>	<u>7,530,265</u>
Advance against future issue of share capital	18		
Deficit on revaluation of assets - net of tax		(3,290)	(91,202)
		<u>7,857,021</u>	<u>7,439,081</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 21 form an integral part of this condensed interim financial information.


CHAIRMAN


PRESIDENT/CHIEF EXECUTIVE


DIRECTOR


DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2015

	Note	Quarter ended Sep 30, 2015	Nine months ended Sep 30, 2015	Quarter ended Sep 30, 2014	Nine months ended Sep 30, 2014
----- Rupees in '000 -----					
Profit / return earned		2,098,726	6,441,843	1,787,291	5,464,346
Profit / return expensed		1,007,361	2,984,852	844,439	2,552,410
Net spread earned		1,091,365	3,456,991	942,852	2,911,936
Provision against non-performing Islamic financing and related assets - net	13.5	(33,625)	(92,814)	(63,243)	(160,220)
Provision for diminution in the value of investments		-	-	-	-
Bad debts written off directly		-	-	-	-
		(33,625)	(92,814)	(63,243)	(160,220)
Net spread earned after provisions		1,057,740	3,364,177	879,609	2,751,716
OTHER INCOME					
Fee, commission and brokerage income		343,857	882,408	195,486	600,419
Dividend Income		-	-	-	-
(Loss) / Income from dealing in foreign currencies		9,016	(30,173)	23,437	117,138
Gain on sale of securities		6,403	12,966	20,034	176,609
Unrealized gain/(loss) on revaluation of investments classified as held for trading		3,346	-	(6,232)	(6,232)
Other income		375	500	(271)	(388)
Total other income		362,997	865,701	232,454	887,546
		1,420,737	4,229,878	1,112,063	3,639,262
OTHER EXPENSES					
Administrative expenses		1,274,241	3,665,852	995,772	2,834,074
Other provisions / write offs		-	-	-	-
Other charges		2,953	11,969	3,083	18,587
Total other expenses		1,277,194	3,677,821	998,855	2,852,661
		143,543	552,057	113,208	786,601
Extra ordinary / unusual items		-	-	-	-
PROFIT BEFORE TAXATION		143,543	552,057	113,208	786,601
Taxation					
- Current		(52,843)	(142,449)	(20,198)	(63,519)
- Prior years		-	(28,564)	-	-
Deferred		2,597	(51,016)	(47,365)	(235,278)
		(50,246)	(222,029)	(67,563)	(298,797)
PROFIT AFTER TAXATION		93,297	330,028	45,645	487,804
Basic / Diluted earnings per share – Rupees					
		0.13	0.47	0.07	0.70

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

CHAIRMAN

PRESIDENT/CHIEF EXECUTIVE

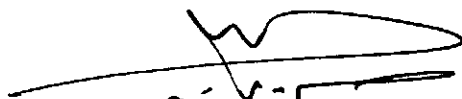
DIRECTOR

DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2015

	<u>Quarter ended Sep 30, 2015</u>	<u>Nine months ended Sep 30, 2015</u>	<u>Quarter ended Sep 30, 2014</u>	<u>Nine months ended Sep 30, 2014</u>
	<u>----- Rupees in '000 -----</u>			
Profit after taxation for the period	93,297	330,028	45,645	487,804
Comprehensive income transferred to equity	93,297	330,028	45,645	487,804
Components of comprehensive income not reflected in equity :				
Surplus/(Deficit) on revaluation of available for sale investments - net of tax	46,683	87,912	(56,161)	26,262
Total comprehensive income for the period	<u>139,980</u>	<u>417,940</u>	<u>(10,516)</u>	<u>514,066</u>

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CHAIRMAN



PRESIDENT/CHIEF EXECUTIVE



DIRECTOR



DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	Note	September 30, 2015	September 30, 2014
----- Rupees in '000 -----			
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		552,057	786,601
Adjustments for:			
Depreciation		230,131	179,647
Amortisation		68,567	62,120
Provision against non-performing Islamic financing and related assets - net	13.5	92,814	160,220
Other provisions / write offs		-	-
Gain on sale of securities		(12,966)	(176,609)
Unrealized loss on revaluation of investment held for trading		-	6,232
Charge for defined benefit plan		30,339	24,570
(Gain) / Loss on sale of operating fixed assets		(418)	393
		<u>408,467</u>	<u>256,573</u>
		960,524	1,043,174
(Increase) / decrease in operating assets			
Due from financial institutions		(2,577,024)	7,519,549
Islamic financing and related assets		(18,352,017)	(12,147,732)
Others assets (excluding advance taxation)		(803,136)	(521,919)
		<u>(21,732,177)</u>	<u>(5,150,102)</u>
Increase / (decrease) in operating liabilities			
Bills payable		447,225	60,438
Due to financial institutions		(262,662)	(344,712)
Deposits and other accounts		25,242,833	2,314,721
Other liabilities (excluding current taxation)		(169,649)	264,170
		<u>25,257,747</u>	<u>2,294,617</u>
		4,486,094	(1,812,311)
Payment against defined benefit plan		(30,339)	(24,570)
Income tax paid		(106,090)	(66,358)
Net cash generated from operating activities		<u>4,349,665</u>	<u>(1,903,239)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		(3,740,129)	944,943
Investments in operating fixed assets		(244,761)	(332,403)
Sale proceeds of property and equipment disposed of		1,306	723
Net cash used in investing activities		<u>(3,983,584)</u>	<u>613,263</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Sub-ordinated loans		-	3,181,657
Net cash generated from financing activities		-	<u>3,181,657</u>
Effect of exchange difference on translation of FCY sub-ordinated loan		124,887	-
(Decrease) / increase in cash and cash equivalents		<u>490,968</u>	<u>1,891,681</u>
Cash and cash equivalents at beginning of the period		11,009,329	7,131,556
Cash and cash equivalents at end of the period		<u>11,500,297</u>	<u>9,023,237</u>

The annexed notes 1 to 21 form an integral part of this condensed interim financial information.

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DIRECTOR

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DUBAI ISLAMIC BANK PAKISTAN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2015

	Share capital	Advance against Future issue of share capital	Statutory Reserves	Accumulated profit / (losses)	Total
----- Rupees in '000 -----					
Balance as at January 01, 2014	6,976,030	18	27,372	(73,788)	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	6,976,030	18	27,372	414,016	7,417,436
Profit after taxation for the three months ended December 31, 2014 transferred from Statement of Comprehensive Income	-	-	-	112,709	112,709
Transfer to Statutory reserve	-	-	120,103	(120,103)	-
Remeasurements of the net defined benefit liability / asset - net of tax	-	-	-	138	138
Balance as at December 31, 2014	6,976,030	18	147,475	406,760	7,530,283
Profit after taxation for the nine months ended September 30, 2015 transferred from Statement of Comprehensive Income	-	-	-	330,028	330,028
Balance as at September 30, 2015	<u>6,976,030</u>	<u>18</u>	<u>147,475</u>	<u>736,788</u>	<u>7,860,311</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, 2015

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.

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 its commencement of business from the SBP. The Bank is principally engaged in Corporate, Commercial and Consumer banking activities and investing activities.

- 1.2** Based on the financial statements of the Bank for the year ended December 31, 2014, 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 improved to "Positive".
- 1.3** The Bank is operating through 175 branches as at September 30, 2015 (December 31, 2014: 175 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).
- 1.4** The State Bank of Pakistan (SBP) vide circular no.7 dated April 15, 2009 had set the Minimum Capital Requirement (MCR) for banks of Rs 10 billion to be achieved in a phased manner by December 31, 2013. Accordingly, the MCR (free of losses) of the Bank as at December 31, 2014 should have been Rs 10 billion. The Capital Adequacy Ratio (CAR) requirement as of December 31, 2014 is 10%.

The Bank had various discussions and correspondence with the SBP regarding compliance with the required MCR (free of losses) in prior years and certain time bound extensions were also provided by the SBP to the Bank. The Bank placed a proposal with the SBP for raising FCY subordinated debt from the sponsors of the amount equivalent to the shortfall in MCR (free of losses) of Rs 10 billion and placing the same with SBP in a non-remunerative deposit account.

The SBP vide its letter no. BPRD/BA & CP/623/019653/2013 dated December 28, 2013 allowed the Bank to raise FCY sub-ordinated debt from the sponsors and place the same in a 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.

During the year ended December 31, 2014, an amount of US\$ 31 million (equivalent to Rs 3.273 billion) 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 revalued amount of the subordinated debt amounts to Rs 3.240 billion as at September 30, 2015.

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, Running Musharaka, Musharaka cum Ijara, Shirkatulmilk, Istisna cum Wakala, Wakala Isthimar, 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** 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 (IFRSs) as issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) as 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 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, 2014.
- 3.4** 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. Accordingly, the above requirements have been adopted in the preparation of this condensed interim financial information.
- 3.5** 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 condensed interim financial information in line with the format prescribed under BSD Circular Letter No. 2 dated May 12, 2004. 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

This condensed interim financial information has been prepared under the historical cost convention except that certain investments, foreign currency balances, and commitments in respect of certain foreign exchange contracts are marked to market and are carried at fair value. Further, staff retirement benefits have been carried at present values determined under International Accounting Standard 19, "Employee Benefits (amended 2011)".

5 FUNCTIONAL AND PRESENTATION CURRENCY

This condensed interim financial information is 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, 2014.

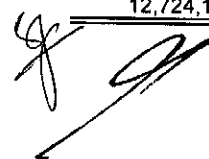
7 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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, 2014.

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, 2014.

		September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
		----- Rupees in '000 -----	
9 CASH AND BALANCES WITH TREASURY BANKS			
In hand			
- local currency		1,444,240	1,121,103
- foreign currency		462,859	394,029
		<u>1,907,099</u>	<u>1,515,132</u>
With the State Bank of Pakistan in			
- local currency current account		3,761,299	3,565,301
- foreign currency current account		23,626	14,803
- foreign currency subordinated debt	17	3,239,863	3,114,976
- foreign currency deposit accounts			
Cash reserves account		579,047	451,219
Special cash reserve account		683,339	541,443
		<u>1,262,386</u>	<u>992,662</u>
With National Bank of Pakistan in			
- local currency current account		648,321	1,277,178
		<u>10,842,594</u>	<u>10,480,052</u>
10 BALANCES WITH OTHER BANKS			
In Pakistan			
- in current accounts		52,488	31,384
- in deposit accounts		10	10
Outside Pakistan			
- in current accounts		605,205	497,883
- in deposit accounts		-	-
		<u>657,703</u>	<u>529,277</u>
11 DUE FROM FINANCIAL INSTITUTIONS			
Commodity Murabaha		9,658,459	3,830,022
Bai Muajjal		3,065,734	6,317,147
		<u>12,724,193</u>	<u>10,147,169</u>



12 INVESTMENTS

12.1 Investments by type

	September 30, 2015			December 31, 2014		
	(Un-audited)			(Audited)		
	Held by the Bank	Given as collateral	Total	Held by the Bank	Given as collateral	Total
	Rupees in '000					
Available for sale securities						
GOP Ijarah Sukuk	13,802,745	-	13,802,745	14,710,085	-	14,710,085
WAPDA Sukuk	928,788	-	928,788	1,064,452	-	1,064,452
Other Sukuk	7,420,477	-	7,420,477	2,633,839	-	2,633,839
Total Investments at cost	22,152,010	-	22,152,010	18,408,376	-	18,408,376
Deficit on revaluation of available-for-sale securities	(5,060)	-	(5,060)	(140,311)	-	(140,311)
Deficit on revaluation of held-for-trading securities	-	-	-	(9,461)	-	(9,461)
Total Investments at market value	<u>22,146,950</u>	<u>-</u>	<u>22,146,950</u>	<u>18,258,604</u>	<u>-</u>	<u>18,258,604</u>

Note	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	-----Rupees in '000-----	

13 ISLAMIC FINANCING AND RELATED ASSETS

In Pakistan			
- Murabaha	13.1	9,597,895	10,672,621
- Musharaka cum Ijara – Housing		6,991,481	5,609,524
- Musharaka cum Ijara	13.2	10,455,561	8,857,112
- Ijara Muntahiya Bil Tamleek – Autos		405,221	330,272
- Musharaka cum Ijara – Other		112,761	113,628
- Export Refinance under Islamic Scheme - SBP		2,531,194	2,851,393
- Wakala Istithmar – Pre manufacturing		4,179,924	1,200,397
- Wakala Istithmar – Post manufacturing		674,042	825,169
- Shirkatulmilk		12,209,572	7,457,312
- Service Ijarah and related assets		500,000	750,000
- Musharaka		6,331,287	3,625,556
- Running Musharaka		13,207,715	2,765,000
- Istisna cum Wakala	13.3	9,498,439	10,840,236
- Salam		2,002,000	4,450,000
- Musawama		5,256	2,111
Islamic financing and related assets – gross		<u>78,702,348</u>	<u>60,350,331</u>
Less: Provision against non-performing Islamic financing and related assets	13.4 & 13.5	(1,602,865)	(1,510,051)
Islamic financing and related assets – net of provisions		<u>77,099,483</u>	<u>58,840,280</u>

13.1 Murabaha

Financing	5,286,518	8,771,269
Advances	4,311,377	1,901,352
	<u>9,597,895</u>	<u>10,672,621</u>

13.2 Musharaka cum Ijara

Financing	10,060,088	8,294,011
Advances	395,473	563,101
	<u>10,455,561</u>	<u>8,857,112</u>

13.3 Istisna cum Wakala

Financing	3,164,301	6,712,504
Advances	6,334,138	4,127,732
	<u>9,498,439</u>	<u>10,840,236</u>

- 13.4 Islamic financings and related assets include Rs. 2,258.375 million (December 31, 2014: 2,368.756 million) which have been placed under non-performing status as detailed below:

Category of classification	September 30, 2015 (Un-audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total

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

Other Assets	56,504	-	56,504	-	-	-	-	-	-
Especially Mentioned									
Substandard	88,469	-	88,469	10,943	-	10,943	10,943	-	10,943
Doubtful	312,277	-	312,277	65,597	-	65,597	65,597	-	65,597
Loss	1,801,125	-	1,801,125	1,442,885	-	1,442,885	1,442,885	-	1,442,885
	<u>2,258,375</u>	<u>-</u>	<u>2,258,375</u>	<u>1,519,425</u>	<u>-</u>	<u>1,519,425</u>	<u>1,519,425</u>	<u>-</u>	<u>1,519,425</u>

Category of classification	December 31, 2014 (Audited)								
	Classified Islamic financing and related assets			Provision required			Provision held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total

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

Other Assets	56,197	-	56,197	-	-	-	-	-	-
Especially Mentioned									
Substandard	231,646	-	231,646	18,964	-	18,964	18,964	-	18,964
Doubtful	270,027	-	270,027	77,987	-	77,987	77,987	-	77,987
Loss	1,810,886	-	1,810,886	1,350,225	-	1,350,225	1,350,225	-	1,350,225
	<u>2,368,756</u>	<u>-</u>	<u>2,368,756</u>	<u>1,447,176</u>	<u>-</u>	<u>1,447,176</u>	<u>1,447,176</u>	<u>-</u>	<u>1,447,176</u>



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

September 30, 2015 (Un-audited)			
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	1,447,176	62,875	1,510,051
Charge for the period	193,537	20,565	214,102
Reversals during the period	(121,288)	-	(121,288)
Net charge	72,249	20,565	92,814
Write off	-	-	-
Closing balance	1,519,425	83,440	1,602,865

December 31, 2014 (Audited)			
	Specific	General	Total
	----- Rupees in '000 -----		
Opening balance	1,164,697	53,826	1,218,523
Charge for the year	385,543	9,049	394,592
Reversals during the year	(103,064)	-	(103,064)
Net charge	282,479	9,049	291,528
Write off	-	-	-
Closing balance	1,447,176	62,875	1,510,051

13.6.1 The non performing financings include classified financings of Rs. 531.728 million disbursed to Agritech Limited which has been classified as "Loss". The required provision as at September 30, 2015 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 the 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 recognised a total provision of Rs. 478.555 million in respect of the outstanding exposure of Agritech Limited.

13.6.2 In accordance with BSD Circular No. 2 dated January 27, 2009 issued by the SBP, the Bank has availed the benefit of Forced Sale Values (FSV) amounting to Rs 401.007 million (December 31, 2014: Rs 417.926 million) in determining the provisioning requirement against non performing Islamic financings as at September 30, 2015. The additional profit arising from availing the FSV benefit - net of tax at September 30, 2015 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs 260.655 million (December 31, 2014: Rs 271.652 million).

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



	September 30, 2015 (Un-audited) ----- Rupees in '000 -----	December 31, 2014 (Audited)
14 OPERATING FIXED ASSETS		
Capital work-in-progress - net	78,871	71,117
Property and equipment	1,450,714	1,471,132
Intangible assets	166,621	208,783
	<u>1,696,206</u>	<u>1,751,032</u>
15 DEFERRED TAX (LIABILITIES) / ASSETS - NET		
Deferred tax debits arising due to:		
Available tax losses	-	-
Minimum tax	-	48,756
Provision against non-performing Islamic financings and related assets	4,762	22,830
Deficit on revaluation of investment - Held-for-trading	-	3,311
Deferred tax credits arising due to:		
Accelerated tax depreciation on operating fixed assets	(42,450)	(61,572)
	<u>(37,688)</u>	<u>13,325</u>
Equity		
Deficit on revaluation of investments	1,771	49,109
	<u>(35,917)</u>	<u>62,434</u>
16 DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	37,780,554	29,890,307
Savings deposits	41,701,848	30,420,418
Current accounts - non-remunerative	26,967,203	23,224,816
Margin accounts - non-remunerative	101,143	148,064
	<u>106,550,748</u>	<u>83,683,605</u>
Financial Institutions		
Remunerative deposits	2,450,909	131,935
Non-remunerative deposits	85,571	28,855
	<u>109,087,228</u>	<u>83,844,395</u>
17 SUB-ORDINATED LOANS		

As referred to in note 1.4 to this condensed interim financial information, 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 3.273 billion) has been provided to the Bank on January 10, 2014 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 loan stands subordinated to all other creditors, depositors and third party obligations of the Bank. The subordinated loan is a short term arrangement, i.e. for a period of three years expiring 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 first half of 2016. The revalued amount of the loan is Rs 3.240 billion on September 30, 2015 (December 31, 2014: Rs 3.115 billion).



		September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
		----- Rupees in '000 -----	
18	CONTINGENCIES AND COMMITMENTS		
18.1	Transactions-related contingent liabilities		
	Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring		
	- Government	765,310	494,549
	- Banking companies and other financial institutions	284,407	34,361
	- Others	1,849,355	1,659,274
		<u>2,899,072</u>	<u>2,188,184</u>
18.2	Trade-related contingent liabilities		
	Import Letters of Credit	<u>7,917,073</u>	<u>4,432,705</u>
18.3	Claims not acknowledged as debt	<u>10,000</u>	<u>10,000</u>
18.3.1	The Competition Commission of Pakistan vide its order dated June 28, 2012 had imposed a penalty of Rs 10 million on the Bank. The penalty was imposed upon CCPs contentions that the ATM Service Charges charged by 1-Link member banks was unfair. However, the same order was set aside by the Competition Appellate Tribunal. Consequently, CCP has filed an appeal with the Supreme Court of Pakistan for imposing the order of penalty on every member bank of 1-Link. The management of the Bank is confident that the above matter will be decided in their favour and hence, no provision against any liability which may arise in this respect has been made in these financial statements.		
18.4	Commitments in respect of forward exchange promises to	September 30, 2015 (Un-audited)	December 31, 2014 (Audited)
		----- Rupees in '000 -----	
	Purchase	<u>11,086,399</u>	<u>8,816,941</u>
	Sale	<u>8,908,620</u>	<u>4,600,480</u>
18.5	Commitments for the acquisition of operating fixed assets	<u>31,904</u>	<u>74,504</u>
18.6	During the current period, an amount of Rs. 10 million has been adjusted / deducted by the State Bank of Pakistan (SBP) from the bank account of Dubai Islamic Bank Pakistan Limited maintained with SBP (based on the order of the Foreign Exchange Operations Division) relating to some instances of non-compliances by the Bank in respect of foreign remittances. The management of the Bank has filed an appeal in respect of the above matter and is expecting a favorable outcome. The Bank, based on the advice of the legal advisor, is quite hopeful based on precedent that the decision will be made in favour of the Bank. Hence, no provision in respect of the above amount has been recognised in the condensed interim financial information.		
18.7	During the current period the taxation authorities have amended the assessments for the tax years 2010, 2011, 2012 and 2013. The amended assessment orders have been passed by adding / disallowing certain expenses / deductions in each of the tax years. Out of these adjustments, the major adjustment made by the taxation authorities relates to calculation of turnover tax based on treatment of murabaha income at its gross sales value resulting in an additional tax liability amounting to Rs. 3.326 billion. The management is of the view that the contention of the taxation authorities is not justified based on the fact that Clause (11A) Part IV of the Second Schedule to the Income Tax Ordinance, 2001 specifically excludes Murabaha transactions from the definition of turnover for the purpose of charging minimum tax. Although the relevant clause of the Second Schedule is not applicable for banks, however, the spirit of the law cannot be different for a bank and another entity. The Bank and its tax advisor are of the view that the chances of any negative outcome arising out of the addition made by the taxation authorities in respect of treatment of Murabaha transactions for the purpose of calculation of minimum tax is remote.		
	The impact of the remaining additions / disallowances made by the taxation authorities amounts to Rs 291.829 million. The tax advisor of the Bank is of the view these issues will also be ultimately decided in the Bank's favour. Further, the Bank has also obtained a stay order from the Honourable High Court against the recovery of the above amount including the additional levy due to minimum tax on account of murabaha transactions. Therefore, no provision in this respect has been made in this condensed interim financial information.		



19 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.

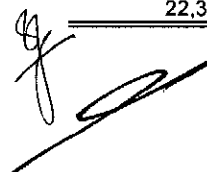
Transactions with executives are undertaken at terms in accordance with employment agreements and service rules.

	September 30, 2015 (Un-Audited)	December 31, 2014 (Audited)
	----- Rupees in '000 -----	
<u>Key management personnel</u>		
Islamic financing and related assets		
At beginning of the period / year	122,788	88,562
Disbursements	39,400	96,978
Payments	(27,670)	(62,752)
At the end of the period / year	<u>134,518</u>	<u>122,788</u>
Deposits		
At beginning of the period / year	23,550	6,174
Deposits	200,572	205,348
Withdrawals	(198,277)	(187,972)
At the end of the period / year	<u>25,845</u>	<u>23,550</u>
<u>Directors</u>		
Deposits		
At beginning of the period / year	16,170	5,375
Deposits	65,949	55,255
Withdrawals	(75,160)	(44,460)
At the end of the period / year	<u>6,959</u>	<u>16,170</u>

Holding company

- 19.1 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.

Deposits		
At beginning of the period / year	13,701	60,428
Deposits	2,137,988	1,724,930
Withdrawals	(2,129,367)	(1,771,657)
At the end of the period / year	<u>22,322</u>	<u>13,701</u>



Balance held abroad

At beginning of the period / year	92,305	160,875
Deposits	47,587,843	36,526,299
Withdrawals	(47,595,251)	(36,594,869)
At the end of the period / year	84,897	92,305

Other payables	33,346	21,333
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Other receivables	2,722	6,332
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September 30, 2015	September 30, 2014
(Un-Audited)	
----- Rupees in '000 -----	

Profit earned on Islamic financing and related assets to key management personnel	4,291	2,888
Return on deposits to key management personnel	445	788
Remuneration to key management personnel	172,958	117,784
Return on deposits to directors	108	171
Remuneration to directors	10,775	10,422
Purchase of foreign currency sukuk from holding company	3,238,008	690,298
Sale of foreign currency sukuk to holding company	-	3,554,585
Gain on sale of foreign currency sukuk to holding company	-	38,101
Fee charged by the holding company in respect of outsourcing arrangement	37,500	35,259
Employee benefit plans		
Contribution to employees gratuity fund	30,339	24,570
Contribution to employees provident fund	48,551	32,899

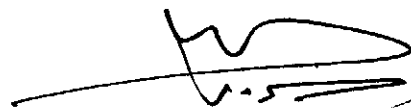

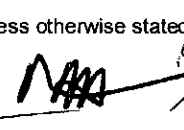
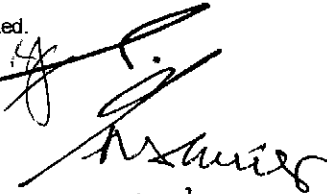
20 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 29, 2015 by the Board of Directors of the Bank.

21 GENERAL

21.1 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.

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

			
CHAIRMAN	PRESIDENT / CHIEF EXECUTIVE	DIRECTOR	DIRECTOR