Company Information

Director’s Report to the Shareholders

Balance Sheet

Profit & Loss Account

Cash Flow Statement

Statement of Changes in Equity

Notes to the Financial Statements
DIRECTORS’ REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the un-audited financial statements for the first quarter ended March 31, 2007.

Performance Review

The Bank has earned a pre tax profit of Rs. 8.7 million and a post tax profit of Rs. 7.4 million for the period ended March 31, 2007. The Bank's deposit base grew to Rs. 10.09 Billion, an increase of 40%, over December 31, 2006. We believe these are excellent results based on the fact that your bank was only formed on December 30, 2006.

Economic Review

Following its past trend, Pakistan's economy is expected to achieve its 7% real GDP growth rate target this fiscal year FY07. The Agriculture sector is forecast to perform well as a result of expected bumper production of wheat and continuing growth in livestock. Similarly, consistent growth in the services sector will have an important contribution in the overall economic growth. However, indications are that the large scale manufacturing sector might have slightly reduced growth this year, against the target of 13%, because of capacity constraints.

Credit Rating

The Pakistan Credit Rating Agency (Pvt) Ltd. has assigned a long term credit rating for the Bank of A+ ("Single A minus") and the short term rating of A2 ("A Two"). The ratings denote a low expectation of credit risk emanating from a strong capacity for timely repayment of financial commitments.

Future Outlook

Management remains dedicated to its core strategy of promoting savings and investment in Pakistan. We will, accordingly, focus on marketing lucrative depositary investment and lending products to the corporate, commercial, consumer, SME and agricultural sectors, through an increased network of branches. The Bank is currently operating with four branches with on-line connectivity and has plans to add a number of new branches during 2007. You will see some of these opening up by the end of 2nd quarter of 2007.

Acknowledgement

We would like to take this opportunity to thank our valued clients for their patronage and confidence. We would also like to place on record our appreciation for the dedicated services and hard work of the JSBL team. The Board also expresses its gratitude to the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Central Board of Revenue and the Stock Exchange for their continued cooperation and guidance.

Karachi: April 24, 2007

Jahangir Siddiqui
Chairman

BALANCE SHEET
AS AT MARCH 31, 2007

<table>
<thead>
<tr>
<th>Note</th>
<th>Un-Audited March 31, 2007</th>
<th>Audited December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rupees in '000</td>
<td></td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with treasury banks</td>
<td>1,153,189</td>
<td>1,912,648</td>
</tr>
<tr>
<td>Balances with other banks</td>
<td>1,667,471</td>
<td>1,463,289</td>
</tr>
<tr>
<td>Lendings to financial institutions</td>
<td>2,916,663</td>
<td>2,825,912</td>
</tr>
<tr>
<td>Investments</td>
<td>4,963,141</td>
<td>2,582,096</td>
</tr>
<tr>
<td>Advances</td>
<td>1,805,203</td>
<td>1,692,881</td>
</tr>
<tr>
<td>Operating fixed assets</td>
<td>436,560</td>
<td>379,584</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>26,250</td>
<td>26,250</td>
</tr>
<tr>
<td>Other assets</td>
<td>1,972,593</td>
<td>1,662,854</td>
</tr>
<tr>
<td></td>
<td>14,941,070</td>
<td>12,545,655</td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bills payable</td>
<td>88,368</td>
<td>610,623</td>
</tr>
<tr>
<td>Borrowings</td>
<td>1,197,496</td>
<td>800,005</td>
</tr>
<tr>
<td>Deposits and other accounts</td>
<td>10,092,900</td>
<td>7,198,149</td>
</tr>
<tr>
<td>Sub-ordinated loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities against assets subject to finance lease</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>171,110</td>
<td>937,680</td>
</tr>
<tr>
<td></td>
<td>11,549,874</td>
<td>9,541,647</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td>3,391,196</td>
<td>3,003,808</td>
</tr>
<tr>
<td>REPRESENTED BY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share capital</td>
<td>3,404,225</td>
<td>3,004,225</td>
</tr>
<tr>
<td>Reserves</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unappropriated profit / (loss)</td>
<td>2,022</td>
<td>(417)</td>
</tr>
<tr>
<td>(Deficit) on revaluation of assets</td>
<td>3,411,252</td>
<td>3,003,808</td>
</tr>
<tr>
<td></td>
<td>(20,056)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,391,196</td>
<td>3,003,808</td>
</tr>
</tbody>
</table>

CONTINGENCIES AND COMMITMENTS

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

Jahangir Siddiqui
Chairman
Naveed Qazi
President/Chief Executive
Manaf Ibrahim
Director
Bashir Shamsie
Director

Quarterly Report 2007 | 04

Quarterly Report 2007 | 03
### PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007

<table>
<thead>
<tr>
<th>March 31, 2007</th>
<th>Rupees in '000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mark-up/Return/Interest Earned</strong></td>
<td>160,496</td>
</tr>
<tr>
<td><strong>Mark-up/Return/Interest Expensed</strong></td>
<td>95,757</td>
</tr>
<tr>
<td><strong>Net Mark-up/ Interest Income</strong></td>
<td>64,741</td>
</tr>
<tr>
<td><strong>Provision against non-performing loans and advances</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Provision for impairment on investments</strong></td>
<td>2,835</td>
</tr>
<tr>
<td><strong>Bad debts written off directly</strong></td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Mark-up/ Interest Income after provisions</strong></td>
<td>67,576</td>
</tr>
</tbody>
</table>

### NON MARK-UP/INTEREST INCOME

- Fee, Commission and Brokerage Income: 8,116
- Dividend Income: 32,951
- Income from dealing in foreign currencies: 2,031
- Gain on sale of securities: 13,661
- **Unrealized (Loss) on revaluation of investments classified as held for trading**: (665)
- Other Income: 28,924
- **Total non-markup/interest income**: 152,594

### NON MARK-UP/INTEREST EXPENSES

- Administrative expenses: 143,916
- Other provisions/write offs (to be specified): -
- Other charges: 6
- **Total non-markup/interest expenses**: 143,922
- **Extra ordinary/unusual items (to be specified)**: -

### PROFIT BEFORE TAXATION

- Taxation – Current: 8,672
- Prior years: 1,228
- Deferred: -
- **Total Profit Before Taxation**: 9,900

### PROFIT AFTER TAXATION

- **Unappropriated (Loss) brought forward**: (417)
- Accumulated profit carried forward: 7,982

### basic earnings per share

- 0.0219

### Diluted Earnings per share

- 0.0222

### STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED MARCH 31, 2007

| Share capital/ Unappropriated/ Total |
|--------------------------------------|----------------|----------------|
| Head office capital account          | Unremitted profit/(loss) |                        |
| Rupees in '000                       |                          |                        |

- Balance as at January 1, 2007: 3,004,225 (417) 3,003,808
- Profit for the current period: - 7,444 7,444
- Issue of share capital: 400,000 - 400,000
- **Balance as at March 31, 2007**: 3,404,225 7,027 3,411,252

The annexed notes from 1 to 12 form an integral part of these financial statements.
CASH FLOW STATEMENT (UN-AUDITED) FOR THE QUARTER ENDED MARCH 31, 2007

March 31, 2007
Rupees in '000

CASH FLOW FROM OPERATING ACTIVITIES
Profit before taxation
Less: Dividend income
(32,951)
(24,279)
Adjustments:
Depreciation
4,792
Amortization of intangibles
54,842
Amortization of deferred cost
347
Realized Gain on revaluation of investments classified as held for trading
(2,835)
(Gain) on sale of fixed assets
2,963
53,913
Increase/ Decrease in operating assets
Lendings to financial institutions
(90,751)
Held-for-trading securities
(1,301,814)
Advances
112,372
Others assets (excluding advance taxation)
(279,065)
(1,764,002)
Increase/ Decrease in operating liabilities
Bills Payable
(522,255)
Borrowings from financial institutions
397,476
Deposits
2,894,771
Other liabilities (excluding current taxation)
(761,760)
2,008,232
224,230
(7,698)
(246,168)
CASH FLOW FROM INVESTING ACTIVITIES
Net investments in available-for-sale securities
4,996,299
Dividend income
8,606
Investments in operating fixed assets
(114,305)
Sale proceeds from disposal of fixed assets
2,963
11,201,433
Net cash used in investing activities
CASH FLOW FROM FINANCING ACTIVITIES
Issue of share capital
400,000
Net cash flow from financing activities
400,000
Increase/Decrease in cash and cash equivalents
Cash and cash equivalents at beginning of the period
3,375,923
Cash and cash equivalents at end of the period
2,820,660
The annexed notes from 1 to 12 form an integral part of these financial statements.
### 7. INVESTMENTS

<table>
<thead>
<tr>
<th>March 31, 2007</th>
<th>December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Held by bank</td>
<td>Held by bank</td>
</tr>
<tr>
<td>1,301,914</td>
<td>1,301,914</td>
</tr>
<tr>
<td>Given as collateral</td>
<td>Given as collateral</td>
</tr>
<tr>
<td>2,507,282</td>
<td>3,154,860</td>
</tr>
<tr>
<td>2,078,624</td>
<td>2,078,624</td>
</tr>
</tbody>
</table>

#### 7.1 INVESTMENTS BY TYPES:

- **Held for trading securities**
  - 1,301,914

- **Available for sale securities**
  - 2,507,282
  - 3,154,860
  - 2,078,624
  - 2,078,624

- **Loans, cash credits, running balances, etc., in Pakistan**
  - 53,580

- **DRs, discounted and purchased (excluding treasury bills)**
  - 577,365

- **Advances - Other**
  - 515,322
  - 1,181,658

- **Provision for non-performing advances - Domestic**
  - 2,066,999
  - 1,998,007

- **Provision for non-performing advances - Overseas**
  - 108,699
  - 108,699

- **Provision for non-performing advances - Other**
  - 108,699

- **Mortgage bonds**
  - 108,699
  - 108,699

- **Shares**
  - 108,699
  - 108,699

- **Advances - Other**
  - 108,699
  - 108,699

### 9. CONTINGENCIES AND COMMITMENTS

#### 9.1 Transaction-related Contingent Liabilities

Includes performance bonds, L/C bonds, warrants, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.

- **Government**: 10,217
- **Others**: 7860

#### 9.2 Other Contingencies

702,245

### 9.3 Commitments in respect of forward exchange contracts

#### Purchase

- 2,811,047

#### Sale

- 2,845,601

### 9.4 Other commitments

#### Forward sale commitments

- 35,974

#### Underwriting commitments

- 196,813

#### Pre-IPO commitments

- 0

---

**March 31, 2007** | **December 31, 2006**
---|---
**Loans, cash credits, running balances, etc., in Pakistan** | 53,580 |
**DRs, discounted and purchased (excluding treasury bills)** | 577,365 |
**Advances - Other** | 515,322 |
**Provision for non-performing advances - Domestic** | 2,066,999 |
**Provision for non-performing advances - Overseas** | 108,699 |
**Provision for non-performing advances - Other** | 108,699 |
**Mortgage bonds** | 108,699 |
**Shares** | 108,699 |
**Advances - Other** | 108,699 |
**Contingencies and Commitments** |  
**Transaction-related Contingent Liabilities** |  
**Government** | 10,217 |
**Others** | 7860 |
**Other Contingencies** | 702,245 |
**Commitments in respect of forward exchange contracts** |  
**Purchase** | 2,811,047 |
**Sale** | 2,845,601 |
**Other commitments** |  
**Forward sale commitments** | 35,974 |
**Underwriting commitments** | 196,813 |
**Pre-IPO commitments** | 0 |
10. RELATED PARTY TRANSACTIONS

Related parties comprise the parent company, associated undertakings, directors and key management personnel of the bank and its parent. The bank in the normal course of business carries out transactions with various related parties. The transactions with the related parties are made at normal market prices.

There are no transactions with key management personnel.

The detail of transactions with related parties during period/year are as follows:

<table>
<thead>
<tr>
<th>Relationship with the Bank</th>
<th>Nature of transactions</th>
<th>March 31, 2007</th>
<th>December 31, 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common directorship</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance outstanding at period/year end</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J SBL before amalgamation</td>
<td>Cash received</td>
<td>300,007</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Payments on behalf of the Bank</td>
<td>15,395</td>
<td></td>
</tr>
<tr>
<td>JS &amp; Sons (Private) Limited</td>
<td>Shares issued</td>
<td>40,099</td>
<td></td>
</tr>
<tr>
<td>Transaction for the period</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associated undertaking</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Argaund-9 Limited</td>
<td>Investment in equity shares</td>
<td>137,881</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sale in equity shares</td>
<td>135,488</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Investment in term finance certificate</td>
<td>355,362</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sale of term finance certificate</td>
<td>359,339</td>
<td></td>
</tr>
<tr>
<td>EFFU General Insurance Limited</td>
<td>Purchase of money market instruments</td>
<td>48,604</td>
<td></td>
</tr>
<tr>
<td>EFFU Life Assurance Limited</td>
<td>Purchase of money market Instruments</td>
<td>25,270</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sale of money market Instruments</td>
<td>232,126</td>
<td></td>
</tr>
<tr>
<td>Jahangir Siddiqui Global Capital Ltd.</td>
<td>Brokerage</td>
<td>2,543</td>
<td></td>
</tr>
<tr>
<td>Alliance EFFU Health Insurance Limited</td>
<td>Sale of money market instruments</td>
<td>14,694</td>
<td></td>
</tr>
<tr>
<td>BSJS Balanced fund</td>
<td>Dividend Income</td>
<td>8,745</td>
<td></td>
</tr>
<tr>
<td>UTP Large Capital Fund</td>
<td>Dividend Income</td>
<td>24,206</td>
<td></td>
</tr>
</tbody>
</table>

11. Date of Authorisation for issue

These financial statements were authorised for issue on April 24, 2007.

12. GENERAL

12.1 As these are the first condensed interim financial statements for the first quarter, therefore no comparative figures for the profit and loss, cash flow and the related party to report.

12.2 The figures in the financial statements may be rounded off to the nearest thousand.