DUBAI ISLAMIC BANK PAKISTAN LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed statement of financial position of **Dubai Islamic Bank Pakistan Limited** as at December 31, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here-in-after referred to as the 'financial statements') for the year then ended, in which are incorporated the un-audited certified returns from the branches except for eleven branches which have been audited by us and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the bank's management to establish and maintain a system of internal control, and prepare and present the financial statements in conformity with the approved accounting standards and the requirements of the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984). Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the International Standards on Auditing as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and after due verification, which in the case of financings covered more than sixty percent of the total financings of the bank, we report that:

(a) in our opinion, proper books of accounts have been kept by the bank as required by the Companies Ordinance, 1984 (XLVII of 1984), and the returns referred to above received from the branches have been found adequate for the purposes of our audit;

(b) in our opinion:

   (i) the statement of financial position and profit and loss account together with the notes thereon have been drawn up in conformity with the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

   (ii) the expenditure incurred during the year was for the purpose of the bank's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the bank and the transactions of the bank which have come to our notice have been within the powers of the bank;

(c) in our opinion and to the best of our information and according to the explanations given to us the statement of financial position, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Banking Companies Ordinance, 1962 (LVII of 1962), and the Companies Ordinance, 1984 (XLVII of 1984), in the manner so required and give a true and fair view of the state of the bank's affairs as at December 31, 2014, and its true balance of profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the bank and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants
Audit Engagement Partner: **Rashid A. Jafer**
Dated: February 12, 2015
Karachi

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

Lahore: 23-C, Aziz Avenue, Canal Bank, Gulberg V, P.O. Box 39, Lahore-54660, Pakistan; Tel: +92 (42) 35715864-71; Fax: +92 (42) 35715872
Islamabad: PIA Building, 3rd Floor, 49 Blue Area, Fazl-ul-Haq Road, P.O. Box 3021, Islamabad-44000, Pakistan; Tel: +92 (51) 2273457-60; Fax: +92 (51) 2277924
Kabul: Apartment No. 3, 3rd Floor, Dost Tower, Haji Yaqub Square, Sher-e-Nau, Kabul, Afghanistan; Tel: +93 (779) 315320, +93 (799) 315320

DUBAI ISLAMIC BANK PAKISTAN LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	Note	2014	2013
		------------Rupees in '000------------	
ASSETS			
Cash and balances with treasury banks	6	10,480,052	5,291,178
Balances with other banks	7	529,277	1,840,378
Due from financial institutions	8	10,147,169	9,740,822
Investments	9	18,258,604	25,044,279
Islamic financing and related assets	10	58,840,280	35,540,386
Operating fixed assets	11	1,751,032	1,454,910
Deferred tax assets - net	12	62,434	234,187
Other assets	13	1,484,151	1,110,472
		101,552,999	80,256,612
LIABILITIES			
Bills payable	14	1,250,385	1,208,862
Due to financial institutions	15	3,567,342	2,938,000
Deposits and other accounts	16	83,844,395	67,639,224
Sub-ordinated loans	17	3,114,976	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities	18	2,336,820	1,508,093
		94,113,918	73,294,179
NET ASSETS		7,439,081	6,962,433
REPRESENTED BY			
Share capital	19	6,976,030	6,976,030
Reserves	20	147,475	27,372
Unappropriated profit / (accumulated loss)		406,760	(73,788)
		7,530,265	6,929,614
Advance against future issue of share capital		18	18
(Deficit) / Surplus on revaluation of assets - net of tax	21	(91,202)	32,801
		7,439,081	6,962,433

CONTINGENCIES AND COMMITMENTS 22

The annexed notes 1 to 44 and Annexure 1 form an integral part of these financial statements.

CHAIRMAN **PRESIDENT / CHIEF EXECUTIVE** **DIRECTOR** **DIRECTOR**

DUBAI ISLAMIC BANK PAKISTAN LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014	2013
		------- Rupees in '000 -------	
Profit / return earned	23	7,523,271	5,776,631
Profit / return expensed	24	3,433,969	2,662,743
Net spread earned		4,089,302	3,113,888
Provision against non-performing Islamic financing and related assets - net	10.7	(291,528)	(456,762)
Provision for diminution in the value of investments		-	-
Bad debts written off directly		-	-
		(291,528)	(456,762)
Net spread earned after provisions		3,797,774	2,657,126
OTHER INCOME			
Fee, commission and brokerage income		806,451	603,883
Dividend Income		-	-
Income from dealing in foreign currencies		122,501	106,767
Gain on sale of securities	25	197,190	29,265
Unrealized loss on revaluation of investments classified as 'held for trading'		(9,461)	-
Other income	26	309	3,385
Total other income		1,116,990	743,300
		4,914,764	3,400,426
OTHER EXPENSES			
Administrative expenses	27	3,972,258	3,182,536
(Reversal against other provisions) / other provisions / write offs		(3,813)	1,542
Other charges	28	20,788	4,451
Total other expenses		3,989,233	3,188,529
		925,531	211,897
Extra ordinary / unusual items		-	-
PROFIT BEFORE TAXATION		925,531	211,897
Taxation			
- Current	29	(86,494)	(65,169)
- Prior years	29	-	-
- Deferred	29	(238,524)	(9,868)
		(325,018)	(75,037)
PROFIT AFTER TAXATION		600,513	136,860
		------------ Rupees ------------	
Basic / Diluted earnings per share – Rupees	30	0.8608	0.1962

The annexed notes 1 to 44 and Annexure 1 form an integral part of these financial statements.

CHAIRMAN **PRESIDENT / CHIEF EXECUTIVE** **DIRECTOR** **DIRECTOR**

DUBAI ISLAMIC BANK PAKISTAN LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2014

	2014	2013
	------- Rupees in '000 -------	
Profit after taxation for the year	600,513	136,860
Items that will not be reclassified to profit or loss in subsequent periods:		
Actuarial gains / (losses) on remeasurement of defined benefit plans	212	(935)
Tax effect	(74)	327
	138	(608)
Comprehensive income transferred to equity	600,651	136,252
Components of comprehensive income not reflected in equity :		
Deficit on revaluation of available for sale investments - net of tax	(124,003)	(49,919)
Total comprehensive income for the year	476,648	86,333

The annexed notes 1 to 44 and Annexure 1 form an integral part of these financial statements.

CHAIRMAN PRESIDENT / CHIEF EXECUTIVE DIRECTOR DIRECTOR

DUBAI ISLAMIC BANK PAKISTAN LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2014

	Share capital	Advance against future issue of share capital	Statutory Reserves	Unappro-priated Profit / (Accumulated loss)	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 year transferred from Statement of Comprehensive Income	-	-	-	136,860	136,860
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	(73,788)	6,929,632
Profit after taxation for the year transferred from Statement of Comprehensive Income	-	-	-	600,513	600,513
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

The annexed notes 1 to 44 and Annexure 1 form an integral part of these financial statements.

CHAIRMAN **PRESIDENT / CHIEF EXECUTIVE** **DIRECTOR** **DIRECTOR**

DUBAI ISLAMIC BANK PAKISTAN LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014

	Note	2014	2013
		------- Rupees in '000 -------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before taxation		925,531	211,897
Less: Dividend Income		-	-
		925,531	211,897
Adjustments:			
Depreciation	27	250,823	227,985
Amortisation	27	82,271	83,773
Provision against non-performing Islamic financing and related assets - net	10.7	291,528	456,762
(Reversal against other provisions) / other provisions / write offs		(3,813)	1,542
Gain on sale of securities	25	(197,190)	(29,265)
Unrealized loss on revaluation of investments classified as held for trading		9,461	
Charge for defined benefit plan		33,825	27,290
Gain on sale of operating fixed assets	26	(302)	(178)
		466,603	767,909
		1,392,134	979,806
(Increase) / decrease in operating assets			
Due from financial institutions		(406,347)	(6,533,877)
Islamic financing and related assets		(23,591,422)	(9,682,481)
Other assets (excluding advance taxation)		(369,409)	(69,061)
		(24,367,178)	(16,285,419)
Increase / (decrease) in operating liabilities			
Bills payable		41,523	549,827
Due to financial institutions		629,342	1,338,000
Deposits and other accounts		16,205,171	14,529,176
Other liabilities (excluding current taxation)		828,727	244,475
		17,704,763	16,661,478
		(5,270,281)	1,355,865
Payments against defined benefit plan		(33,613)	(14,599)
Income tax paid		(86,031)	(77,917)
Net cash (used in) / generated from operating activities		(5,389,925)	1,263,349
CASH FLOW FROM INVESTING ACTIVITIES			
Net investments in securities		6,782,630	(3,756,979)
Dividend received		-	-
Investments in operating fixed assets		(630,947)	(234,080)
Sale proceeds of property and equipment disposed off		1,039	2,862
Net cash generated from / (used in) investing activities		6,152,722	(3,988,197)
CASH FLOW FROM FINANCING ACTIVITIES			
Sub-ordinated loans		3,114,976	-
Net cash generated from financing activities		3,114,976	-
Increase / (Decrease) in cash and cash equivalents		3,877,773	(2,724,848)
Cash and cash equivalents at beginning of the year		7,131,556	9,856,404
Cash and cash equivalents at end of the year	31	11,009,329	7,131,556

The annexed notes 1 to 44 and Annexure 1 form an integral part of these financial statements.

Azko

CHAIRMAN	PRESIDENT / CHIEF EXECUTIVE	DIRECTOR	DIRECTOR

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 175 branches as at December 31, 2014 (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 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 3.115 billion as at December 31, 2014.

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.

The paid-up capital of the Bank (free of losses) as of December 31, 2014 amounted to Rs 6.976 billion and its CAR stands at 17.08 percent.

2 BASIS OF PRESENTATION

2.1 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 as briefly explained in the notes to these financial statements. 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.

Afco

3 STATEMENT OF COMPLIANCE

3.1 These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan and such International Financial Reporting Standards (IFRSs), 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-1 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. Accordingly, segment information disclosed in these financial statements is based on the requirements laid down by the SBP.

3.5 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

3.5.1 The Securities and Exchange Commission of Pakistan (SECP) has notified Islamic Financial Accounting Standard (IFAS) 3, 'Profit and Loss Sharing on Deposits' issued by the Institute of Chartered Accountants of Pakistan. IFAS 3 shall be followed with effect from the financial periods beginning after January 1, 2014 in respect of accounting for transactions relating to 'Profit and Loss Sharing on Deposits' as defined by the said standard. The standard has resulted in certain new disclosures in the financial statements of the Bank as disclosed in notes 5.8, 16 and 42.

3.5.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2014 but are considered not to be relevant or do not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.

3.6 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

3.6.1 There are certain new and amended standards, interpretations and amendments that are mandatory for the Bank's accounting periods beginning on or after January 1, 2015 but are considered not to be relevant or will not have any significant effect on the Bank's operations and therefore not detailed in these financial statements.

3.7 Early adoption of standards

The Bank has not early adopted any new or amended standard in 2014.

4 BASIS OF MEASUREMENT

4.1 Accounting convention

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 benefits is carried at present value.

4.2 Functional and Presentation Currency

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

4.3 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan requires management to make judgments, 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 continually evaluated and are based on historical experience and various other factors including expectation of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. 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.

The significant accounting areas where various assumptions and estimates are significant to the Bank's financial statements or where judgment was exercised in the application of accounting policies are as follows:

i) classification and provisioning against investments (notes 5.3 and 9)
ii) classification and provisioning against Islamic financing and related assets (notes 5.4 and 10)
iii) current and deferred taxation (notes 5.7, 12 and 29)
iv) determination of useful lives and depreciation / amortisation (notes 5.5 and 11)
v) accounting for defined benefit plan (notes 5.10 and 33)

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These have been consistently applied to all the years presented.

5.1 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise of cash and balances with treasury banks and balances with other banks in current and deposit accounts.

5.2 Due to/ from financial institutions

Bai Muajjal

In Bai Muajjal, the Bank sells sukuk on credit to other financial institutions. The credit price is agreed at the time of sale and such proceeds are received at the end of the credit period.

Musharaka / Modaraba

In Musharaka / Modaraba, the Bank invests in the shari'a compliant business pools of the financial institutions at the agreed profit and loss sharing ratio.

Musharaka from State Bank of Pakistan under IERS

Under IERS, the Bank accepts funds from the SBP under Shirkat-ul-Aqd to constitute a pool for investment in export refinance portfolio of the Bank

5.3 Investments

5.3.1 Classification

Investments of the Bank are classified as follows:

(a) **Held-for-trading**

These are investments, which are either acquired for generating profits from short-term fluctuations in market prices or are securities included in a portfolio for which there is evidence of a recent actual pattern of short-term profit taking.

(b) **Held- to-maturity**

These are investments with fixed or determinable payments and fixed maturity that the Bank has the positive intent and ability to hold till maturity.

(c) **Available-for-sale**

These are investments which do not fall under the 'held for trading' or 'held to maturity' categories.

5.3.2 Regular way contracts

All purchases and sales of investments that require delivery within the time frame established by regulation or market convention are recognised at settlement date, which is the date on which the asset is delivered to or by the Bank.

5.3.3 Initial recognition and measurement

Investments other than those categorised as 'held for trading' are initially recognised at fair value which includes transaction costs associated with the investment. Investments classified as 'held for trading' are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

5.3.4 Subsequent measurement

Subsequent to initial recognition investments are valued as follows:

(a) **Held-for-trading**

These are measured at subsequent reporting dates at fair value. Gains and losses on remeasurement are included in the profit and loss account.

(b) **Held-to-maturity**

These are measured at amortized cost using the effective profit rate method, less any impairment loss recognized to reflect irrecoverable amount.

(c) **Available for sale**

In accordance with the requirements specified by the SBP, quoted securities other than those classified as 'held to maturity' are subsequently re-measured to market value. Unquoted equity securities are valued at the lower of cost and break-up value. Break-up value of unquoted equity securities is calculated with reference to the net assets of the investee company as per the latest available audited financial statements. Investment in other unquoted securities are valued at cost less impairment losses, if any.

Surplus / deficit arising on revaluation of quoted securities which are classified as 'available for sale', is included in the statement of comprehensive income but is kept in a separate account which is shown in the statement of financial position below equity.

5.3.5 Impairment

Impairment loss in respect of investments classified as available for sale and held to maturity (except sukuk) is recognised based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. Provision for diminution in the value of sukuk is made as per the Prudential Regulations issued by the State Bank of Pakistan. In case of impairment of available for sale securities, the cumulative loss that has been recognised directly in surplus / (deficit) on revaluation of securities on the Statement of Financial Position below equity is removed therefrom and recognised in the profit and loss account. For investments classified as held to maturity, the impairment loss is recognised in the profit and loss account.

5.3.6 Gains or losses on sale of investments are included in the profit and loss account for the year.

5.4 Islamic financing and related assets

These are products originated by the Bank and principally comprise of Murabaha, Musharaka cum Ijara, Running Musharaka, Wakala, Wakala Istithmar, Istisna cum Wakala, Ijara Muntahiya Bil Tamleek, Islamic Export Refinance Scheme, Service Ijarah and Shirkatulmilk. These are stated net of general and specific provisions.

Specific provision

The Bank maintains specific provision for doubtful debts based on the requirements specified in the Prudential Regulations issued by the SBP.

General provision

The Bank is required to maintain general provision at the rate of 5% against unsecured consumer portfolio, 1.5% against secured consumer portfolio except for Musharaka cum Ijara - Autos, 1% against secured small enterprise portfolio and 2% against unsecured small enterprise portfolio in accordance with the requirements of the Prudential Regulations issued by the SBP.

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.

The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted off against Islamic financing and related assets. Islamic financing and related assets are written off when there are no realistic prospects of recovery.

Murabaha to the purchase orderer is a sale transaction wherein the first party (the Bank) sells to the client / customer a shari'a compliant asset / good for cost plus a pre-agreed profit after getting title and possession of the same. On the basis of an undertaking (Promise-to-Purchase) from the client (the purchase orderer), the Bank purchases the goods / assets subject of the Murabaha from a third party and takes the possession thereof. However, the bank can appoint the client as its agent to purchase the goods / assets on its behalf. Thereafter, it sells it to the client at cost plus the profit (agreed upon).

Import Murabaha is a product used to finance a commercial transaction which consists of purchase by the Bank (generally through an undisclosed agent) the goods from the foreign supplier and selling them to the customer after getting the title to and possession of the goods. Murabaha financing is extended to all types of trade transactions i.e. under Documentary Credits (LCs) and Documentary Collections.

Musharaka is a form of partnership in business with distribution of profit in agreed ratio and distribution of loss in the ratio of capital invested.

In Shirkat ul-Milk / Musharaka cum Ijara, the Bank and the customer become co-owners in certain identified assets by acquiring the same from a third party or by purchase of an undivided share of an asset from the customer by the Bank. Thereafter, the customer / co-owner undertakes to purchase the share of the Bank from the Bank in a manner that the Bank would recover its cost plus the desired profit over a period of time (i.e till the maturity of the facility). At the end of the facility term the Bank at its own discretion may sell its share to the customer at a nominal price.

Wakala Istithmar has been developed to facilitate exporters through investment agency where the customer acts as the investment agent of the Bank. This medium is used to cater to the export based customer's financial needs i.e. help the customer to bridge the gap between the commencement of the manufacturing process and the dispatch of goods to the ultimate buyer / buyers.

Istisna cum Wakala product has two legs: first the Bank acquires the described goods by way of Istisna to be manufactured by the customer from raw material of its own and once the goods are delivered to the Bank, the customer through an independent agency contract, sells the same to various end-users as the agent of the Bank.

Ijara Muntahiya Bil Tamleek is a lease contract in which the leased asset's title is transferred at the end of the lease term to the lessee through an independent sale agreement.

Salam is a sale transaction where the seller undertakes to supply some specific goods to the buyer at a future date against an advance price fully paid on spot.

In Service Ijarah financing, the Bank provides financing by acquiring certain agreed services from the customer. After the purchase of services, the Bank appoints the customer to sell these services in the market over a period and provide a sale confirmation of such sale. The profit is only accrued from the date of receipt of such confirmation.

In Running Musharakah financing, the Bank enters into financing with the customer based on Shirkat-ul-Aqd or Business Partnership in customers operating business. Under this mechanism the customer can withdraw and return funds to the Bank subject to his Running Musharakah Financing limit during the Musharakah Period. At the end of each quarter / half year the customer pays the provisional profit as per the desired profit rate which is subject to final settlement based on the relevant quarterly/half-yearly/annual accounts of the customer.

In Musawammah financings, the Bank purchases the goods and after taking the possession, sells them to the customer either in spot or credit transaction, without disclosing the cost.

5.5 Operating fixed assets and depreciation

5.5.1 Property and equipment

These assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to income by applying the straight line method over the estimated useful lives of the assets, using the rates specified in note 11.2 to these financial statements. The depreciation charge for the year is calculated after taking into account residual value, if any. Depreciation is charged from the month of acquisition and upto the month preceding the month of disposal.

The assets residual values, if significant, and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Maintenance and normal repairs are charged to income as and when incurred. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably.

Gains and losses on disposal of property and equipment, if any, are taken to the profit and loss account.

5.5.2 Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any.

5.5.3 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Such intangible assets are amortized using the straight-line method over their estimated useful lives. The useful lives and amortization method are reviewed and adjusted, if appropriate at each reporting date. Intangible assets having an indefinite useful life are stated at acquisition cost, less impairment loss, if any. Amortization is charged from the month of acquisition and upto the month preceding the month of deletion.

5.5.3 Impairment

At each reporting date, the Bank reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the greater of net selling price and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately in the financial statements in the profit and loss account.

Where an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. The reversal of impairment loss is recognised as income in the profit and loss account.

5.6 Deferred costs

As allowed by SBP pre-operating / preliminary expenses are included in deferred costs and these are amortized over a maximum period of five years on straight line basis from the date of commencement of business.

5.7 Taxation

Current

Provision for current taxation is based on taxable income for the year, if any, at current rates of taxation, after taking into consideration available tax credits, rebates and tax losses as required under the seventh schedule to the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary relating to prior years, which arises from assessments / developments made during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all major temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Bank also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

The carrying amount of the deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

The Bank also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities which is adjusted against the related deficit / surplus in accordance with the requirements of the International Accounting Standard 12 - "Income Taxes".

5.8 Deposits

Deposits are generated on the basis of two modes i.e. Qard and Modaraba.

Deposits taken on Qard basis are classified as 'Current accounts' and Deposits generated on Modaraba basis are classified as 'Savings deposits' and 'Fixed deposits'. No profit or loss is passed on to current account depositors. While the product features of each product differ, there is usually no restriction on withdrawals or number of transactions in current and saving accounts. In case of fixed deposits, pre-mature withdrawals can be made as per approved terms only.

Profits realised in common pool are distributed between the Bank and the depositors in proportion to their respective share in the pool. All Modarba based deposits are fully invested in the Common Pool to produce returns for them. In case where the Bank is unable to utilise all funds available for investment, priority is given to the deposit account holders. Rab-ul-Maal share is distributed among depositors according to weightages assigned at the inception of profit calculation period. Mudarib can distribute its share of profit to Rab-ul-Maal upto a maximum of 70% of their profit as incentive profits (Hiba).

Profits are distributed from the pool such that the depositors (remunerative) only bear the risk of assets in the pool during the profit calculation period. In case of loss in a pool during the profit calculation period, the loss is distributed among the depositors (remunerative) according to their ratio of investments.

5.9 Pool Management

The Bank operates general and specific pools for deposits and inter-bank funds accepted / acquired under Modaraba and Musharakah modes.

Under the general deposits pools, the Bank accepts funds on Modaraba basis from depositors (Rab-ul-Maal) where the Bank acts as Manager (Mudarib) and invests the funds in the Shari'a Compliant modes of financings, investments and placements. When utilising funds and investing funds, the Bank prioritises the funds received from depositors over the funds generated from own sources.

Specific pools are operated for funds acquired / accepted from the State Bank of Pakistan and other banks for Islamic Export Refinance to the Bank's customers and liquidity management respectively under the Musharakah / Modaraba modes.

The profit of each deposit pool is calculated on all the remunerative assets booked by utilising the funds from the pool after deduction of expenses directly incurred in earning the income of such pool along with related fee income, if any. The directly related costs comprise of tracker related costs, amortisation of premium on sukuk etc. No general or administrative nature of expense is charged to pools. No provisions against any non-performing asset of the pool is passed on to the pool except on the actual loss / write-off of such non-performing asset. Further, provisions passed on to the pool in the prior periods have been credited to pool income in the current period as reduction in expense. The profit of the pool is shared between equity and other members of the pool on the basis of Musharakah at gross level (before charging of mudarib fee) as per the investment ratio of the equity. The profit of the pool is shared among the depositors of the pool on pre-defined mechanism based on the weightages announced before the profit calculation period after charging of mudarib fee. Incentive profits (Hiba) are allocated to the pools under the prescribed guidelines of the Bank's Shari'a Advisory Board.

5.10 Staff retirement benefits

5.10.1 Defined benefit plan

The Bank operates an approved funded gratuity scheme for its permanent employees. The liability recognised in the statement of financial position in respect of defined benefit gratuity scheme, is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets. Contributions to the fund are made on the basis of actuarial recommendations. The defined benefit obligation is calculated periodically by an independent actuary using the projected unit credit method. Last valuation was conducted as on December 31, 2014.

Amounts arising as a result of "Remeasurements", representing the actuarial gains and losses and the difference between the actual investment returns and the return implied by the net interest cost are recognised in the Statement of Financial Position immediately, with a charge or credit to "Other Comprehensive Income" in the periods in which they occur.

5.10.2 Defined contribution plan

The Bank operates an approved funded contributory provident fund for all its permanent employees to which equal monthly contributions are made both by the Bank and the employees at the rate of 10% per annum of basic salary. The Bank has no further payment obligations once the contributions have been paid. The contributions made by the Bank are recognised as employee benefit expense when they are due.

5.11 Revenue recognition

- In Murabaha transactions, the Bank purchases the goods and after taking the possession, sells them to the customer on cost plus profit basis either in a spot or credit transaction.

- Profit from Istisn'a financings is recorded on an accrual basis commencing from the time of sale of goods till the realisation of proceeds by the bank.

- Profit on Musharaka cum Ijara, Ijara Muntahiya Bil Tamleek and Shirkatulmilk is recognized on the basis of the reducing balance method on a time apportioned basis that reflects the effective return / profit on the asset.

- Profit on Wakala is accounted for on a time apportioned basis that reflects the effective yield on the asset.

- Profit on Musharaka financing is recognized on an accrual basis. Actual profit / (loss) on Musharaka and Modaraba financing is adjusted after declaration of profit / (loss) by Musharaka partner / modarib or at liquidation of Musharaka / Modaraba.

- Profit on Bai Muajjal transaction is recognised on an accrual basis.

- Profit on Running Musharakah financings is booked on an accrual basis and is adjusted upon declaration of profit by Musharakah partners.

- Gains and losses on sale of investments are included in the profit and loss account.

- Profit on Sukuk is recognised on an accrual basis. Where Sukuk (excluding held for trading securities) are purchased at a premium or discount, those premiums / discounts are amortised through the profit and loss account over the remaining maturity, using the effective yield method.

- Profit on Service Ijarah is recognised on an accrual basis.

- Commission on letters of credit, acceptances and guarantees is recognized on receipt basis.

- Dividend income is recognised when the right to receive dividend is established.

- Fee, commission and brokerage are recognized when earned.

- Profit suspended in compliance with the Prudential Regulations issued by the SBP is recorded on receipt basis. Profit on rescheduled / restructured financings and investments are recognised as permitted by the SBP.

5.12 Financial Instruments

5.12.1 Financial assets and financial liabilities

All financial assets and liabilities are recognised at the time when the Bank becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the Bank loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any loss on derecognition of the financial assets and financial liabilities is taken to income directly. Financial assets carried on the balance sheet include cash and bank balances, due from financial institutions, investments, Islamic financing and related assets, certain receivables and financial liabilities include bills payable, due to financial institutions, deposits, sub-ordinated loans and other payables. The particular recognition methods adopted for significant financial assets and financial liabilities are disclosed in the individual policy statements associated with them.

5.12.2 Offsetting of financial instruments

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Bank intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also off-set and the net amount is reported in the financial statements.

5.12.3 Derivatives

Derivative financial instruments are recognised at fair value. Derivatives with positive market values (unrealised gains) are included in other receivables and derivatives with negative market values (unrealised losses) are included in other liabilities in the statement of financial position. The resultant gains and losses are taken to income.

5.13 Fiduciary assets

Assets held in a fiduciary capacity are not treated as assets of the Bank in these financial statements.

5.14 Foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Bank operates. The financial statements are reported and converted in Pakistani Rupees, which is the Bank's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are recorded in rupees at exchange rates prevailing on the date of transaction. Monetary assets, monetary liabilities and contingencies and commitments in foreign currencies, except forward promises, at the year end are converted in Rupees at exchange rates prevalent on the reporting date.

Translation gains and losses

Translation gains and losses are included in the profit and loss account.

Commitments

Commitments for outstanding forward foreign exchange promises are disclosed at agreed rates. Contingent liabilities / commitments for letters of credit and letters of guarantee denominated in foreign currencies are expressed in rupee terms at the exchange rates ruling on the reporting date.

5.15 Provisions and contingent assets and liabilities

Provisions are recognized when the Bank has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimates.

Contingent assets are not recognised, and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

5.16 Allocation of profit

Allocation of profits in Mudaraba pool between depositors and shareholders is made according to the Bank's profit distribution policy and is approved by the Shari'a Advisor.

5.17 Segment reporting

A segment is a distinguishable component of the Bank that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Bank's primary format of reporting is based on business segments.

5.17.1 Business segments

Corporate banking

Corporate banking includes services provided in connection with mergers and acquisitions, underwriting, privatization, securitisation, research, Sukuk (government, high yield), equity, syndication, IPO and secondary private placements, provided they are Shari'a compliant.

Trading and sales

It includes income, equity, foreign exchanges, commodities, credit, funding, own position securities and financing.

Retail banking

It includes retail financing, deposits and banking services offered to retail customers and small and medium sized enterprises.

Commercial banking

Commercial banking includes project finance, real estate, export finance, trade finance, Ijara, financing and issuing guarantees.

5.17.2 Geographical segment

The Bank has 175 branches as at December 31, 2014 (2013: 125 branches) and operates only in Pakistan.

6 CASH AND BALANCES WITH TREASURY BANKS

	Note	2014	2013
		------- Rupees in '000 -------	
In hand			
- local currency		1,121,103	1,108,709
- foreign currency		394,029	549,842
		1,515,132	1,658,551
With the State Bank of Pakistan in			
- local currency current account	6.1	3,565,301	2,131,864
- foreign currency current account		14,803	3,432
- foreign currency capital account		3,114,976	-
- foreign currency deposit accounts			
Cash Reserve Account	6.2	451,219	452,685
Special Cash Reserve Account	6.3	541,443	543,201
		992,662	995,886
With National Bank of Pakistan in			
- local currency current account		1,277,178	501,445
		10,480,052	5,291,178

6.1 The local currency current account is maintained with the State Bank of Pakistan (SBP) as per the requirements of Section 36 of the State Bank of Pakistan Act, 1956. This section requires banking companies to maintain a local currency cash reserve in the current account opened with the SBP at a sum not less than such percentage of its time and demand liabilities in Pakistan as may be prescribed by SBP.

6.2 As per BSD Circular No. 15 dated June 21, 2008, cash reserve of 5% is required to be maintained with State Bank of Pakistan on deposits held under the New Foreign Currency Accounts Scheme (FE-25 deposits).

6.3 Special cash reserve of 6% is required to be maintained with the State Bank of Pakistan on FE-25 deposits as specified in BSD Circular No. 15 dated June 21, 2008. During the year this deposit was not remunerated (2013: Nil).

7 BALANCES WITH OTHER BANKS

	Note	2014	2013
		------- Rupees in '000 -------	
In Pakistan			
- in current accounts		31,384	3,404
- in deposit accounts		10	44,790
		31,394	48,194
Outside Pakistan			
- in current accounts	7.1	497,883	1,792,184
- in deposit accounts		-	-
		497,883	1,792,184
		529,277	1,840,378

7.1 This includes an amount of Rs.92.305 million (2013: Rs 160.873 million) deposited with the holding company.

8 DUE FROM FINANCIAL INSTITUTIONS

	Note	2014	2013
		------- Rupees in '000 -------	
Commodity Murabaha	8.1	3,830,022	9,740,822
Bai Muajjal - State Bank of Pakistan	8.2	6,317,147	-
		10,147,169	9,740,822

8.1 These carry expected profit rates ranging from 9.50% to 9.80% per annum (2013: 9.50% to 10.00% per annum) and are due to mature latest by February 4, 2015.

8.2 These carry expected profit rates ranging from 9.81% to 9.91% per annum (2013: Nil) and are due to mature latest by October 23, 2015.

		2014	2013
		------- Rupees in '000 -------	
8.3	Commodity Murabaha sale price	387,360,593	198,509,044
	Purchase price	(386,475,000)	(198,335,000)
		885,593	174,044
	Deferred Commodity Murabaha income		
	Opening balance	24,705	2,740
	Arising during the year	885,593	174,044
	Recognised during the year	(891,271)	(152,079)
	Closing balance	19,027	24,705
	Commodity Murabaha		
	Opening balance	9,740,822	2,006,945
	Sales during the year	387,360,593	198,509,044
	Received during the year	(393,271,393)	(190,775,167)
	Closing balance	3,830,022	9,740,822

8.4 Particulars of amounts due from financial institutions with respect to currencies:

	2014	2013
- In local currency	10,147,169	9,740,822
- In foreign currency	-	-
	10,147,169	9,740,822

9 INVESTMENTS

9.1 Investments by types

	Note	2014 Held by the Bank	2014 Given as collateral	2014 Total	2013 Held by the Bank	2013 Given as collateral	2013 Total
		(Rupees in '000)					
Held for trading securities							
Ijarah Sukuk		893,261	-	893,261	-	-	-
Available for sale securities							
Sukuk / Certificates		17,515,115	-	17,515,115	24,993,816	-	24,993,816
Total investment at cost	9.2	18,408,376	-	18,408,376	24,993,816	-	24,993,816
Less: Provision for diminution in value of investments		-	-	-	-	-	-
Investments (net of provisions)		18,408,376	-	18,408,376	24,993,816	-	24,993,816
Surplus on revaluation of							
-available-for-sale securities	21	(140,311)	-	(140,311)	50,463	-	50,463
-held for trading securities		(9,461)	-	(9,461)			
Total investments at market value		18,258,604	-	18,258,604	25,044,279	-	25,044,279

9.2 Investments by segments

	Note	2014	2013
		------- Rupees in '000 -------	
Federal Government Securities			
GOP Ijarah Sukuk	9.3.1	14,710,085	18,062,874
Sukuk			
WAPDA Sukuk	9.3.2	1,064,452	1,140,348
Other Sukuk	9.3.2	2,633,839	5,790,594
		3,698,291	6,930,942
Total investment at cost		18,408,376	24,993,816
Less: Provision for diminution in value of investments		-	-
Investments (net of provisions)		18,408,376	24,993,816
(Deficit) / surplus on revaluation of available-for-sale securities	21	(140,311)	50,463
Deficit on revaluation of held for trading securities		(9,461)	-
Total investments at market value		18,258,604	25,044,279

9.3 Available for sale securities

9.3.1 Particulars of Federal Government Securities - Unquoted, Secured

Particulars	Collateral	Profit Rate	Profit payment	2014	2013
				Nominal value	
				---------- Rupees in '000 ----------	
GOP IJARA SUKUK - 7 Nil (2013: 5,500) certificates Maturity date: March, 2014	Government of Pakistan Sovereign guarantee	6 months T-Bill plus zero basis points	Semi-annually	-	550,000
GOP IJARA SUKUK - 8 Nil (2013:10,500) certificates Maturity date: May, 2014	Government of Pakistan Sovereign guarantee	6 months T-Bill plus zero basis points	Semi-annually	-	1,050,000
GOP IJARA SUKUK - 9 500 (2013: 102,050) certificates Maturity date: November 21, 2015	Government of Pakistan Sovereign guarantee	6 months T-Bill plus zero basis points	Semi-annually	5,015	10,226,778
GOP IJARA SUKUK - 10 7,688 (2013: 8,000) certificates Maturity date: November 21, 2015	Government of Pakistan Sovereign guarantee	6 months T-Bill plus zero basis points	Semi-annually	769,403	801,344
GOP IJARA SUKUK - 11 39,500 (2013:39,500) certificates Maturity date: November 21, 2015	Government of Pakistan Sovereign guarantee	6 months T-Bill plus zero basis points	Semi-annually	3,950,000	3,950,000
GOP IJARA SUKUK - 12 2,770 (2013: 14,750) certificates Maturity date: November 21, 2015	Government of Pakistan Sovereign guarantee	6 months T-Bill plus zero basis points	Semi-annually	277,969	1,484,752
GOP IJARA SUKUK - 14 8,050 (2013: Nil) certificates Maturity date: March 28, 2016	Government of Pakistan Sovereign guarantee	6 months T-Bill minus 30 basis points	Semi-annually	814,437	-
GOP IJARA SUKUK - 15 80,000 (2013: Nil) certificates Maturity date: 25 June, 2017	Government of Pakistan Sovereign guarantee	6 months T-Bill minus 200 basis points	Semi-annually	8,000,000	-
				13,816,824	18,062,874

9.3.2 Particulars of Sukuk Certificates - Unquoted, Secured

Particulars	Collateral	Profit Rate	Profit payment	2014	2013
				Nominal value	
				---------- Rupees in '000 ----------	
WAPDA II 91,075 (2013: 91,075) certificates Maturity date: July, 2017	Government guaranteed	6 months KIBOR minus 25 basis points	Semi-annually	227,687	303,583
WAPDA III 167,353 (2013: 167,353) certificates Maturity date: October, 2021	Government guaranteed	6 months KIBOR plus 175 basis points	Semi-annually	836,765	836,765
				1,064,452	1,140,348
ENGRO FERTILIZER LIMITED 60,000 (2013: 60,000) certificates Maturity date: September, 2015	Tangible Assets	6 months KIBOR plus 150 basis points	Semi-annually	300,000	300,000
ENGRO FERTILIZER LIMITED 75,000 (2013: 75,000) certificates Maturity date: December, 2019	Tangible Assets	6 months KIBOR plus 211 basis points	Semi-annually	224,141	337,500

Particulars	Collateral	Profit Rate	Profit payment	2014	2013
				Nominal value	
				---------- Rupees in '000 ----------	
SUI SOUTHERN GAS COMPANY LIMITED 100,000 (2013: 100,000) certificates Maturity date: May, 2017	Tangible Assets	3 months KIBOR plus 75 basis points	Quarterly	500,000	500,000
SUI SOUTHERN GAS COMPANY LIMITED 300,000 (2013: Nil) certificates Maturity date: October 1, 2019	Tangible Assets	3 months KIBOR plus 40 basis points	Quarterly	1,500,000	-
K.S. SULEMANJI & SONS (PVT) LIMITED Nil (2013: 20,000) certificates Maturity date: July, 2014	Tangible Assets	3 months KIBOR plus 140 basis points	Quarterly	-	25,523
QUETTA TEXTILE MILLS LIMITED 40,000 (2013: 40,000) certificates Maturity date: March, 2019	Tangible Assets	6 months KIBOR plus 175 basis points	Semi-annually	109,698	143,448
Emirates Islamic Bank PJSC * Nil (2013: 700,000) certificates Maturity date: January, 2017	Tangible Assets	4.718%	Semi-annually	-	769,218
Tamweel PJSC * Nil (2013: 1,200,000) certificates Maturity date: January 18, 2017	Tangible Assets	5.154%	Semi-annually	-	1,112,769
Dubai Electricity and Water Authority * Nil (2013: 500,000) certificates Maturity date: March 5, 2018	Sovereign Guarantee of Government of Dubai	3.000%	Semi-annually	-	526,623
Emirates Airlines * Nil (2013: 1,200,000) certificates Maturity date: March 19, 2023	Sovereign Guarantee of Government of Dubai	3.875%	Semi-annually	-	1,127,592
Dubai Department of Finance * Nil (2013: 900,000) certificates Maturity date: January, 2023	Sovereign Guarantee of Government of Dubai	3.875%	Semi-annually	-	947,921
				2,633,839	5,790,594
				3,698,291	6,930,942

* These sukuk were being held by Dubai Islamic Bank P.J.S.C on behalf of the Bank in fiduciary capacity.

9.3.3 Quality of Available for Sale Securities

	2014	2013	2014	2013
	Long / Medium Term Rating (Where available)		---------- Rupees in '000 ----------	
Sukuk / Certificates - (at cost)				
Engro Fertilizer Limited	Unrated	Unrated	224,141	337,500
Engro Fertilizer Limited	Unrated	Unrated	300,000	300,000
Sui Southern Gas Company Limited	Unrated	Unrated	500,000	500,000
Sui Southern Gas Company Limited	Unrated	N/A	1,500,000	-
K.S. Sulemanji & Sons (Private) Limited	N/A	Unrated	-	25,523
WAPDA Third Sukuk Certificates	Unrated	Unrated	836,765	836,765
Quetta Textile Mills Limited	D	D	109,698	143,448
			3,470,604	2,143,236
Sukuk / Certificates - (at market value)				
WAPDA Second Sukuk Certificates	Unrated	Unrated	228,826	303,765
Emirates Islamic Bank	N/A	Baa1	-	779,850
Tamweel P.J.S.C	N/A	Baa3	-	1,118,415
Dubai Electricity and Water Authority	N/A	BBB	-	525,310
Emirates Airlines	N/A	Unrated	-	1,076,758
Dubai Department of Finance	N/A	Unrated	-	894,899
GOP Ijara Sukuk - 7 -Maturity: March, 2014	Government Guaranteed	Government Guaranteed	-	550,825

	2014	2013	2014	2013
	Long / Medium Term Rating (Where available)		---------- Rupees in '000 ---------	
GOP Ijara Sukuk - 8 -Maturity:May, 2014	Government Guaranteed	Government Guaranteed	-	1,055,670
GOP Ijara Sukuk - 9 -Maturity: November, 2015	Government Guaranteed	Government Guaranteed	5,007	10,301,948
GOP Ijara Sukuk - 10 -Maturity: November, 2015	Government Guaranteed	Government Guaranteed	770,057	808,880
GOP Ijara Sukuk - 11 -Maturity: November, 2015	Government Guaranteed	Government Guaranteed	3,959,874	3,993,055
GOP Ijara Sukuk - 12 -Maturity: November, 2015	Government Guaranteed	Government Guaranteed	277,665	1,491,668
GOP Ijara Sukuk - 14 -Maturity: March 28, 2015	Government Guaranteed	Government Guaranteed	806,771	-
GOP Ijara Sukuk - 15 -Maturity: June 25, 2017	Government Guaranteed	Government Guaranteed	7,856,000	-
			13,904,200	22,903,056
Total - cost / market value of investments			**17,374,804**	**25,046,292**

9.4 Held for Trading Securities

9.4.1 Particulars of Federal Government Sukuk - Unquoted, Secured

Particulars	Collateral	Profit Rate	Profit payment	2014	2013
				Nominal value	
				---------- Rupees in '000 ---------	
GOP IJARA SUKUK - 15 9,000 (2013: Nil) certificates Maturity date: 25 June, 2017	Government of Pakistan Sovereign guarantee	6 months T-Bill minus 200 basis points	Semi-annually	893,261	-
				893,261	-

9.4.2 Quality of Held for Trading Securities

GOP Ijara Sukuk - 15 -Maturity: June 25, 2017	Government Guaranteed	Government Guaranteed	883,800	-
			883,800	-

10 ISLAMIC FINANCING AND RELATED ASSETS

	Note	2014	2013
		---------Rupees in '000-------	
In Pakistan			
- Murabaha	10.1	10,672,621	7,182,260
- Musharaka cum Ijara – Housing		5,609,524	5,054,607
- Musharaka cum Ijara	10.2	8,857,112	7,137,338
- Ijara Muntahiya Bil Tamleek – Autos		330,272	242,860
- Musharaka cum Ijara – Other		113,628	554,704
- Export Refinance under Islamic Scheme - SBP		2,851,393	1,961,521
- Wakala Istithmar – Pre manufacturing		1,200,397	2,256,917
- Wakala Istithmar – Post manufacturing		825,169	554,120
- Shirkatulmilk		7,457,312	3,679,553
- Running Musharaka		2,765,000	-
- Service Ijarah and related assets		750,000	996,000
- Musharaka		3,625,556	1,359,953
- Istisna cum Wakala	10.3	10,840,236	5,779,076
- Salam		4,450,000	-
- Musawama		2,111	-
Islamic financing and related assets – gross		60,350,331	36,758,909
Less: Provision against non-performing Islamic financing and related assets	10.6 & 10.7	(1,510,051)	(1,218,523)
Islamic financing and related assets – net of provisions		58,840,280	35,540,386

		Note	2014	2013
10.1	**Murabaha**		---------Rupees in '000--------	
	Financings	10.4.2	8,771,269	6,315,680
	Advances		1,901,352	866,580
			10,672,621	7,182,260
10.2	**Musharaka cum Ijara**			
	Financings		8,294,011	7,022,364
	Advances		563,101	114,974
			8,857,112	7,137,338
10.3	**Istisna cum Wakala**			
	Financings		6,712,504	3,913,500
	Advances		4,127,732	1,865,576
			10,840,236	5,779,076
10.4	Murabaha sale price		23,860,642	11,679,772
	Purchase price		(23,092,002)	(11,134,174)
			768,640	545,598
10.4.1	**Deferred Murabaha income**			
	Opening balance		176,507	72,740
	Arising during the year		768,640	545,598
	Recognised during the year		(750,913)	(441,831)
			194,234	176,507
10.4.2	**Murabaha receivable**			
	Opening balance		6,315,680	3,509,997
	Sales during the year		23,860,642	11,679,772
	Received during the year		(21,405,053)	(8,874,089)
			8,771,269	6,315,680
10.5	**Particulars of Islamic financing and related assets (Gross)**			
10.5.1	In local currency		58,592,528	34,722,348
	In foreign currencies		1,757,803	2,036,561
			60,350,331	36,758,909
10.5.2	Short Term (for upto one year)		37,217,933	18,294,973
	Long Term (for over one year)		23,132,398	18,463,936
			60,350,331	36,758,909

10.6 Islamic financing and related assets include Rs. 2,368.756 million (December 31, 2013: 2,602.630 million) which have been placed under non-performing status as detailed below:

Category of Classification	2014								
	Classified Islamic financings and related assets			Provision Required			Provision Held		
	Domestic	Overseas	Total	Domestic	Overseas	Total	Domestic	Overseas	Total
	Rupees in '000								
Other assets especially mentioned (OAEM)	56,197		56,197	-	-	-	-	-	-
Substandard	231,645	-	231,645	18,964	-	18,964	18,964	-	18,964
Doubtful	270,028	-	270,028	77,566	-	77,566	77,566	-	77,566
Loss	1,810,886	-	1,810,886	1,350,646	-	1,350,646	1,350,646	-	1,350,646
	2,368,756	-	2,368,756	1,447,176	-	1,447,176	1,447,176	-	1,447,176

Category of Classification	2013								
	Classified Islamic financings 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

10.7 Particulars of provision against non-performing islamic financing and related assets:

	2014			2013		
	Specific	General	Total	Specific	General	Total
	-----(Rupees in '000)-----					
Opening balance	1,164,697	53,826	1,218,523	708,535	53,226	761,761
Charge for the year	385,543	9,049	394,592	556,405	600	557,005
Reversals	(103,064)	-	(103,064)	(100,243)	-	(100,243)
	282,479	9,049	291,528	456,162	600	456,762
Write off	-	-	-	-	-	-
Closing balance	1,447,176	62,875	1,510,051	1,164,697	53,826	1,218,523

10.7.1 Particulars of provision against non-performing islamic financing and related assets:

	2014			2013		
	Specific	General	Total	Specific	General	Total
	-----(Rupees in '000)-----					
In local currency	1,444,573	62,875	1,507,448	1,161,762	53,826	1,215,588
In foreign currency	2,603	-	2,603	2,935	-	2,935
	1,447,176	62,875	1,510,051	1,164,697	53,826	1,218,523

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 417.926 million (2013: Rs 584.677 million) in determining the provisioning requirement against non performing Islamic financings as at December 31, 2014. The additional profit arising from availing the FSV benefit - net of tax at December 31, 2014 which is not available for distribution as either cash or stock dividend to shareholders amounted to Rs 271.652 million (2013: Rs 380.040 million).

10.7.2 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 December 31, 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 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. 398.796 million in respect of the outstanding exposure of Agritech Limited.

10.7.3 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 the 5% threshold, the exemption shall stand withdrawn from that point of time.

10.7.4 Particulars of Islamic financing and related assets to directors, executives or officers of the Bank or any of them either severally or jointly with any other persons:	**2014**	**2013**
	(Rupees in '000)	
Balance at beginning of the year	994,391	896,488
Financing granted during the year	525,400	368,660
Repayments	(302,342)	(270,757)
Balance at end of the year	1,217,449	994,391

10.8 Particulars of write-offs

Against provisions	-	-
Directly charged to the profit and loss account	-	-
	-	-
Write offs of Rs. 500,000 and above	-	-
Write offs of below Rs. 500,000	-	-
	-	-

10.8.1 Details of islamic financing and related assets written-off of Rs. 500,000 and above.

In terms of sub-section (3) of Section 33A of the Banking Companies Ordinance, 1962, the Statement in respect of Islamic Financing and Related Assets (in the case of the Bank) written off or any other financial relief of five hundred thousand rupees or above allowed to a person(s) during the year ended December 31, 2014 is given in Annexure - 1.

		Note	2014	2013
			(Rupees in '000)	
11	**OPERATING FIXED ASSETS**			
	Capital work-in-progress - net	11.1	71,117	6,757
	Property and equipment	11.2	1,471,132	1,173,303
	Intangible assets	11.3	208,783	274,850
			1,751,032	1,454,910

11.1 Capital work-in-progress

	2014	2013
Civil works	-	55
Equipment	20,652	3,687
Advances to suppliers and contractors	65,865	18,415
Less: Provision against Capital work-in-progress	(15,400)	(15,400)
	71,117	6,757

11.2 Property and equipment

	2014							
	COST			DEPRECIATION				
	As at January 01, 2014	Additions (disposals) / (write-offs)	As at December 31, 2014	As at January 01, 2014	Charge for the year / (disposals) / (write-offs)	As at December 31, 2014	Net book value as at December 31, 2014	Rate of Depreciation (Percentage)
	Rupees in '000							
Leasehold land	47,932	-	47,932	-	-	-	47,932	-
Furniture and fixture	266,653	46,457	313,110	126,029	28,486	154,515	158,595	10
Electrical, office and computer equipment	1,320,115	262,629 (2,348) (2,857)	1,577,539	780,955	123,689 (1,611) (1,863)	901,170	676,369	10-33.33
Vehicles	27,932	17,426	45,358	18,464	3,636	22,100	23,258	25
Leasehold Improvements	910,656	223,871	1,134,527	474,537	95,012	569,549	564,978	5-15
	2,573,288	550,383 (2,348) (2,857)	3,118,466	1,399,985	250,823 (1,611) (1,863)	1,647,334	1,471,132	

	2013							
	COST			DEPRECIATION				
	As at January 01, 2013	Additions (write offs) / (disposals)	As at December 31, 2013	As at January 01, 2013	Charge for the year / (disposals)/ (write offs)	As at December 31, 2013	Net book value as at December 31, 2013	Rate of Depreciation (Percentage)
	Rupees in '000							
Leasehold land	47,932	-	47,932	-	-	-	47,932	-
Furniture and fixture	235,698	30,955	266,653	101,863	24,166	126,029	140,624	10
Electrical, office and computer equipment	1,160,157	168,141 (5,514) (2,669)	1,320,115	669,051	117,583 (4,131) (1,548)	780,955	539,160	10-33.33
Vehicles	25,808	3,023 (899)	27,932	17,794	1,389 (719)	18,464	9,468	25
Leasehold Improvements	857,053	53,603	910,656	389,690	84,847	474,537	436,119	5 - 15
	2,326,648	255,722 (6,413) (2,669)	2,573,288	1,178,398	227,985 (4,850) (1,548)	1,399,985	1,173,303	

11.2.1 Disposal of operating fixed assets

	2014						
	Cost	Accumulated depreciation	Written down value	Sale price	Gain/(loss)	Mode of disposal	Particulars of buyer
	Rupees in '000						
Electrical, office and computer equipment							
Items having book value of more than Rs. 250,000 or cost of more than Rs. 1,000,000	-	-	-	-	-	N/A	N/A
Others Items having book value of less than Rs. 250,000 or cost of less than Rs. 1,000,000	2,348	(1,611)	737	1,039	302	Banks Policy	Various
Write-offs	2,857	(1,863)	994	-	(994)	N/A	N/A
	5,205	(3,474)	1,731	1,039	(692)		

11.2.2 The cost of fully depreciated fixed assets still in use amounts to Rs. 674.019 million (2013: Rs. 578.376 million).

11.3 Intangible assets

	2014							
	COST			AMORTISATION				
	As at January 01, 2014	Additions / (disposals)	As at December 31, 2014	As at January 01, 2014	Amortisation	As at December 31, 2014	Net book value as at December 31, 2014	Rate of amortization (Percentage)
	Rupees in '000							%
Computer software	686,791	16,204	702,995	411,941	82,271	494,212	208,783	11.11 - 33.33

	2013							
	COST			AMORTISATION				
	As at January 01, 2013	Additions / (disposals)	As at December 31, 2013	As at January 01, 2013	Amortisation	As at December 31, 2013	Net book value as at December 31, 2013	Rate of amortization (Percentage)
	Rupees in '000							%
Computer software	662,503	24,288	686,791	328,168	83,773	411,941	274,850	11.11 - 33.33

11.3.1 The cost of fully amortized intangibles still in use amounts to Rs. 78.765 million (2013: Rs. 49.125 million).

12 DEFERRED TAX ASSETS

	2014	2013
	Rupees in '000	
Deferred tax debits arising due to:		
Available tax losses	-	12,006
Minimum tax	48,756	212,215
Provision against non-performing islamic financing and related assets	22,830	84,630
Deficit on revaluation of investments - HFT	3,311	-
Deferred tax credits arising due to:		
Accelerated tax depreciation on operating fixed assets	(61,572)	(57,002)
	13,325	251,849
Equity		
Deficit / (surplus) on revaluation of investments - AFS	49,109	(17,662)
	62,434	234,187

12.1 The Bank has an aggregate amount of Rs. 48.756 million (2013: Rs. 246.519 million) representing deferred tax asset recognised against minimum tax and available tax losses as at December 31, 2014. The management carries out periodic assessments of these assets / losses in order to establish whether the Bank would be able to set off the profit earned in future years against these carry forward assets / losses. Based on this assessment the management has recognised the entire deferred tax debit balance on losses and minimum tax amounting to Rs 48.756 million (2013: Rs. 246.519 million). The amount of this benefit has been determined based on the projected figures for the future periods. The determination of future taxable profits is most sensitive to certain key assumptions such as cost to income ratio of the Bank, deposit composition, kibor rates, growth of deposits and financings, investment returns, product mix of financings, potential provision against assets and branch expansion plan. Any significant change in the key assumptions may have an effect on the realisability of the deferred tax asset.

		Note	2014	2013
13	**OTHER ASSETS**		---------- Rupees in '000----------	
	Profit / return accrued in local currency		866,355	536,488
	Profit / return accrued in foreign currency		2,040	75,618
	Advances, deposits, advance rent and other prepayments	13.1	525,457	433,045
	Advance taxation (payments less provisions)		11,450	11,987
	Unrealised gain on forward foreign exchange promises		-	7,902
	Receivables from group companies		6,332	9,324
	Commission receivable		43,754	23,015
	Others		32,353	21,490
			1,487,741	1,118,869
	Less: Provision held against other assets	13.2	(3,590)	(8,397)
	Other assets (net of provisions)		1,484,151	1,110,472

13.1 This includes Rs 255.669 million (2013: Rs 220.716 million) for advance rent, Rs 164.967 million (2013: 131.230 million) against prepaid commission to staff and dealers in respect of auto and house musharaka. The prepaid commission paid to staff and dealers in respect of auto financings is charged over the period of musharaka agreements. However, the prepaid commission paid to staff and dealers in respect of house musharaka is charged over a period of fifteen years. This also includes an amount of Rs 32.187 million (2013: Rs 20.749 million) pertaining to prepaid tracker maintenance cost which is amortised over the period of time.

		Note	2014	2013
13.2	**Provision held against other assets**		--------- Rupees in '000 ---------	
	Opening balance		8,397	8,397
	Charge for the year		-	-
	Reversals		(4,807)	-
	Closing balance		3,590	8,397

		Note	2014	2013
14	**BILLS PAYABLE**			
	In Pakistan		1,247,510	1,204,641
	Outside Pakistan		2,875	4,221
			1,250,385	1,208,862
15	**DUE TO FINANCIAL INSTITUTIONS**			
	In Pakistan		3,567,342	2,938,000
	Outside Pakistan		-	-
			3,567,342	2,938,000
15.1	**Details of due to financial institutions secured / unsecured**			
	Secured			
	Musharaka from State Bank of Pakistan under Islamic Export Refinance Scheme	15.1.1	2,709,342	1,938,000
	Unsecured			
	Wakala Placements	15.1.2	858,000	1,000,000
			3,567,342	2,938,000

15.1.1 The Musharaka is on a profit and loss sharing basis having maturity dates between January 19, 2015 to June 29, 2015 (2013: February 26, 2014 to June 25, 2014) and is secured against demand promissory notes executed in favor of the State Bank of Pakistan (SBP). A limit of Rs 3,650 million (2013: 2,700 million) has been allocated to the Bank by the SBP under Islamic Export Refinance Scheme for the financial year ended December 31, 2014.

15.1.2 This carries expected profit at the rate of 6.5% per annum (2013: 8.34% per annum) and is maturing within the range from January 2015 to June 2015 (2013: maturing in the month of January 2014).

AHco

		Note	2014	2013
			--------- Rupees in '000 ---------	
15.2	**Particulars of due to financial institutions with respect to currencies**			
	In local currency		3,567,342	2,938,000
	In foreign currencies		-	-
			3,567,342	2,938,000

16 DEPOSITS AND OTHER ACCOUNTS

	Note	2014	2013
Customers			
Fixed deposits	16.2	29,890,307	23,016,851
Savings deposits	16.2	30,420,418	21,498,013
		60,310,725	44,514,864
Current accounts - non-remunerative		23,224,816	21,931,811
Margin accounts – non-remunerative		148,064	80,398
		83,683,605	66,527,073
Financial Institutions			
Remunerative deposits	16.2	131,935	1,051,723
Non-remunerative deposits		28,855	60,428
		83,844,395	67,639,224

16.1 Particulars of deposits

	2014	2013
In local currency	74,800,249	58,640,381
In foreign currencies	9,044,146	8,998,843
	83,844,395	67,639,224

16.2 Particulars of deposits

	2014	2013
Customers		
Fixed deposits	29,890,307	23,016,851
Savings deposits	30,420,418	21,498,013
	60,310,725	44,514,864
Financial Institutions		
Remunerative deposits	131,935	1,051,723
	60,442,660	45,566,587
In local currency		
- Fixed deposits	28,859,816	22,318,404
- Savings deposits	27,323,282	19,205,756
	56,183,098	41,524,160
In foreign currencies		
- Fixed deposits	1,030,491	698,447
- Savings deposits	3,229,071	3,343,980
	60,442,660	45,566,587

16.3 Deposits and other accounts include redeemable capital of Rs 60.443 billion (December 31, 2013: Rs 45.567 billion) and deposits on Qard basis of Rs 23.402 million (December 31, 2013: Rs 22.073). Remunerative deposits which are on Modaraba basis are considered as Redeemable capital and non-remunerative deposits are classified as being on Qard basis.

17 SUB-ORDINATED LOANS

As referred to in note 1.5 to these 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 3.273 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 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 as at December 31, 2014 amounted to Rs 3.115 billion.

18 OTHER LIABILITIES

	Note	2014	2013
		--------- Rupees in '000 ---------	
Profit / return payable in local currency		708,734	580,417
Profit / return payable in foreign currency		273	-
Deferred Murabaha Income - Financings	10.4.1	194,234	176,507
Deferred Murabaha Income - IERS		4,701	-
Deferred Murabaha Income - Due from financial institutions		325,768	24,705
Deferred Profit Musawama		698	-
Accrued expenses		236,426	196,660
Advances from customers		367,976	272,291
Unrealised loss on forward foreign exchange promises		31,917	-
Payable to group company		21,333	10,600
Security deposits against musharaka cum ijara		43,639	17,310
Retention money		6,069	4,137
Payable to contractors		75,496	18,030
Charity payable	18.1	11,244	8,447
Worker Welfare Fund payable		35,613	17,106
Withholding tax payable		12,070	2,100
Others		260,629	179,783
		2,336,820	1,508,093

18.1		2014	2013
18.1	Opening balance	8,447	16,489
	Additions during the year	12,797	8,658
	Payments during the year	(10,000)	(16,700)
	Closing balance	11,244	8,447

18.1.1 During the year, charity from the Charity Fund of the Bank (in which late payment charges and Shari'a repugnant income of the Bank are credited) was paid to the following individuals / organisations:

	Note	2014	2013
		------- Rupees in '000 -------	
Shaukat Khanum Memorial Cancer Hospital		2,000	2,850
The Indus Hospital		1,000	2,850
Sindh Institute of Urology and Transplantation		1,000	2,850
Chippa Welfare Association		1,000	500
Layton Rahmatulla Benevolent Trust	18.1.2	1,000	2,850
Zakia Naz		-	1,500
Ghurki Trust Teaching Hospital		-	1,350
Children Cancer Hospital		500	600
Child Aid Association		500	-
The Citizen Foundation		500	-
Koohi Goth Hospital		500	-
AKHUWAT		1,500	-
Center for Development of Social Services (CDSS)		500	-
Pakistan Kidney Institute /Shifa Foundation		-	1,350
		10,000	16,700

18.1.2 One member of the Board of Directors of the Bank is one of the trustees of the Donee.

18.1.3 Charity was not paid to any active staff of the Bank or to any individual / organisation in which a director or his spouse had any interest at any time during the year except as mentioned in note 18.1.2.

19 SHARE CAPITAL

19.1 Authorised capital

2014	2013		2014	2013
------- Number of Shares -------			------- Rupees in '000 -------	
1,200,000,000	1,200,000,000	Ordinary shares of Rs.10 each	12,000,000	12,000,000

19.2 Issued, subscribed and paid up

Ordinary shares of Rs. 10/- each		Fully paid in cash		
2014	2013		2014	2013
------- Number of Shares -------			------- Rupees in '000 -------	
697,603,000	697,603,000	Opening Balance	6,976,030	6,976,030
-	-	Issued during the year	-	-
697,603,000	697,603,000	Closing Balance	6,976,030	6,976,030

19.3 The Bank's shares are 100 percent held by Dubai Islamic Bank PJSC, UAE – the holding company and its nominee directors.

19.4 The State Bank of Pakistan (SBP) vide BSD Circular No. 7 of 2009 dated April 15, 2009 has revised the Minimum Capital Requirement for banks. As per this circular the Bank was required to have a minimum issued, subscribed and paid-up capital (free of losses) of Rs.10 billion as at December 31, 2014. The paid-up capital of the Bank (free of losses) amounted to Rs. 6.976 billion as at December 31, 2014. As more fully explained in note 1.5 to these financial statements, 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 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 deposit of USD 31 million placed 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 first half of 2016.

	Note	2014	2013
20 RESERVES		------- Rupees in '000 -------	
Statutory Reserves	20.1	147,475	27,372

20.1 Under section 21 of the Banking Companies Ordinance, 1962 an amount of not less than 20% of the profit is to be transferred to create a reserve fund till such time the reserve fund and the share premium account equal the amount of the paid up capital. Thereafter, an amount of not less than 10 percent of the profit is required to be transferred to such reserve fund. In the prior years, SBP's approval was obtained for transferring back the amount from statutory reserves to offset the accumulated losses in order to reduce Minimum Capital Requirement (MCR) shortfall.

	2014	2013
21 (DEFICIT) / SURPLUS ON REVALUATION OF ASSETS	------- Rupees in '000 -------	
21.1 Surplus on revaluation of available for sale securities		
Sukuk	(140,311)	50,463
Less : Related deferred tax asset / (liability)	49,109	(17,662)
	(91,202)	32,801

22 CONTINGENCIES AND COMMITMENTS

22.1 Transaction - related contingent liabilities

	2014	2013
Contingent liabilities in respect of performance bonds, bid bonds, warranties, etc. given favoring		
- Government	494,549	474,750
- Banking companies and other financial institutions	34,361	31,815
- Others	1,659,270	1,531,397
	2,188,180	2,037,962

Alco

		2014	2013
22.2	**Trade-related contingent liabilities**	**------- Rupees in '000 -------**	
	Import Letters of Credit (including acceptances)	4,432,705	4,468,071
22.3	**Claims not acknowledged as debt**	10,000	-

22.3.1 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 favour of the Bank and, hence, no provision in this respect has been made in these financial statements.

		2014	2013
22.4	**Commitments in respect of promises to**	**------- Rupees in '000 -------**	
	Purchase	8,816,941	4,029,920
	Sell	4,600,480	4,908,501
22.5	**Commitments for the acquisition of operating fixed assets**	74,504	88,364

22.6 Commitments in respect of financing facilities

The Bank makes commitment(s) 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.

		Note	2014	2013
23	**PROFIT / RETURN EARNED**		**------- Rupees in '000 -------**	
	On Islamic financing and related assets to customers		4,573,056	3,238,841
	On Investments in available for sale securities		1,891,841	2,375,250
	On Investments in held for trading securities		55,762	-
	On deposits / placements with financial institutions		1,002,612	162,540
			7,523,271	5,776,631
24	**PROFIT / RETURN EXPENSED**			
	Deposits and other accounts		3,285,513	2,489,281
	Other short term fund generation		148,456	173,462
			3,433,969	2,662,743
25	**GAIN ON SALE OF SECURITIES**			
	Sukuk certificates			
	- Federal government		135,506	14,856
	- Foreign currency Sukuk		61,684	14,409
	Gain on sale of securities		197,190	29,265
26	**OTHER INCOME**			
	Loss / (gain) on sale of property and equipment	11.2.1	302	178
	Liabilities no longer required written back		-	-
	Sharing of management fee		-	-
	Refund of SBP Penalty		-	3,148
	Other		7	59
			309	3,385

27 ADMINISTRATIVE EXPENSES

	Note	2014	2013
		------- Rupees in '000 -------	
Salaries, allowances, etc.	27.1	1,610,134	1,230,212
Remuneration to Sharia advisor		400	1,696
Charge for defined benefit plan		33,825	27,290
Contribution to defined contribution plan		47,175	37,653
Brokerage and commission		121,156	102,197
Rent, taxes, insurance, electricity, etc.		969,272	827,838
Legal and professional charges		63,796	65,149
Communications		181,348	144,100
Repairs and maintenance		233,606	194,262
Traveling		39,363	27,731
Stationery and printing		57,664	37,018
Subscription fees		3,515	3,197
Advertisement and publicity		58,416	33,272
Auditors' remuneration	27.2	5,038	4,971
Depreciation	11.2	250,823	227,985
Amortization of intangible assets	11.3	82,271	83,773
Tracker related costs		87,763	46,120
Others		126,693	88,072
		3,972,258	3,182,536

27.1 This includes Rs 6.201 million (2013: Rs. 5.466 million) in respect of Contribution to Employees' Old Age Benefit Institution.

27.2 Auditors' remuneration

	2014	2013
	------- Rupees in '000 -------	
Audit fee	1,025	900
Fee for the review of half yearly financial statements	420	400
Fee for review of compliance with CCG	170	170
Fee for special certifications and group reporting	2,429	2,718
Out-of-pocket expenses	994	783
	5,038	4,971

28 OTHER CHARGES

	2014	2013
Worker Welfare Fund	18,890	4,425
Penalties imposed by the State Bank of Pakistan	1,898	26
	20,788	4,451

29 TAXATION

	2014	2013
- Current	86,494	65,169
- Prior years	-	-
- Deferred	238,524	9,868
	325,018	75,037

29.1 Relationship between tax charge and accounting profit

	2014 Rupees in '000
Profit before taxation	925,531
Tax at the applicable rate of 35%	323,936
Effect of:	
- permanent differences	664
- others	418
Tax charge for the year	325,018

AJKo

29.2 Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented for the prior year as the Bank had accumulated losses in prior periods and provision for current taxation was made under section 113 of the Income Tax Ordinance, 2001 (Minimum Tax).

29.3 Under section 114 of the Income Tax Ordinance, 2001 (Ordinance), the Bank has filed the returns of income for the tax years from 2006 to 2014 on due dates. These returns were deemed assessed under the provisions of the prevailing income tax law as applicable in Pakistan during the relevant accounting years.

30 BASIC AND DILUTED EARNING PER SHARE

	Note	2014	2013
		------- Rupees in '000 -------	
Profit after taxation for the year		600,513	136,860
		------- Number of shares -------	
Weighted average number of ordinary shares in issue - Number		697,603,000	697,603,000
		------- Rupees -------	
Earning per share - basic and diluted	30.1	0.8608	0.1962

30.1 There were no convertible / dilutive potential ordinary shares outstanding as at December 31, 2014 and December 31, 2013.

31 CASH AND CASH EQUIVALENTS

	Note	2014	2013
		------- Rupees in '000 -------	
Cash and balances with treasury banks	6	10,480,052	5,291,178
Balances with other banks	7	529,277	1,840,378
		11,009,329	7,131,556

32 STAFF STRENGTH

	2014	2013
	------ Number of employees-----	
Permanent	1,521	1,143
Contractual basis	8	6
Bank's own staff strength at the end of the year	1,529	1,149
Outsourced	968	820
Total staff strength	2,497	1,969

33 DEFINED BENEFIT PLAN

33.1 Principal actuarial assumptions

The latest actuarial valuation of the Bank's gratuity scheme was carried out as at December 31, 2014. Projected unit credit method, using the following significant assumptions, was used for the valuation of the defined benefit plan:

	2014	2013
Discount rate	10.5%	12.5%
Expected rate of salary increase	8.5%	9.5%
Normal retirement age	60	60

33.2 Reconciliation of payable to defined benefit plan

	2014	2013
	-----------(Rupees in '000)-----------	
Present value of defined benefit obligations	133,264	106,951
Fair value of plan assets	(133,264)	(106,951)
	-	-

	2014	2013
	------- Rupees in '000 ------	

33.3 Movement in defined benefit obligation

	2014	2013
Obligations at the beginning of the year	106,951	89,470
Current service cost	32,760	28,855
Cost of fund	12,295	10,292
Benefits paid	(17,178)	(18,415)
Actuarial gain on obligation	(1,564)	(3,251)
Obligations at the end of the year	133,264	106,951

33.4 Movement in fair value of plan assets

	2014	2013
Fair value at the beginning of the year	106,951	103,096
Expected return on plan assets	11,230	11,857
Contributions	33,613	14,599
Benefits paid	(17,178)	(18,415)
Actuarial loss on plan assets	(1,352)	(4,186)
Fair value at the end of the year	133,264	106,951

33.5 Plan assets consist of the following:

	2014	2013
Balance with Bank in deposit accounts	4,700	26,034
Dubai Islamic Bank Pakistan Limited Savings Plus Accounts	18,000	-
Sukuk	110,564	80,917
	133,264	106,951

33.6 Movement in payable to defined benefit plan

	2014	2013
Opening balance	-	(13,626)
Charge for the year	33,825	27,290
Other Comprehensive Income	(212)	935
Bank's contribution to the fund made during the year	(33,613)	(14,599)
Closing balance	-	-

33.7 Charge for defined benefit plan

	2014	2013
Current service cost	32,760	28,855
Net (return) / cost	1,065	(1,565)
	33,825	27,290

	2014	2013
33.8 Actual return on plan assets	9,878	7,670

33.9 Historical information

	2014	2013	2012	2011	2010
	(Rupees in '000)				
Defined benefit obligation	133,264	106,951	89,470	71,317	67,299
Fair value of plan assets	(133,264)	(106,951)	(103,096)	(77,918)	(76,319)
(Surplus) / deficit	-	-	(13,626)	(6,601)	(9,020)
Remeasurements of plan liabilities	1,564	3,251	4,848	759	6,001
Remeasurements of plan assets	(1,352)	(4,186)	900	(248)	(2,380)

33.10 The weighted average duration of the defined benefit obligation is 8.05 years.

33.11 Expected maturity analysis of undiscounted defined benefit obligation for the gratuity scheme is as follows:

Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
(Rupees in '000)				
9,767	13,364	30,536	128,542	182,209

33.12 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumption	Increase in assumption	Decrease in assumption
		Impact on defined benefit obligation - Increase / (Decrease)	
		----------(Rupees in '000)------	
Discount rate	0.50%	(6,094)	7,141
Salary growth rate	0.50%	7,381	(6,390)

	Increase by 1 year in assumption	Decrease by 1 year in assumption
	----------(Rupees in '000)------	
Life expectancy / Withdrawal rate	1,355	(1,456)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the Statement of Financial Position.

34 DEFINED CONTRIBUTION PLAN (PROVIDENT FUND)

The Bank operates a contributory provident fund scheme for permanent employees. The employer and employee both contribute 10% of the basic salaries to the funded scheme every month. Equal monthly contributions by the employer and employees during the year amounted to Rs. 47.175 million each (2013: Rs. 37.653 million).

35 COMPENSATION OF DIRECTORS AND EXECUTIVES

	President / Chief Executive		Directors		Executives	
	2014	2013	2014	2013	2014	2013
	-----------------------Rupees in '000					
Fees	-	-	15,868	8,411	-	-
Managerial remuneration (including Bonus)	30,597	22,805	-	-	351,678	276,455
Charge for defined benefit plan	764	-	-	-	29,306	21,563
Contribution to defined contribution plan	916	343	-	-	35,167	25,876
Rent and house maintenance	6,950	6,773	-	-	142,951	106,025
Utilities	916	872	-	-	35,167	25,876
Medical	40	40	-	-	7,759	6,154
Leave fare assistance	621	621	-	-	21,540	25,420
Car allowance	1,374	1,260	-	-	94,875	75,522
Others	-	155	-	-	40,258	11,144
	42,178	32,869	15,868	8,411	758,701	574,035
Number of persons	1	1	8	8	255	204

The Chief Executive and certain Executives are provided with club membership and mobile telephone facilities and the Chief Executive is also provided with bank maintained car in accordance with the Bank's service rules.

36 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

The fair value of quoted investments is based on quoted market prices. Unquoted equity securities are valued at lower of cost and break-up value as per the latest available audited financial statements. Other unquoted securities are valued at cost less impairment losses. The provision for impairment in the value of investments has been determined in accordance with the accounting policy as stated in note 5.3.5 to these financial statements.

Fair values of islamic financing and related assets cannot be determined with reasonable accuracy due to absence of current and active market. The provisions against islamic financing and related assets have been calculated in accordance with the accounting policy as stated in note 5.4 to these financial statements. The repricing, maturity profile and effective rates are stated in note 40 to these financial statements.

Fair values of all other financial assets and liabilities cannot be calculated with sufficient accuracy as an active market does not exist for these instruments. In the opinion of the management, fair value of these assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature and there are frequent repricings in the case of islamic financing and related assets and deposits.

Off-balance sheet financial instruments	**2014**		**2013**	
	Book value	**Fair value**	**Book value**	**Fair value**
	Rupees in '000			
Forward promise to purchase foreign currency	8,903,647	8,816,941	4,052,115	4,029,920
Forward promise to sell foreign currency	4,655,269	4,600,480	4,938,599	4,908,501

37 SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2014					
	Corporate Finance	**Trading & Sales**	**Retail Banking**	**Commercial Banking**	**Others**	**Total**
	Rupees in '000					
Internal Income	-	(2,441,912)	4,473,770	(2,019,612)	(12,246)	-
Total income	38,460	2,906,397	2,453,647	3,225,502	16,255	8,640,261
Total expenses	(13,499)	(264,870)	(6,388,962)	(1,366,097)	(6,320)	(8,039,748)
Net income (loss)	24,961	199,615	538,455	(160,207)	(2,311)	600,513
Segment assets (gross)	-	24,627,789	21,498,471	49,607,426	7,348,354	103,082,040
Segment non performing financings	-	-	948,826	1,391,104	28,826	2,368,756
Segment provision required		-	551,825	938,066	20,160	1,510,051
Segment liabilities	-	-	75,771,614	13,602,359	4,739,945	94,113,918
Segment return on net assets (ROA) (%)	-	9.21%	15.44%	10.03%	3.61%	-
Segment cost of funds (%)	-	8.68%	4.54%	4.81%	-	-

	2013					
	Corporate Finance	**Trading & Sales**	**Retail Banking**	**Commercial Banking**	**Others**	**Total**
	Rupees in '000					
Internal Income	- -	(2,033,739)	3,374,475	(1,330,145)	(10,591)	-
Total income	54,681	2,461,684	2,131,433	1,853,720	18,413	6,519,931
Total expenses	(691)	(180,203)	(5,249,920)	(954,125)	1,868	(6,383,071)
Net income / (loss)	53,990	247,742	255,988	(430,550)	9,690	136,860
Segment assets (gross)	-	33,458,729	11,971,161	26,707,105	9,361,937	81,498,932
Segment non performing financings	-	-	1,045,448	1,530,531	26,651	2,602,630
Segment provision required	-	-	530,747	672,271	15,505	1,218,523
Segment liabilities	-	1,000,000	67,434,585	3,780,100	1,079,494	73,294,179
Segment return on net assets (ROA) (%)	-	8.33%	16.15%	9.06%	3.87%	-
Segment cost of funds (%)	-	8.34%	4.36%	8.34%	-	-

38 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.

Transactions with related parties other than remuneration and benefits to key management personnel including the Chief Executive Officer under the terms of the employment as disclosed in note 35 are as follows:

	2014	2013
Key management personnel	---------- (Rupees '000) ---------	
Financings		
At beginning of the year	88,562	96,730
Disbursements	96,978	22,581
Repayments	(62,752)	(30,749)
At the end of the year	122,788	88,562
Profit earned on islamic financing and related assets	4,027	4,221
Remuneration to Key Management Personnel.	153,589	130,905
Deposits		
At beginning of the year	6,174	16,136
Deposits	205,348	121,134
Withdrawals	(187,972)	(131,096)
At the end of the year	23,550	6,174
Return on deposits	1,129	242
Directors		
Financings		
At beginning of the year	-	-
Transferred from staff financings	-	-
At the end of the year	-	-
Profit earned on islamic financing and related assets	-	-
Deposits		
At beginning of the year	5,375	1,164
Deposits	55,255	13,552
Withdrawals	(44,460)	(9,341)
At the end of the year	16,170	5,375
Return on deposits	247	73
Holding company		
Purchase of Foreign Currency Sukuk from Holding Company *	690,298	4,473,525
Sale of Foreign Currency Sukuk to Holding Company	4,968,012	767,118
Gain on sale of foreign currency sukuk	61,684	14,409
Contingent liabilities in respect of performance bonds	1,047,882	1,057,182
Fee charged by the holding company in respect of outsourcing arrangement	48,259	51,430

* This includes purchase of Sukuk issued by Associate Company via Dubai Islamic Bank PJSC amounting to Nil (2013: Rs 1.065 billion)

AHCo

	2014	2013
Deposits	(Rupees '000)	
At beginning of the year	60,428	1,178
Deposits	1,724,930	941,864
Withdrawals	(1,771,657)	(882,614)
At the end of the year	13,701	60,428
Balance held abroad		
At beginning of the year	160,875	4,021,441
Deposits	36,526,299	31,699,556
Withdrawals	(36,594,869)	(35,560,122)
At the end of the year	92,305	160,875
Other payables	21,333	10,600
Other receivables	6,332	9,324

Employee benefit plans

Contribution to Employees Gratuity Fund	33,613	14,599
Contribution to Employees Provident Fund	47,175	37,653

Forex transactions - Dubai Islamic Bank P.J.S.C

CURRENCY	2014			
	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
	(Currency in '000)			
AED	28,000	1,076,600	1,055,700	28,500
AUD	30	-	-	-
CHF	3,450	1,500	-	850
EUR	5,100	113,680	111,500	4,900
GBP	3,330	110,215	110,700	-
JPY	554,600	89,700	169,500	-
USD	629,753	29,268	16,814	621,122

Forex deals outstanding as at year end - Dubai Islamic Bank P.J.S.C

CURRENCY	2014			
	FORWARD			
	BUY		SELL	
	Currency in '000	Rupees in '000	Currency in '000	Rupees in '000
AED	42,000	1,149,603	-	-
EUR	3,600	439,929	120	14,656
GBP	4,300	673,517	-	-
JPY	169,000	145,514	-	-
USD	146	14,655	24,139	2,430,177

Forex transactions - Dubai Islamic Bank P.J.S.C

CURRENCY	2013			
	READY / SPOT / TOM		FORWARD	
	BUY	SELL	BUY	SELL
	(Currency in '000)			
AED	18,300	662,550	641,700	7,900
CHF	675	40	-	-
EUR	5,805	50,128	49,100	5,550
GBP	1,520	60,165	58,800	900
JPY	15,928	-	-	-
USD	351,998	16,136	11,077	333,647

Forex deals outstanding as at year end - Dubai Islamic Bank P.J.S.C

CURRENCY	2013			
	FORWARD			
	BUY		SELL	
	Currency in '000	Rupees in '000	Currency in '000	Rupees in '000
AED	36,000	1,033,560	-	-
EUR	2,600	377,371	-	-
GBP	2,500	435,951	-	-
USD	-	-	17,481	1,843,126

39 CAPITAL ASSESSMENT AND ADEQUACY

39.1 Capital management

Capital Management aims to safeguard the Bank's ability to continue as a going concern so that it could continue to provide adequate returns to shareholders by pricing products and services commensurately with the level of risk. For this the Bank ensures strong capital position and efficient use of capital as determined by the underlying business strategy i.e. maximizing growth on continuing basis. The Bank maintains a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

This process is managed by the Asset Liability Committee (ALCO) of the Bank. The objective of ALCO is to derive the most appropriate strategy in terms of the mix of assets and liabilities given its expectations of the future and the potential consequences of interest rate movement, liquidity constraints and capital adequacy and its implication on risk management policies.

The State Bank of Pakistan (SBP) has introduced new guidelines with respect to disclosure of capital adequacy related information in the financial statements of banks vide its communication dated February 4, 2014. These guidelines are based on the requirements of Basel III which were introduced earlier by the SBP in August 2013 for implementation by banks in Pakistan. The SBP has specified a transitional period till 2018 for implementation of Basel III. During the year, the SBP vide its BPRD Circular No. 11 of 2014 dated November 5, 2014 has revised the disclosure requirements with respect to capital adequacy related information. The disclosures below have been prepared on the basis of the SBP's circular.

39.2 Goals of managing capital

The goals of managing capital of the Bank are as follows:

- To be an appropriately capitalised institution, considering the requirements set by the regulators of the banking markets where the Bank operates;

- Maintain strong ratings and to protect the Bank against unexpected events; and

- Ensure availability of adequate capital at a reasonable cost so as to enable the Bank to operate adequately and provide reasonable value addition for the shareholders and other stakeholders.

39.3 Statutory minimum capital requirement and management of capital

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%. As more fully explained in note 1.5 to these financial statements, the SBP vide its letter no. BPRD/BA & CP/623/019653/2013 dated December 28, 2013 had allowed the Bank to raise FCY sub-ordinated debt from the 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 deposit of USD 31 million placed 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 first half of 2016.

39.4 Capital Structure

Under Basel III framework, the Bank's regulatory capital has been analysed into two tiers as follows:

- Tier 1 capital (going concern capital) which is sub divided into:

a) Common Equity Tier 1 (CET1), which includes fully paid up capital, reserve for bonus issue, general reserves and un-appropriated profits (net of losses), etc after deductions for investments in the equity of subsidiary companies engaged in banking and financial activities (to the extent of 50%), reciprocal crossholdings and deficit on revaluation of available for sale investments and deduction for book value of intangibles.

b) Additional Tier 1 capital (AT1), which includes instruments issued by the Bank which meet the specified criteria after deduction of remaining 50% investment in the equity of subsidiary companies engaged in banking and financial activities and other specified deductions.

41

Presently the Bank does not have any AT1 capital.

- Tier II capital, which includes general provisions for loan losses (upto a maximum of 1.25% of credit risk weighted assets), reserves on revaluation of fixed assets and available for sale investments after deduction of deficit on available for sale investments.

Banking operations are categorised in either the trading book or the banking book and risk weighted assets are determined according to the specified requirements that seek to reflect the varying levels of risk attached to assets and off balance sheet exposures.

39.5 Capital adequacy ratio

The capital to risk weighted assets ratio, calculated in accordance with the SBP guidelines on capital adequacy, under Basel III and Pre-Basel III treatment using Standardised Approach for Credit and Market Risk and Basic Indicator Approach for Operational Risk is presented below:

Particulars	2014	2013
	-------- Rupees in '000 --------	
Common Equity Tier 1 capital (CET1): Instruments and reserves		
Fully paid-up capital / capital deposited with the SBP	6,976,030	6,976,030
Balance in share premium account	-	-
Reserve for issue of bonus shares	-	-
General / Statutory Reserves	147,493	27,390
Gain / (Losses) on derivatives held as Cash Flow Hedge	-	-
Unappropriated profits	406,760	(73,788)
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
CET 1 before Regulatory Adjustments	**7,530,283**	**6,929,632**
Total regulatory adjustments applied to CET1 (Note 38.5.1)	**360,201**	**277,348**
Common Equity Tier 1	**7,170,082**	**6,652,284**

	2014	2013
	-------- Rupees in '000 --------	
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	-	-
of which:		
- classified as equity	-	-
- classified as liabilities	-	-
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	-	-
- of which: instrument issued by subsidiaries subject to phase out	-	-
AT1 before regulatory adjustments	-	-
Total of Regulatory Adjustment applied to AT1 capital (Note 38.5.2)	-	-
Additional Tier 1 capital	-	-
Additional Tier 1 capital recognised for capital adequacy (b)	-	-
Tier 1 Capital (CET1 + admissible AT1) (c=a+b)	**7,170,082**	**6,652,284**
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	-	-
Capital instruments subject to phase out arrangement from tier 2	3,114,976	-
Tier 2 capital instruments issued to third party by consolidated subsidiaries	-	-
- of which: instruments issued by subsidiaries subject to phase out	-	-
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	62,875	53,826
Revaluation Reserves		
of which:		
- Revaluation reserves on Property	-	-
- Unrealized Gains on AFS	-	14,760

	2014	2013
	Rupees in '000	
Foreign Exchange Translation Reserves	-	-
Undisclosed / Other Reserves (if any)	-	-
T2 before regulatory adjustments	**3,177,851**	**68,586**
Amount of Regulatory Adjustment applied to T2 capital (note 38.5.3)	-	
Tier 2 capital (T2)	3,177,851	68,586
Tier 2 capital recognised for capital adequacy	3,177,851	68,586
Excess Additional Tier 1 capital recognised in Tier 2 capital	-	-
Total Tier 2 capital admissible for capital adequacy (d)	**3,177,851**	**68,586**
TOTAL CAPITAL (T1 + admissible T2) (e=c+d)	**10,347,933**	**6,720,870**
Total Risk Weighted Assets (i=f+g+h)	**60,587,109**	**46,056,282**
Capital Ratios and buffers (in percentage of risk weighted assets)		
CET1 to total RWA (a/i)	11.83%	14.44%
Tier-1 capital to total RWA (c/i)	11.83%	14.44%
Total capital to RWA (e/i)	17.08%	14.59%
Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement) of which:	0%	0%
- capital conservation buffer requirement	0%	-
- countercyclical buffer requirement	0%	-
- D-SIB or G-SIB buffer requirement	0%	-
CET1 available to meet buffers (as a percentage of risk weighted assets)	11.83%	14.44%
National minimum capital requirements prescribed by SBP		
CET1 minimum ratio	5.50%	5.00%
Tier 1 minimum ratio	7.00%	6.50%
Total capital minimum ratio	10.00%	10.00%

	2014		2013	
Particulars	**Amount**	**Pre-Basel III treatment***	**Amount**	**Pre-Basel III treatment***
	Rupees in '000			

39.5.1 Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	-	-	-	-
All other intangibles (net of any associated deferred tax liability)	259,248	-	277,348	-
Shortfall of provisions against classified assets (Note 39.6.2.1)	-	-	-	-
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	9,751	39,005	-	224,221
Defined-benefit pension fund net assets	-	-	-	-
Reciprocal cross holdings in CET1 capital instruments	-	-	-	-
Cash flow hedge reserve	-	-	-	-
Investment in own shares / CET1 instruments	-	-	-	-
Securitization gain on sale	-	-	-	-
Capital shortfall of regulated subsidiaries	-	-	-	-
Deficit on account of revaluation from bank's holdings of property / AFS	91,202	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	-	-
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-	-
Amount exceeding 15% threshold of which:	-	-	-	-
- significant investments in the common stocks of financial entities	-	-	-	-
- deferred tax assets arising from temporary differences	-	-	-	-
National specific regulatory adjustments applied to CET1 capital	-	-	-	-
Investment in TFCs of other banks exceeding the prescribed limit	-	-	-	-
Any other deduction specified by SBP	-	-	-	-
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-	-
Total regulatory adjustments applied to CET1	**360,201**	**39,005**	**277,348**	**224,221**

Particulars	2014 Amount	2014 Pre-Basel III treatment*	2013 Amount	2013 Pre-Basel III treatment*
	---------- Rupees in '000 ----------			

39.5.2 Additional Tier 1 Capital: regulatory adjustments

Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	-	-	-
Investment in own AT1 capital instruments	-	-	-	-
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	-	-	-
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-	-
Total of Regulatory Adjustment applied to AT1 capital	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

39.5.3 Tier 2 Capital: regulatory adjustments

Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-	-
Reciprocal cross holdings in Tier 2 instruments	-	-	-	-
Investment in own Tier 2 capital instrument	-	-	-	-
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-	-
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-	-
Amount of Regulatory Adjustment applied to T2 capital	-	-	-	-

* This column highlights items that are still subject to Pre Basel III treatment during the transitional period

39.5.4 Risk Weighted Assets subject to pre-Basel III treatment

	2014	2013
	-------- Rupees in '000 --------	
Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-Basel III Treatment)	39,005	224,221
of which: deferred tax assets	39,005	224,221
of which: Defined-benefit pension fund net assets	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-
of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-
Amounts below the thresholds for deduction (before risk weighting)		
Non-significant investments in the capital of other financial entities	-	-
Significant investments in the common stock of financial entities	-	-
Deferred tax assets arising from temporary differences (net of related tax liability)	13,678	234,187

AHo

	2014	2013
	Rupees in '000	
Applicable caps on the inclusion of provisions in Tier 2		
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	62,875	53,826
Cap on inclusion of provisions in Tier 2 under standardized approach	625,523	575,704
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-
Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-

39.6 Capital Structure Reconciliation

39.6.1 Reconciliation of each financial statement line item to item under regulatory scope of reporting - Step 1

Particulars	Balance sheet as in published financial statements	Under regulatory scope of reporting
	(Rupees in '000)	
Assets		
Cash and balances with treasury banks	10,480,052	10,480,052
Balances with other banks	529,277	529,277
Due from financial institutions	10,147,169	10,147,169
Investments	18,258,604	18,258,604
Islamic financing and related assets	58,840,280	58,840,280
Operating fixed assets	1,751,032	1,751,032
Deferred tax assets	62,434	62,434
Other assets	1,484,151	1,484,151
Total assets	**101,552,999**	**101,552,999**
Liabilities and Equity		
Bills payable	1,250,385	1,250,385
Due to financial institutions	3,567,342	3,567,342
Deposits and other accounts	83,844,395	83,844,395
Sub-ordinated loans	3,114,976	3,114,976
Liabilities against assets subject to finance leases	-	-
Deferred tax liabilities	-	-
Other liabilities	2,336,820	2,336,820
Total liabilities	**94,113,918**	**94,113,918**
Share capital	6,976,030	6,976,030
Reserves	147,493	147,493
(Accumulated losses) /Unappropriated profit	406,760	406,760
Minority Interest	-	-
Surplus on revaluation of investments - net of tax	(91,202)	(91,202)
Total liabilities and equity	**101,552,999**	**101,552,999**

39.6.2 Reconciliation of balance sheet to eligible regulatory capital - Step 2

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
		(Rupees in '000)	
Assets			
Cash and balances with treasury banks		10,480,052	10,480,052
Balances with other banks		529,277	529,277
Due from financial institutions		10,147,169	10,147,169
Investments		18,258,604	18,258,604
of which:			
- *non-significant capital investments in capital of other financial institutions exceeding 10% threshold*	a	-	-

AlHo

Particulars	Reference	Balance sheet as in published financial statements	Under regulatory scope of reporting
		-------------(Rupees in '000)----------	
- *significant capital investments in financial sector entities exceeding regulatory threshold*	b	-	-
- *mutual Funds exceeding regulatory threshold*	c	-	-
- *reciprocal crossholding of capital instrument*	d	-	-
- *others*	e	-	-
Islamic financing and related assets		58,840,280	58,840,280
- *shortfall in provisions / excess of total EL amount over eligible provisions under IRB (Note 39.6.2.1)*	f	-	-
- *general provisions reflected in Tier 2 capital*	g	62,875	62,875
Operating fixed assets		1,751,032	1,751,032
- *of which: Intangibles*	k	259,248	259,248
Deferred tax assets		62,434	62,434
of which:			
- *DTAs that rely on future profitability excluding those arising from temporary*	h	48,756	48,756
- *DTAs arising from temporary differences exceeding regulatory threshold*	i	13,678	13,678
Other assets		1,484,151	1,484,151
of which:			
- *goodwill*	j	-	-
- *defined-benefit pension fund net assets*	l	-	-
Total assets		**101,552,999**	**101,552,999**
Liabilities and Equity			
Bills payable		1,250,385	1,250,385
Due from financial institutions		3,567,342	3,567,342
Deposits and other accounts		83,844,395	83,844,395
Sub-ordinated loans of which:		3,114,976	3,114,976
- *eligible for inclusion in AT1*	m	-	-
- *eligible for inclusion in Tier 2*	n	3,114,976	3,114,976
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities of which:		-	-
- *DTLs related to goodwill*	o	-	-
- *DTLs related to intangible assets*	p	-	-
- *DTLs related to defined pension fund net assets*	q	-	-
- *other deferred tax liabilities*	r	-	-
Other liabilities		2,336,820	2,336,820
Total liabilities		**94,113,918**	**94,113,918**
Share capital		6,976,030	6,976,030
- *of which: amount eligible for CET1*	s	6,976,030	6,976,030
- *of which: amount eligible for AT1*	t	-	-
Reserves of which:		147,493	147,493
- *portion eligible for inclusion in CET1 - Statutory reserve*	u	147,475	147,475
- *portion eligible for inclusion in CET1 - General reserve*		18	18
- *portion eligible for inclusion in Tier 2*	v	-	-
Unappropriated profit	w	406,760	406,760
Minority Interest of which:		-	-
- *portion eligible for inclusion in CET1*	x	-	-
- *portion eligible for inclusion in AT1*	y	-	-
- *portion eligible for inclusion in Tier 2*	z	-	-
Surplus on revaluation of assets of which:		(91,202)	(91,202)
- *Revaluation reserves on Property*		-	-
- *Unrealized Gains/Losses on AFS*	aa	-	-
- *In case of Deficit on revaluation (deduction from CET1)*	ab	(91,202)	(91,202)
Total liabilities and Equity		**101,552,999**	**101,552,999**

39.6.2. As more fully explained in Note 10.7.2, financing facility provided to Agritech Limited has been classified as Loss. However, SBP through its letter no BPRD / BRD - (Policy) / 2014-11546 has provided relaxation to the Bank, whereby the Bank is allowed to recognise provision in a phased manner against outstanding exposure. Accordingly, the Bank holds a provision of Rs 398.796 million against Agritech Limited, instead of Rs 531.728 million, resulting in a shortfall of Rs 132.968 million as at December 31, 2014. The shortfall in the provision has not been deducted from eligible regulatory capital as allowed by the SBP.

39.6.3 Basel III Disclosure (with added column) - Step 3

	Particulars	Source based on reference number from step 2	Component of regulatory capital reported by bank
			(Rupees in '000)
	Common Equity Tier 1 capital (CET1): Instruments and reserves		
1	Fully Paid-up Capital		6,976,030
2	Balance in share premium account	(s)	-
3	Reserve for issue of bonus shares		-
4	General / Statutory Reserves	(u)	147,493
5	Gain / (Losses) on derivatives held as Cash Flow Hedge		-
6	Unappropriated / unremitted profits	(w)	406,760
7	Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	(x)	-
8	**CET 1 before Regulatory Adjustments**		**7,530,283**
	Common Equity Tier 1 capital: Regulatory adjustments		
9	Goodwill (net of related deferred tax liability)	(j) - (s)	-
10	All other intangibles (net of any associated deferred tax liability)	(k) - (p)	259,248
11	Shortfall of provisions against classified assets (Note 39.6.2.1)	(f)	-
12	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	(h) - (r) * x%	9,751 -
13	Defined-benefit pension fund net assets	(l) - (q) * x%	-
14	Reciprocal cross holdings in CET1 capital instruments	(d)	-
15	Cash flow hedge reserve		-
16	Investment in own shares / CET1 instruments		-
17	Securitization gain on sale		-
18	Capital shortfall of regulated subsidiaries		-
19	Deficit on account of revaluation from bank's holdings of property / AFS	(ab)	91,202
20	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(a) - (ac) - (ae)	-
21	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	(b) - (ad) - (af)	-
22	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	(i)	-
23	Amount exceeding 15% threshold of which:		-
	- significant investments in the common stocks of financial entities		
	- deferred tax assets arising from temporary differences		-
24	National specific regulatory adjustments applied to CET1 capital		-
25	Investment in TFCs of other banks exceeding the prescribed limit		-
26	Any other deduction specified by SBP (mention details)		-
27	Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions		-
28	Total regulatory adjustments applied to CET1		360,201
	Common Equity Tier 1		**7,170,082**
	Additional Tier 1 (AT 1) Capital		
29	Qualifying Additional Tier-1 instruments plus any related share premium		-
	of which:		
30	- Classified as equity	(t)	-
31	- Classified as liabilities	(m)	-
32	Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties	(y)	-
33	- of which: instrument issued by subsidiaries subject to phase out		-
34	**AT1 before regulatory adjustments**		-

	Particulars	Source based on reference number from 39.4.2	Component of regulatory capital reported by bank
			(Rupees in '000)
	Additional Tier 1 Capital: regulatory adjustments		
35	Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)		-
36	Investment in own AT1 capital instruments		-
37	Reciprocal cross holdings in Additional Tier 1 capital instruments		-
38	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ac)	-
39	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(ad)	-
40	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-1 capital		-
41	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions		-
42	Total of Regulatory Adjustment applied to AT1 capital		-
43	Additional Tier 1 capital		-
44	**Additional Tier 1 capital recognised for capital adequacy**		-
	Tier 1 Capital (CET1 + admissible AT1)		**7,170,082**
	Tier 2 Capital		
45	Qualifying Tier 2 capital instruments under Basel III		-
46	Capital instruments subject to phase out arrangement from Tier 2	(n)	3,114,976
47	Tier 2 capital instruments issued to third party by consolidated subsidiaries	(z)	-
	- of which: instruments issued by subsidiaries subject to phase out		-
48	General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	(g)	62,875
49	Revaluation Reserves eligible for Tier 2 of which:		
50	- portion pertaining to Property		-
51	- portion pertaining to AFS securities	45% of (aa)	-
52	Foreign Exchange Translation Reserves	(v)	-
53	Undisclosed / Other Reserves (if any)		-
54	**T2 before regulatory adjustments**		-
		-	**3,177,851**
	Tier 2 Capital: regulatory adjustments		
55	Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital		
56	Reciprocal cross holdings in Tier 2 instruments		-
57	Investment in own Tier 2 capital instrument		-
58	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	(ae)	-
59	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	(af)	-
60	Amount of Regulatory Adjustment applied to T2 capital		-
61	Tier 2 capital (T2)		3,177,851
62	Tier 2 capital recognised for capital adequacy		3,177,851
63	Excess Additional Tier 1 capital recognised in Tier 2 capital		-
64	Total Tier 2 capital admissible for capital adequacy		3,177,851
	TOTAL CAPITAL (T1 + admissible T2)		**10,347,933**

39.7 Main features of regulatory capital instruments

	Main Features	Common Shares
1	Issuer	Dubai Islamic Bank Pakistan Limited
2	Unique identifier (eg KSE Symbol or Bloomberg identifier etc.)	DIBPL - CDC Symbol
3	Governing law(s) of the instrument	Banking Companies Ordinance, 1962 and the Directives issued by SBP
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo/ group/ group&solo	Solo
7	Instrument type	Ordinary shares
8	Amount recognised in regulatory capital (Currency in PKR thousands, as of reporting date)	6,976,030
9	Par value of instrument	10
10	Accounting classification	Shareholders' equity
11	Original date of issuance	March 21, 2006
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/ coupon	N/A
18	coupon rate and any related index/ benchmark	N/A
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible
24	If convertible, conversion trigger (s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down feature	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument	Residual interest
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A

39.8 Risk-weighted exposures

	Capital requirements		Risk weighted assets	
	2014	2013	2014	2013
Credit Risk	(Rupees in '000)			
Portfolios subject to on-balance sheet exposure (Simple Approach)				
Cash and cash equivalents	-	-	-	-
Sovereign	2,221	515	22,205	5,148
Banks	115,499	259,375	1,154,987	2,588,606
Public sector entities	330,142	166,738	3,301,418	1,667,375
Corporate	3,101,256	1,673,517	31,012,558	16,735,165
Retail	669,048	533,362	6,690,477	5,333,615
Residential mortgage	173,714	150,958	1,737,138	1,509,582
Past due loans	82,626	154,915	826,256	1,549,147
Operating fixed assets	149,178	117,756	1,491,784	1,177,562
All other assets	154,590	133,267	1,545,899	1,332,672
Portfolios subject to off-balance sheet exposure - non market related (Simple approach)				
Financial guarantees	274	-	2,738	-
Acceptances	96,719	38,702	967,186	387,023
Performance related commitments	59,751	47,640	597,508	476,397
Trade related commitments	58,614	65,610	586,141	656,103
Commitments in respect of operating fixed asset	7,450	8,836	74,504	88,364
Other Commitments	1,000	-	10,000	-
Portfolios subject to off-balance sheet exposures - market related (Current exposure method)				
Banks	2,106	2,628	21,058	26,279
Customers	-	-	-	-
Market Risk				
Interest rate risk	163,206	612,893	1,632,064	6,128,925
Equity position risk	-	-	-	-
Foreign Exchange risk	119,970	6,238	1,199,704	62,375
Market risk-weighted exposures	283,177	619,130	2,831,768	6,191,300
Capital Requirement for portfolios subject to Standardised Approach				
Operational Risk				
Capital requirement for operational risk	771,348	633,193	7,713,484	6,331,925
TOTAL	6,058,711	4,606,142	60,587,109	46,056,263

Capital Adequacy Ratio	Required	Actual	Required	Actual
	December-14		December-13	
CET1 to total RWA	5.50%	**11.83%**	5.00%	**14.44%**
Tier-1 capital to total RWA	7.00%	**11.83%**	6.50%	**14.44%**
Total capital to total RWA	10.00%	**17.08%**	10.00%	**14.59%**

40 RISK MANAGEMENT

The Bank was granted a certificate to commence business in March 2006. The Bank is progressively implementing the guidelines issued by the SBP on risk management while keeping in sight the current and future scale and scope of its activities. Today, for the Bank, Risk Management is a structured approach to managing uncertainty related to an outcome. It is a sequence of activities including: risk assessment, policies, procedures and strategies development which are put in place to identify, measure, monitor and control the risk faced and mitigation of risk using adequate and relevant resources.

In the currently competitive banking market the Bank's rate of return is greatly influenced by its risk management capabilities as "Banking is about managing risk and return". Success in the banking business is thus dependent on how well an institution manages its risks. It is not to eliminate or avoid risk altogether but to proactively assess and manage risks for organization's strategic advantage.

RISK FRAMEWORK

The Bank's Risk management framework is based on three pillars; (a) Risk Principles and strategies, (b) Organizational Structures and Procedures and (c) Prudent Risk Measurement and Monitoring Processes which are closely aligned with the activities of the Bank so as to give maximum value to the shareholders while ensuring that risks are kept within an acceptable level / risk appetite.

The Board determine the overall risk appetite and philosophy for the Bank. The overall risk is monitored by the Board Risk Monitoring Committee (BRMC). The terms of reference of this committee have been approved by the Board. Various Management Committees such as Management Committee, Asset and Liability Management Committee and Credit Committee support these goals.

The Chief Executive Officer (CEO) and Chief Risk Officer (CRO), in close coordination with all business / support functions, ensure that the Risk Management Framework approved by the Board is implemented in true spirit and risk limits are communicated and adhered for quantifiable risks by those who accept risks on behalf of the organization. Further, they also ensure that the non-quantifiable risks are communicated as guidelines and adhered to in management business decisions.

RISK APPETITE

Risk management across the Bank is based on the risk appetite and philosophy set by the Board and the associated risk committees. The Board establishes the parameters for risk appetite for the Bank through:

- Setting strategic direction;
- Contributing to, and ultimately approving plans for each division; and
- Regularly reviewing and monitoring the Bank's performance in relation to risk through related reports.

It is to be ensured that the risk remains within the acceptable level and sufficient capital is available as a buffer to absorb all the risks. It forms the basis of strategies and policies for managing risks and establishing adequate systems and controls to ensure that overall risk remain within acceptable level.

RISK ORGANISATION

The nature of the Bank's businesses requires it to identify, measure and manage risks effectively. The Bank manages these risks through a framework of risk vision, mission, strategy, policies, principles, organizational structures, infrastructures and risk measurement and monitoring processes that are closely aligned with the activities of the Bank. The Bank Risk Management function is independent of the business areas.

In line with best practices, the Bank exercises adequate oversight through the Risk Monitoring Committee and the Bank's Risk Management Group and has developed an elaborate risk identification measurement and management framework.

Along with the above, business heads are also specifically responsible for the management of risk within their respective businesses. As such, they are responsible for ensuring that they are in compliance with appropriate risk management frameworks in line with the standards set by the Bank.

Business heads are supported by the Risk Management Group and the Finance Department. An important element that underpins the Bank's approach to the management of all risk is independence, where the risk monitoring function is independent of the risk taking function.

The Bank also has credit risk, market risk, liquidity risk, operational risk, and investment policies in place.

40.1 Credit Risk

Credit risk arises from the potential that an obligor is either unwilling to perform on an obligation or its ability to perform such obligation is impaired resulting in economic loss to the bank. The credit risk arises mainly from both direct financing activities as well as contingent liabilities. The objective of credit risk management framework / policies for the Bank is to achieve sustainable and superior risk versus reward performance whilst maintaining credit risk exposure in line with the approved risk appetite.

The Bank has adopted Standardised Approach for calculation of capital charge against credit risk. Therefore, risk weights for the credit risk related assets (on-balance sheet and off-balance sheet - market and non-market related exposures) are assigned on the basis of standardised approach.

The Bank has its own credit rating system (Moody's) in place which takes into account both quantitative and qualitative aspects. In addition, pro-active credit risk management is undertaken through identifying target markets, defining minimum risk acceptance criteria for each industry, annual industry reports on key industries etc. Periodic review process and risk asset review coupled with policies on internal watch listing are capable of identifying problem financings at an early stage. In addition a full-fledged Special assets management (SAM) department has also been set up for dealing with problem accounts.

The Bank also uses various Management Information System generated on regular basis to monitor and control past dues, irregularities, shortfalls etc., and also to view the composition of the portfolio and address any concentration issues in terms of segment, risk ratings, tenor, geography etc.

40.1.1 Segments by class of business

	2014					
	Islamic Financing and Related Assets (Gross)		Deposits		Contingencies and Commitments *	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture	-	-	117,461	0.14%	-	0.00%
Textile	12,926,405	21.42%	819,546	0.98%	1,326,777	20.01%
Chemical and pharmaceuticals	5,920,028	9.81%	2,650,114	3.16%	74,558	1.12%
Cement	390,989	0.65%	165,420	0.20%	251,208	3.79%
Sugar	1,450,000	2.40%	213510	0.25%	-	0.00%
Food	10,265,952	17.01%	1,467,282	1.75%	241,572	3.64%
Footwear and leather garments	674,168	1.12%	32,574	0.04%	72,891	1.10%
Automobile and transportation equipment	219,889	0.36%	76,620	0.09%	174,053	2.62%
Electronics and electrical appliances	102,471	0.17%	180,053	0.21%	273,315	4.12%
Construction	1,507,388	2.50%	779	0.00%	102,615	1.55%
Power (electricity), gas, water, sanitary	5,068,019	8.40%	310,295	0.37%	962,553	14.52%
Wholesale and retail trade	1,217,194	2.02%	1,303,289	1.55%	133,797	2.02%
Exports / imports	98,822	0.16%	336,582	0.40%	-	0.00%
Transport, storage and communication	1,393,331	2.31%	1,368,721	1.63%	482,874	7.28%
Financial	-	-	160,791	0.19%	1,197,882	18.07%
Insurance	-	-	1,269,949	1.51%	-	0.00%
Services	1,391,639	2.31%	11,872,599	14.16%	430,234	6.49%
Individuals	14,929,401	24.74%	56,868,804	67.83%	215,443	3.25%
Others	2,794,635	4.63%	4,630,006	5.52%	691,113	10.42%
	60,350,331	100%	83,844,395	100%	6,630,885	100%

* Contingent liabilities for the purpose of this note are presented at cost and include direct credit substitutes, transaction related contingent liabilities, trade related contingent liabilities and claims not acknowledged as debt.

	2013					
	Islamic Financing and Related Assets (Gross)		Deposits		Contingencies and Commitments*	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Agriculture	-	-	81,134	0.00	-	-
Textile	8,199,392	22.31%	452,036	0.67%	1,563,814	24.04%
Chemical and pharmaceuticals	2,280,786	6.20%	926,821	1.37%	128,117	1.97%
Cement	150,000	0.41%	103,538	0.15%	179,810	0
Sugar	605,198	0	250347	0.00	-	-
Food	3,857,598	10.49%	47,245	0.07%	251,320	3.86%
Footwear and leather garments	209,254	0.57%	2,356	0.00%	10,296	0
Automobile and transportation equipment	1,337,037	3.64%	283,030	0.42%	5,331	0
Electronics and electrical appliances	104,579	0.28%	4,738	0.01%	194,503	0
Construction	1,438,991	3.91%	16,108	0.02%	23,160	0.36%
Power (electricity), gas, water, sanitary	759,356	2.07%	266,357	0.39%	1,634,335	25.12%
Wholesale and retail trade	1,299,209	3.53%	260,086	0.38%	107,874	1.66%
Exports / imports	297,454	0.81%	447,622	0.66%	33,704	0.52%
Transport, storage and communication	1,420,000	3.86%	1,472,498	2.18%	451,294	6.94%
Financial	-	-	910,276	1.35%	1,207,182	18.55%
Insurance	-	-	197,395	0.29%	-	-
Services	434,382	1.18%	6,461,180	9.55%	284,651	4.38%
Individuals	12,434,806	33.83%	54,254,254	80.21%	68,329	0
Others	1,930,867	5.25%	1,202,203	1.78%	362,313	5.57%
	36,758,909	100%	67,639,224	100%	6,506,033	100%

* Contingent liabilities for the purpose of this note are presented at cost and include direct credit substitutes, transaction related contingent liabilities and trade related contingent liabilities.

40.1.2 Segment by sector

	2014					
	Islamic Financing and Related Assets (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	6,892,138	11.42%	4,209,968	5.02%	3,735,606	56.34%
Private	53,458,193	88.58%	79,634,427	94.98%	2,895,279	43.66%
	60,350,331	100.00%	83,844,395	100.00%	6,630,885	100.00%

	2013					
	Islamic Financing and Related Assets (Gross)		Deposits		Contingencies and Commitments	
	Rupees in '000	Percent	Rupees in '000	Percent	Rupees in '000	Percent
Public / Government	2,834,748	7.71%	832,779	1.23%	4,393,841	67.53%
Private	33,924,161	92.29%	66,806,445	98.77%	2,112,192	32.47%
	36,758,909	100.00%	67,639,224	100.00%	6,506,033	100.00%

40.1.3 Details of non-performing islamic financing and related assets and specific provisions by class of business segment:

	2014		2013	
	Classified Islamic financing and related assets	Specific provisions held	Classified Islamic financing and related assets	Specific provisions held
	Rupees in '000			
Textile	343,777	290,602	353,360	195,900
Chemical	688,528	407,625	765,000	255,800
Wholesale and retail trade	148,199	64,690	176,768	52,053
Services	861	861	861	861
Individuals	921,455	509,110	1,072,099	492,427
Food	146,289	123,798	146,289	112,452
Others	119,647	50,490	88,253	55,204
	2,368,756	1,447,176	2,602,630	1,164,697

40.1.4 Details of non-performing islamic financing and related assets and specific provisions by sector:

	2014		2013	
	Classified financings	Specific provisions held	Classified financings	Specific provisions held
	Rupees in '000			
Public / Government	-	-	-	-
Private	2,368,756	1,447,176	2,602,630	1,164,697
	2,368,756	1,447,176	2,602,630	1,164,697

40.1.5 Geographical segment analysis

	2014			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments *
	Rupees in '000			
Pakistan	925,531	101,552,999	7,439,081	6,620,885

	2013			
	Profit before taxation	Total assets employed	Net assets employed	Contingencies and commitments *
	Rupees in '000			
Pakistan	211,897	80,256,612	6,962,433	6,506,033

* Contingent liabilities for the purpose of this note are presented at cost and include direct credit substitutes, transaction related contingent liabilities and trade related contingent liabilities.

40.1.6 Credit risk - General disclosures

The Bank uses the 'Standardised Approach' in calculation of credit risk and capital requirements throughout its statement of financial position.

Credit Risk: Disclosures for portfolio subject to the Standardised Approach and supervisory risk weights in the IRB Approach

The Bank uses reputable and SBP approved rating agencies for deriving risk weight to specific credit exposures. These are applied consistently across the Bank credit portfolio for both on - balance sheet and off - balance sheet exposures. Details of rating agencies used for different types of bank's exposures are given below:

Types of Exposures and ECAI's used

	2014		
Exposures	**JCR - VIS**	**PACRA**	**Moody's**
Corporate	✔	✔	N/A
Banks	✔	✔	✔
Sovereigns	N/A	N/A	N/A
SME's	✔	✔	N/A

Credit Exposures subject to Standardised approach

		2014			2013		
Exposures	**Rating Category**	**Amount Outstanding**	**Deduction CRM**	**Net amount**	**Amount Outstanding**	**Deduction CRM**	**Net amount**
		Rupees in '000					
Funded							
Corporate	1	4,270,981	-	4,270,981	1,799,940	-	1,799,940
	2	9,288,224	-	9,288,224	2,417,261	-	2,417,261
	3,4	251,455	-	251,455	209,098	-	209,098
	5,6	-	-	-	-	-	-
		13,810,660	-	13,810,660	4,426,299	-	4,426,299
Banks	1	5,544,173	-	5,544,173	1,768,233	-	1,768,233
	2,3	92,305	-	92,305	10,314,412	-	10,314,412
		5,636,478		5,636,478	12,082,645		12,082,645
Mortgages		4,963,252	-	4,963,252	4,857,475	-	4,857,475
PSEs		6,821,290	-	6,821,290	3,334,749	-	3,334,749
Retail		8,920,636	-	8,920,636	7,146,775	-	7,146,775
Unrated-1		11,485,397	-	11,485,397	14,085,978	-	14,085,978
Unrated-2		11,980,346	-	11,980,346	-	-	-
		63,618,059	**-**	**63,618,059**	**45,933,921**	**-**	**45,933,921**
Non Funded							
Corporate	1	627,154	8,603	618,551	1,231,824	-	1,231,824
	2	162,823	-	162,823	167,077	-	167,077
		789,977	8,603	781,374	1,398,901	-	1,398,901
Banks	1	150,000	-	150,000	150,000	-	150,000
	2,3	1,047,882	-	1,047,882	1,057,182	-	1,057,182
		1,197,882		1,197,882	1,207,182		1,207,182
Retail		387,807	81,623	306,184	88,200	9,214	78,986
Unrated-1		2,975,321	70,097	2,905,224	3,900,317	85,775	3,814,542
Unrated-2		1,269,898	43,607	1,226,291	-	-	-
		6,620,885	**203,930**	**6,416,955**	**6,594,600**	**94,989**	**6,499,611**

Credit Risk: Disclosures with respect to Credit Risk Mitigation - Standardized Approach

For Credit Risk Mitigation purposes the Bank uses only the eligible collaterals under Simple Approach of Credit Risk Mitigation under Standardized Approach as prescribed by SBP under BSD Circular No. 8 of 2007.

40.2 Market Risk

Market risk is the risk that the value of the on and off balance sheet positions of the Bank will be adversely affected by movements in market rates or other underlying risk factors.

The Bank manages the market risk in its portfolios through its Market Risk Management framework and methodologies set out in its Board approved Market Risk Policy as per the SBP guidelines. A separate market risk monitoring function has also been set up.

Market Risk at the Bank is controlled by:

- Identifying the relevant market risk factors for a particular product, portfolio or business proposition;
- Applying an appropriate limit structure; and
- Setting and monitoring appropriate levels of limits.

These are adequately supported by stringent operational controls and standards and compliance with internal and regulatory policies.

Standard risk management techniques and tools have been adopted by the risk management group, including the SBP mandated stress testing methodology to monitor and manage market risk.

40.2.1 Foreign Exchange Risk

Currency risk is the risk of loss arising from the fluctuations of exchange rates.

In the normal course of conducting commercial banking business, which ranges from intermediation only to taking on principal risk as dealer or as counterparty, the Bank purchases or sells currencies in today / ready and gives or receives unilateral promises for sale or purchase of FX at future dates in a long or short position in different currency pairs. These positions expose the Bank to foreign exchange risk. To control this risk, the Bank primarily uses principal limits at various levels to control the open position, and ultimately the residual foreign exchange risk of the Bank. The Bank also strictly adheres to all associated regulatory limits.

The following is a summary of the assets of the Bank subject to foreign exchange risk:

	2014			
	Assets	Liabilities	Off-balance Sheet	Net foreign currency exposure
	------- Rupees in '000 -------			
Pakistan rupee	97,893,504	85,058,945	(4,210,883)	8,623,676
United States dollar	3,185,374	6,348,818	1,963,940	(1,199,504)
Great Britain pound	161,291	833,305	673,101	1,087
Japanese yen	240	-	(210)	30
Euro	125,650	550,423	424,874	101
Swiss franc	2,227	-	-	2,227
U.A.E Dirham	180,450	1,322,427	1,149,178	7,201
Australian Dollar	4,263	-	-	4,263
	101,552,999	94,113,918	-	7,439,081

	2013			
	Assets	Liabilities	Off-balance Sheet	Net foreign currency exposure
	------- Rupees in '000 -------			
Pakistan rupee	70,404,351	64,289,801	892,736	7,007,286
United States dollar	9,242,930	6,555,078	(2,736,198)	(48,346)
Great Britain pound	203,352	633,835	434,513	4,030
Japanese yen	110	-	-	110
Euro	103,314	483,333	375,522	(4,497)
Swiss franc	869	-	-	869
U.A.E Dirham	301,686	1,332,132	1,033,427	2,981
	80,256,612	73,294,179	-	6,962,433

40.2.2 Equity Position Risk

The Bank had no exposure to equities as at the balance sheet date.

40.2.3 Yield / Profit Rate Risk

All products dealt in by the Bank are duly approved by the Bank's Shari'a Advisor / Shari'a Executive Committee and the Bank does not conduct any business in interest related products.

The objective of yield / profit rate risk monitoring is to manage the resultant impact on the Bank's statement of financial position due to changes in profit / return on investment and financing products. Yield / profit rate risk review of the statement of financial position is also done monthly in ALCO meetings. Various ratios as prescribed by the SBP are also monitored. The Bank also uses Gap Analysis and Notional Principal Limits to monitor the risks.

40.2.4 MISMATCH OF YIELD / PROFIT RATE SENSITIVE ASSETS AND LIABILITIES

	2014											
	Effective Yield / Profit rate	Total	Exposed to Yield / Profit risk									
			Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-profit bearing financial instruments
		Rupees in '000										
On-balance sheet financial instruments												
Assets												
Cash and balances with Treasury Banks	-	10,480,052	-	-	-	-	-	-	-	-	-	10,480,052
Balances with other Banks	5.00%	529,277	10	-	-	-	-	-	-	-	-	529,267
Due from financial institutions	9.71%	10,147,169	3,123,454	706,568	3,251,413	3,065,734	-	-	-	-	-	-
Investments	8.83%	18,258,604	1,728,823	3,370,326	13,159,455	-	-	-	-	-	-	-
Islamic financing and related assets	11.29%	58,840,280	9,098,380	16,139,810	27,070,517	4,129,490	39,307	33,774	284,719	68,210	758,173	1,217,900
Other assets	-	926,070	-	-	-	-	-	-	-	-	-	926,070
		99,181,452	13,950,667	20,216,704	43,481,385	7,195,224	39,307	33,774	284,719	68,210	758,173	13,153,289
Liabilities												
Bills payable		1,250,385	-	-	-	-	-	-	-	-	-	1,250,385
Due to financial institutions	7.59%	3,567,342	875,802	1,508,288	1,183,252	-	-	-	-	-	-	-
Deposits and other accounts	4.54%	83,844,395	60,442,660	-	-	-	-	-	-	-	-	23,401,735
Sub-ordinated loans		3,114,976	-	-	-	-	-	-	-	-	-	3,114,976
Other liabilities	-	1,328,824	-	-	-	-	-	-	-	-	-	1,328,824
		93,105,922	61,318,462	1,508,288	1,183,252	-	-	-	-	-	-	29,095,920
On-balance sheet gap		6,075,530	(47,367,795)	18,708,416	42,298,133	7,195,224	39,307	33,774	284,719	68,210	758,173	(15,942,631)
Total Yield / Profit Risk Sensitivity Gap			(47,367,795)	18,708,416	42,298,133	7,195,224	39,307	33,774	284,719	68,210	758,173	(15,942,631)
Cumulative Yield/Profit Risk Sensitivity Gap			(47,367,795)	(28,659,379)	13,638,754	20,833,978	20,873,285	20,907,059	21,191,778	21,259,988	22,018,161	6,075,530

	Effective yield / Profit Rate	Total	Exposed to Yield / Profit risk: Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years	Non-profit bearing financial instruments
		2013										
			------ Rupees in '000 ------									
On-balance sheet financial instruments												
Assets												
Cash and balances with Treasury Banks	-	5,291,178	-	-	-	-	-	-	-	-	-	5,291,178
Balances with other Banks	8.21%	1,840,378	44,790	-	-	-	-	-	-	-	-	1,795,588
Due from financial institutions	8.94%	9,740,822	9,740,822	-	-	-	-	-	-	-	-	-
Investments	8.34%	25,044,279	3,122,453	3,905,221	18,016,605	-	-	-	-	-	-	-
Islamic financing and related assets	11.92%	35,540,386	3,111,935	11,193,476	13,855,780	4,378,427	97,585	159,109	185,577	51,080	675,018	1,832,399
Other assets	-	671,317	-	-	-	-	-	-	-	-	-	671,317
		78,128,360	16,020,000	15,098,697	31,872,385	4,378,427	97,585	159,109	185,577	51,080	675,018	9,590,482
Liabilities												
Bills payable	-	1,208,862	-	-	-	-	-	-	-	-	-	1,208,862
Due to financial institutions	8.34%	2,938,000	1,000,000	780,000	1,158,000	-	-	-	-	-	-	-
Deposits and other accounts	4.35%	67,639,224	45,566,587	-	-	-	-	-	-	-	-	22,072,637
Other liabilities	-	997,462	-	-	-	-	-	-	-	-	-	997,462
		72,783,548	46,566,587	780,000	1,158,000	-	-	-	-	-	-	24,278,961
On-balance sheet gap		5,344,812	(30,546,587)	14,318,697	30,714,385	4,378,427	97,585	159,109	185,577	51,080	675,018	(14,688,479)
Total Yield / Profit Risk Sensitivity Gap			(30,546,587)	14,318,697	30,714,385	4,378,427	97,585	159,109	185,577	51,080	675,018	(14,688,479)
Cumulative Yield/Profit Risk Sensitivity Gap			(30,546,587)	(16,227,890)	14,486,495	18,864,922	18,962,507	19,121,616	19,307,193	19,358,273	20,033,291	5,344,812

40.3 Liquidity Risk

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet in an orderly way its contractual obligations when due. Liquidity risk arises in the general funding of the Bank's activities and in the management of its assets. The Bank maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new financings, participate in new investments when opportunities arise, and to meet any other commitments. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

Liquidity risk is managed within a framework of liquidity policies, controls and limits. These policies, controls and limits ensure that the Bank maintains well diversified sources of funding, as well as sufficient liquidity to meet all its contractual obligations when due. The management of liquidity is carried out using a prudent strategic approach to manage the Bank's funding requirements.

It is the policy of the Bank to maintain adequate liquidity at all times and for all currencies and hence to be in a position, in the normal course of business, to meet all its obligations, to repay depositors, to fulfill commitments, to finance and to meet any other commitments made.

The management of liquidity risk within the Bank is undertaken within limits and other policy parameters set by ALCO, which meets monthly and reviews compliance with policy parameters. Day to day monitoring is done by the treasury while overall compliance is monitored and coordinated by the ALCO and includes reviewing the actual and planned strategic growth of the business and its impact on the statement of financial position from a statement of financial position integrity and sustainability perspective and monitoring the Bank's liquidity profile and associated activities.

40.3.1 MATURITIES OF ASSETS AND LIABILITIES

Maturities Of Assets And Liabilities - Expected Maturity

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	10,480,052	2,830,162	-	-	-	7,649,890	-	-	-	-
Balances with other banks	529,277	529,277	-	-	-	-	-	-	-	-
Due from financial institutions	10,147,169	3,123,454	706,568	3,251,413	3,065,734	-	-	-	-	-
Investments	18,258,604	43,958	-	55,517	5,517	5,556,123	1,274,274	9,156,443	1,927,696	239,076
Islamic financing and related assets	58,840,280	7,314,730	9,955,931	13,078,992	5,420,111	3,860,430	4,971,184	7,604,484	3,581,217	3,053,201
Operating fixed assets	1,751,032	30,314	64,452	137,947	180,274	321,788	276,103	413,808	266,851	59,495
Deferred tax assets	62,434	10,518	20,890	31,026	-	-	-	-	-	-
Other assets	1,484,151	396,089	219,851	608,545	122,739	43,956	37,002	36,741	13,188	6,040
	101,552,999	14,278,502	10,967,692	17,163,440	8,794,375	17,432,187	6,558,563	17,211,476	5,788,952	3,357,812
Liabilities										
Bills payable	1,250,385	1,250,385	-	-	-	-	-	-	-	-
Due to financial institutions	3,567,342	868,000	1,508,288	1,191,054	-	-	-	-	-	-
Deposits and other accounts	83,844,395	6,128,378	5,431,802	8,153,490	13,366,778	14,907,636	11,091,955	19,790,232	1,765,724	3,208,400
Sub-ordinated loans	3,114,976	-	-	-	-	3,114,976	-	-	-	-
Other liabilities	2,336,820	1,379,753	414,328	218,066	118,034	52,328	40,656	81,708	31,947	-
	94,113,918	9,626,516	7,354,418	9,562,610	13,484,812	18,074,940	11,132,611	19,871,940	1,797,671	3,208,400
Net assets	7,439,081	4,651,986	3,613,274	7,600,830	(4,690,437)	(642,753)	(4,574,048)	(2,660,464)	3,991,281	149,412
Share capital	6,976,030									
Reserves	147,475									
Accumulated loss	406,760									
Advance against future issue of share capital	18									
Surplus on revaluation of assets - net of tax	(91,202)									
	7,439,081									

	2013									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	5,291,178	2,151,255	-	-	-	3,139,923	-	-	-	-
Balances with other banks	1,840,378	1,840,378	-	-	-	-	-	-	-	-
Due from financial institutions	9,740,822	9,740,822	-	-	-	-	-	-	-	-
Investments	25,044,279	52,154	-	556,342	1,088,445	10,378,188	6,973,605	505,003	3,057,684	2,432,858
Islamic financing and related assets	35,540,386	1,982,334	5,356,719	9,343,061	394,335	2,387,403	2,298,892	7,062,986	3,889,756	2,824,900
Operating fixed assets	1,454,910	304,402	5,906	37,025	39,783	140,674	131,177	308,736	429,605	57,602
Deferred tax assets	234,187	24,819	49,638	74,457	85,273	-	-	-	-	-
Other assets	1,110,472	287,677	68,889	384,441	134,276	103,065	19,897	85,795	6,010	20,422
	80,256,612	16,383,841	5,481,152	10,395,326	1,742,112	16,149,253	9,423,571	7,962,520	7,383,055	5,335,782
Liabilities										
Bills payable	1,208,862	1,208,862	-	-	-	-	-	-	-	-
Due to financial institutions	2,938,000	1,000,000	780,000	1,158,000	-	-	-	-	-	-
Deposits and other accounts	67,639,224	5,689,495	5,774,611	6,237,115	13,118,559	9,084,713	16,376,750	9,333,831	2,024,150	-
Other liabilities	1,508,093	843,055	355,909	98,596	69,599	42,529	26,785	57,155	14,465	-
	73,294,179	8,741,412	6,910,520	7,493,711	13,188,158	9,127,242	16,403,535	9,390,986	2,038,615	-
Net assets	6,962,433	7,642,429	(1,429,368)	2,901,615	(11,446,046)	7,022,011	(6,979,964)	(1,428,466)	5,344,440	5,335,782
Share capital	6,976,030									
Reserves	27,372									
Accumulated loss	(73,788)									
Advance against future issue of share capital	18									
Surplus on revaluation of assets - net of tax	32,801									
	6,962,433									

Regarding behavior of non-maturity deposits (non-contractual deposits), the Bank conducted a behavioral study based on 3 years data. On the basis of its findings 31% of current accounts saving accounts are bucketed into 'Upto' 1-Year maturity and 61% of current and saving accounts are bucketed in 'Upto' 2 to 5 years.

Maturities Of Assets And Liabilities - Contractual Maturity

	2014									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	10,480,052	2,830,162	-	-	-	7,649,890	-	-	-	-
Balances with other banks	529,277	529,277	-	-	-	-	-	-	-	-
Due from financial institutions	10,147,169	3,123,454	706,568	3,251,413	3,065,734	-	-	-	-	-
Investments	18,258,604	43,958	-	55,517	5,517	5,556,123	1,274,274	9,156,443	1,927,696	239,076
Islamic financing and related assets	58,840,280	7,314,730	9,955,931	13,078,992	5,420,111	3,860,430	4,971,184	7,604,484	3,581,217	3,053,201
Operating fixed assets	1,751,032	30,314	64,452	137,947	180,274	321,788	276,103	413,808	266,851	59,495
Deferred tax assets	62,434	10,518	20,890	31,026	-	-	-	-	-	-
Other assets	1,484,151	396,089	219,851	608,545	122,739	43,956	37,002	36,741	13,188	6,040
	101,552,999	14,278,502	10,967,692	17,163,440	8,794,375	17,432,187	6,558,563	17,211,476	5,788,952	3,357,812
Liabilities										
Bills payable	1,250,385	1,250,385	-	-	-	-	-	-	-	-
Due to financial institutions	3,567,342	868,000	1,508,288	1,191,054	-	-	-	-	-	-
Deposits and other accounts	83,844,395	58,661,922	2,728,185	3,983,504	4,935,158	5,600,556	1,784,874	1,176,072	1,765,724	3,208,400
Sub-ordinated loans	3,114,976	-	-	-	-	3,114,976	-	-	-	-
Other liabilities	2,336,820	1,379,753	414,328	218,066	118,034	52,328	40,656	81,708	31,947	-
	94,113,918	62,160,060	4,650,801	5,392,624	5,053,192	8,767,860	1,825,530	1,257,780	1,797,671	3,208,400
Net assets	7,439,081	(47,881,558)	6,316,891	11,770,816	3,741,183	8,664,327	4,733,033	15,953,696	3,991,281	149,412

Share capital	6,976,030
Reserves	147,475
Accumulated loss	406,760
Advance against future issue of share capital	18
Surplus on revaluation of assets	(91,202)
	7,439,081

	2013									
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years	Above 10 Years
	Rupees in '000									
Assets										
Cash and balances with treasury banks	5,291,178	2,151,255	-	-	-	3,139,923	-	-	-	-
Balances with other banks	1,840,378	1,840,378	-	-	-	-	-	-	-	-
Due from financial institutions	9,740,822	9,740,822	-	-	-	-	-	-	-	-
Investments	25,044,279	52,154	-	556,342	1,088,445	10,378,188	6,973,605	505,003	3,057,684	2,432,858
Islamic financing and related assets	35,540,386	1,982,334	5,356,719	9,343,061	394,335	2,387,403	2,298,892	7,062,986	3,889,756	2,824,900
Operating fixed assets	1,454,910	304,402	5,906	37,025	39,783	140,674	131,177	308,736	429,605	57,602
Deferred tax assets	234,187	24,819	49,638	74,457	85,273	-	-	-	-	-
Other assets	1,110,472	287,677	68,889	384,441	134,276	103,065	19,897	85,795	6,010	20,422
	80,256,612	16,383,841	5,481,152	10,395,326	1,742,112	16,149,253	9,423,571	7,962,520	7,383,055	5,335,782
Liabilities										
Bills payable	1,208,862	1,208,862	-	-	-	-	-	-	-	-
Due to financial institutions	2,938,000	1,000,000	780,000	1,158,000	-	-	-	-	-	-
Deposits and other accounts	67,639,224	49,174,918	3,462,812	2,750,468	6,221,061	1,387,376	981,945	1,636,494	2,024,150	-
Other liabilities	1,508,093	843,055	355,909	98,596	69,599	42,529	26,785	57,155	14,465	-
	73,294,179	52,226,835	4,598,721	4,007,064	6,290,660	1,429,905	1,008,730	1,693,649	2,038,615	-
Net assets	6,962,433	(35,842,994)	882,431	6,388,262	(4,548,548)	14,719,348	8,414,841	6,268,871	5,344,440	5,335,782

Share capital	6,976,030
Reserves	27,372
Accumulated loss	(73,788)
Advance against future issue of share capital	18
Surplus on revaluation of assets	32,801
	6,962,433

Current and Saving deposits have been classified under maturity upto one month as these do not have any contracted maturity. Further, the bank estimates that these deposits are a core part of its liquid resources and will not fall below the current year's level.

40.4 Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed processes, people and systems or from external events and Sharia non-compliance. In this regard, in-compliance with the Risk Management Guidelines, issued by SBP, an Operational Risk Management Unit has been established within the Risk Management Group, under supervision of the CRO.

The Bank uses Basic Indicator Approach (BIA) for assessing the capital charge for operational risk. To reduce losses arising from operational risk, the Bank has strengthened its risk management framework duly approved by the BOD by developing strategies, polices, guidelines and manuals. It also includes risk and control self-assessment, key risk indicator, loss data management, set up independent fraud risk management unit, enhancing security measures, improving efficiency and effectiveness of operations and improving quality of human resources through trainings.

41 TRUST ACTIVITIES

The Bank commonly acts as trustee and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions including on behalf of certain related parties. These are not assets of the Bank and, therefore, are not included in the Statement of Financial Position. The following is the list of assets held under trust on behalf of Dubai Islamic Bank PJSC:

Category	Type	No. of IPS account		--------Rupees in '000------- Face Value	
		2014	2013	2014	2013
Employee Funds / NGO's	Government Ijarah Sukuk	1	1	425,000	310,000
Individuals	Government Ijarah Sukuk	1	1	-	2,000
Related parties:					
Dubai Islamic Bank PJSC	Shares	1	1	7,009,506	7,009,506
		3	3	7,434,506	7,321,506

42 PROFIT / (LOSS) DISTRIBUTION TO DEPOSITOR'S POOL

The Bank maintained the following pools for profit declaration and distribution during the year ended December 31, 2014:

i) Common Mudaraba Pool;
ii) Musharaka Pool under SBP's Islamic Export Refinance Scheme.

The deposits and funds accepted under the Common Mudaraba Pool are provided to diversified sectors and avenues of the economy / business mainly to 'Consumer Financings', 'Textile & Allied', 'Food & Allied', 'Distribution & Trade' and 'Investment in Government of Pakistan Ijara Sukuk'.

Musharaka investments from the SBP under Islamic Export Refinance Scheme (IERS) are channelled towards the export sector of the economy and other financings as per SBP guidelines.

Key features and risk & reward characteristics of all pools

The 'Common Mudaraba Pool' for both local and foreign currency caters to all DIBPL depositors and provides profit / loss based on Modaraba.

The IERS Pool caters to the 'Islamic Export Refinance' requirements based on the guidelines issued by the SBP.

The risk characteristic of each pool mainly depends on the asset and liability profile of each pool.

Parameters used for allocation of profit, charging expenses and provisions etc. along with a brief description of their major components:

Income generated from relevant assets, calculated at the end of each month is first set aside for the Musharaka pool arrangement between the Bank and the State Bank of Pakistan. It is then allocated between the participants of the pool as per the agreed weightages and rates. The Common Mudaraba Pool profit is divided between the Bank and depositors in ratio of Bank's average equity and average depositors balances commingled in the pool on pro rata basis. The depositors' share of profit is allocated amongst them on the basis of weightages declared before start of each month, after deduction of a mudarib fee. During the year ended December 31, 2014, the Bank charged 50% of the profit as Mudarib fee. These weightages are declared by the Bank in compliance with the requirements of the SBP and Shariah.

The allocation (of income and expenses to different pools) is based on pre-defined basis and accounting principles / standards. Provisions against any non-performing asset of the pool is not passed on to the pool.

Expenses Charged to The Pool	**2014** **Rupees in '000**
Brokerage Expense - related to investments	25,295
Depreciation on Trackers	22,404
Loss on Sale of Trackers	1,014
Other Tracker Costs	95,261
Miscellaneous Charges	8,058
Amortization of Premium on Investments	36,176
Reversal of Provisioning Previously charged to the Pool	(44,177)
	144,032

42.1 Following weightages have been assigned to different products under the Common Mudaraba Pool during the year:

	Percentage of total Mudaraba based deposits	**Minimum Weightage**	**Maximum Weightage**
Saving - Regular	14%	18%	22%
Saving - Plus	7%	18%	40%
Special Savings	15%	18%	40%
Enhanced Savings	10%	18%	41%
Term Deposits	30%	33%	50%
Premium Term Deposits	14%	39%	51%

42.2 The Bank shares certain revenue from banking operations with the deposit account holders which include:

	2014 **Rupees in '000**
Consumer Financing Commissions	32,132
Tracker Fees	246,016
Gain on sale of Securities	197,190
	475,338

42.3 Classification of assets, revenues, expenses, gains and losses on the basis of sources of finance

(a) exclusively financed by unrestricted investments / PLS deposit account holders;

No assets are exclusively financed by the deposit account holders

(b) exclusively financed by the Bank

WAPDA II Sukuk (Refer note 9.3.2 for details) - funded income	24,562

(c) jointly financed by the Bank and Unrestricted investments / PLS deposit account holders.

All earning assets of the Bank except those tagged to the Islamic Export Refinance Scheme. Major categories include:

	Funded Income	Expenses	Fee Based	Gains / (Loss) on sale of securities	Total
Islamic financing and related assets	4,425,505	(23,155)	32,132	-	4,480,792
Investments (except as disclosed in point (b) above)	1,959,217	36,176	-	197,190	2,120,231
Due from financial institutions	897,452	12,331	-	-	885,121
Trackers installed in auto financing vehicles	-	118,679	246,016	-	127,337
	7,282,174	144,032	278,149	197,190	7,613,481

42.4 Incentive profits (Hiba)

The Bank paid an aggregate amount of Rs 66.200 million as incentive profits (Hiba) during the year ended December 31, 2014. The following guidelines are approved by the Bank's Sharia Advisory Board for determination of incentive profits (Hiba):

- Special weightage deposits in designated tiers / slabs in Common Mudaraba Pool shall be offered extra weightages outside the Common Mudaraba Pool, provided the specified parameters are met;
- The deposit deal shall be at least of Rs 10 million;
- In case of 25% or more withdrawal by special deposit customers (Saving Account) in a given month, profit shall be paid at normal declared rates;
- In case a Term Deposit is pre maturely encashed, profit shall be paid at regular savings rate;
- Special deposit book shall grow gradually and not exceed Rs 5 billion;
- The payment of Hiba for these deposits will be at the sole discretion of the Bank and could be decreased or / and removed any time during the tenure of the deposit, under intimation to the customer, if the customer fails to meet the pre requisites at any time during the tenure of the deposit and / or the profit rate no longer remains sustainable from Bank's share; and
- The Bank shall ensure that all the operational procedures and controls to the satisfaction of Sharia are in place.

42.5 Contractual Maturities of mubaraba based deposit accounts

	2014								
	Total	Upto 1 Month	Over 1 to 3 Months	Over 3 to 6 Months	Over 6 Months to 1 Year	Over 1 to 2 Years	Over 2 to 3 Years	Over 3 to 5 Years	Over 5 to 10 Years
Fixed deposits	29,890,307	4,429,935	7,025,548	4,899,198	5,600,556	1,778,774	1,178,222	1,769,674	3,208,400
Savings deposits	30,552,353	804,406	1,530,966	2,361,320	4,774,538	5,270,281	5,270,281	10,540,561	-
	60,442,660	5,234,341	8,556,514	7,260,518	10,375,094	7,049,055	6,448,503	12,310,235	3,208,400

42.6 Profit / (loss) distribution to depositor's pool

General Remunerative Depositor's Pools	Profit Sharing Ratio	Mudarib Share-Net of Hiba and Including Mudarib Fee (Amount in '000)	Mudarib Share-Net of Hiba and Including Mudarib Fee in %age	Amount of Mudarib share transferred to the depositors through Hiba (Amount in '000)	%age of Net Mudarib share transferred to the depositors through Hiba	Profit Rate and weightage announcement period	Percentage of Mudarib Share transferred through Hiba	Profit rate return earned	Profit rate return distributed
Common Mudaraba Pool	68.11% : 31.89%	3,228,749	56.64%	697,194	21.59%	Monthly	14.16%	10.46%	4.54%

* SBP regulations and Internal Policy allow for monthly change of weightages, however, the bank has not changed them on a monthly basis.

Allco

Specific pools	Ratio of weightage of Bank to SBP	Share of profit to SBP (Amount in '000)	HIBA (Amount in '000)	Profit rate and weightage announcement period	Profit rate return earned by SBP
Musharaka Pool under SBP's Islamic Export Refinance Scheme	2.25 : 1	113,217	27,778	Monthly	7.31%

43 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 05 FEB 2015 by the Board of Directors of the Bank.

44 GENERAL

44.1 Captions, as prescribed by BSD Circular No. 04 of 2006 dated February 17, 2006 issued by the SBP, in respect of which there are no amounts, have not been reproduced in these financial statements, except for captions of the statement of financial position and profit and loss account.

44.2 The figures in the financial statements are rounded off to the nearest thousand rupee.

44.3 Corresponding figures

Corresponding figures have been re-arranged and reclassified, wherever necessary, to facilitate comparison. There were no significant reclassifications / restatements during the year.

CHAIRMAN PRESIDENT / CHIEF EXECUTIVE DIRECTOR DIRECTOR

ANNEXURE - 1

DUBAI ISLAMIC BANK PAKISTAN LIMITED

STATEMENT SHOWING WRITTEN-OFF ISLAMIC FINANCING AND RELATED ASSETS (IN THE CASE OF THE BANK) OR ANY OTHER FINANCIAL RELIEF OF FIVE HUNDRED THOUSAND RUPEES OR ABOVE PROVIDED DURING THE YEAR ENDED DECEMBER 31, 2014

S. No.	Name and address of the customer		Father/Husband Name	CNIC No.	Outstanding Liabilities at beginning of year				Principal written-off	Profit written-off	Other financial relief provided (Early Settlement charges)	Total (10+11+12)
	Name	Address			Principal	Profit	Others (Early Settlement charges)	Total (6+7+8)				
1	2	3	4	5	6	7	8	9	10	11	12	13
					Rupees in '000							
1	Kahlid Altaf	House # 01F-11/1, Karakoram Enclave, Islamabad	Altaf Rasool	61101-7497603-7	3,293	592	-	3,885	-	592	-	592
2	Manzoor Ahmed	P-297, Upper Portion street 08, Hameed Bakers garden Colony, Faisalabad	Sheikh Mukhtar Ahmed	33100-1757563-7	3,510	641	-	4,151	-	601	125	726
3	Faisal Iqbal Khan	H.No 37/11, Khayaban-e-Bahriya, DHA Phase-V, Karachi	Iqbal Ahmed Khan	42301-5566887-7	4,662	829	-	5,491	-	828	-	828
4	Faisal Iqbal Khan	Houes No 37/II, Khayban-e-Behria, Phase 5 DHA, Karachi	Iqbal Ahmed Khan	42301-5566887-7	16,350	2,958	-	19,308	-	2,958	-	2,958
5	Shaikh Abdul Mateen	House No.417, Raza Block, Street No.10, Allama Iqbal Town, Lahore	Sh Abdul Hameed	35201-6360437-3	5,953	1,010	-	6,963	-	964	-	964
6	Aziz Ul Hassan	192 Sec 35 C, Imam Barga Sugrazamah Town, Korangi No 4, Karachi	Muhammad Ismail (Late)	42201-8028953-7	7,752	1,445	-	9,197	-	1,445	-	1,445
7	Naveed Azid	Farooq Electronics, Nadir Cinema Market, Faisalabad	Malik M Siddique	33100-4656810-9	7,202	868	-	8,070	-	1,295	145	1,440
8	Sayed Muhammad Shahid Hussain	House No.216, Block-C, Phase-4, DHA, Lahore	Sayed Muhammad Sabtain Shamsi (Late)	37405-6731041-5	14,644	2,601	-	17,245	-	2,587	369	2,956
9	Muhammad Ahmed	98, Block C-1, Nespak Society, Lahore	M.A Basher	35202-3008641-1	6,883	866	-	7,749	-	1,202	-	1,202
10	Shahnaz Sharif	Suite C, 1st Floor, Kiran Plaza, 28 M Civic Centre, Model Town extension, Lahore	Sharif Ahmed (Late)	35202-2510071-4	5,459	1,004	-	6,463	-	946	206	1,152
11	Muhammad Babar Khan	House # 930/1, Block Z, DHA, Lahore	Mushtaq Ahmed Khan (Late)	35201-0485423-3	3,998	775	-	4,773	-	723	-	723
12	Fayyaz Ahmed	House # 27, College Block, Allama Iqbal Town, Lahore	Muhammad Razzaq (Late)	35201-1353969-1	6,869	692	-	7,561	-	1,604	-	1,604
					86,575	14,281	-	100,856	-	15,745	845	16,590