



**JS Bank Limited**

Condensed Interim Financial Information  
for the Nine Months Period Ended September 30, 2012  
(Un-Audited)



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## Company Information

Board of Directors	Chairman	Mr. Jahangir Siddiqui Mr. Mazharul Haq Siddiqui Mr. Maqbool A. Soomro Mr. Ashraf Nawabi Mr. Rafique R. Bhimjee Mr. Shahab Anwar Khawaja Mr. Adil Matcheswala	Non-Executive Non-Executive Independent Independent Non-Executive Independent Non-Executive
President & Chief Executive Officer		Mr. Kalim-ur-Rahman	
Audit Committee	Chairman	Mr. Jahangir Siddiqui Mr. Maqbool A. Soomro Mr. Rafique R. Bhimjee	
Company Secretary		Mr. Muhammad Yousuf Amanullah	
Auditors		M. Yousuf Adil Saleem & Co. Chartered Accountants (Member firm of Deloitte Touche Tohmatsu)	
Legal Advisors		Bawaney & Partners Liaquat Merchant Associates	
Share Registrar		Technology Trade (Pvt.) Limited 241-C, Block-2, P.E.C.H.S., Karachi.	
Registered Office		JS Bank Limited Shaheen Commercial Complex Dr. Ziauddin Ahmed Road P.O. Box 4847 Karachi-74200, Pakistan.	
Entity Ratings		Long Term A+ ("Single A Plus") Short Term A1 ("A One")	
Website		<a href="http://www.jsbl.com">www.jsbl.com</a>	



## DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the un-audited financial statements for the nine months period and third quarter ended September 30, 2012 along with consolidated financial statements of the Bank with its subsidiary JS Global Capital Limited.

### The Economy

In the first Monetary Policy statement of FY13 in August 2012, the State Bank of Pakistan (SBP) announced a 150bps cut in the Discount Rate bringing it down to 10.5%. This was the first rate cut since November 2011. The cut in the policy rate was largely expected by market participants, particularly after the low inflation figure of 9.6% for July 2012. The Consumer Price Index (CPI) has continued to decline during the new fiscal year, clocking in at 8.79% for September and averaging 9.15% for the quarter. With such a low inflation number, the SBP again cut the Discount Rate in October by another 50bps to 10%, which will put more pressure on banking spreads, going forward. On the Foreign Exchange front, there was a surplus of US\$919 million in the current account for 2MFY13 as compared to a deficit of US\$261 million in the same period last year. While exports and imports both declined by 2%YoY and 3%YoY to US\$4.0 billion and US\$7.3 billion respectively, the home remittances witnessed a growth of 2%YoY to US\$2.5 billion in 2MFY13.

On the banking front, cumulative industry advances and investments grew by 6% and 21%, i.e. Rs. 3,702 billion and Rs. 3,608 billion respectively, during 9M2012. The deposits also witnessed a healthy growth of 7% to Rs. 6,260 billion, reducing the industry wide Advances to Deposits ratio to 59.1% from 59.5% in December 2011. Banking sector's Investments to Deposits ratio increased significantly to 57.6% from 50.6% in December 2011, mainly due to banks' preference to play it safe and invest in government securities rather than lend to the higher risk commercial borrowers.

### Our Financials

During the nine months period under review, the Balance Sheet of your Bank grew by 31.58% to Rs 70.95 billion from Rs. 53.92 billion as at December 31, 2011, mainly due to an increase in the Bank's deposit base from Rs. 41.49 billion to Rs. 54.24 billion, an increase of 30.74%. On the asset side, the main growth was recorded in investments which grew by 81.77%.

The Bank continues to deliver strong financial performance despite a challenging business environment. Your Bank has earned a profit after tax of Rs. 742.52 million for the nine months period ended September 30, 2012 as compared to the profit after tax of Rs. 240.72 million in the corresponding period last year. Further, the third quarter's results reflect a profit after tax of Rs. 464.31 million as compared to the profit after tax of Rs. 140.32 million in the corresponding period last year. This reflects an improving performance of your Bank during the period. Going forward, we plan to further strengthen our branch network to increase brand awareness and mobilize low cost deposits. On the lending side, we intend to continue our focus on the Corporate, Commercial and Retail sectors. We are hopeful that, with our current strategy in place, we would see further improvement in our results in the days to come.

### JS Global Capital Limited – the Subsidiary

The Company's profitability has risen by 91% during the fifteen months under review. Its after tax profit was Rs. 252 million for the period as compared Rs. 132 million for the comparative period last year. This has resulted mainly due to capital gain on investments realized. Operating revenue declined by 3.6% due to lower brokerage revenue in comparison to the corresponding period last year. Further, cost control measures have reduced the administrative expenses by 9.3% despite a significant surge in the overall business activity and revenues.

### Acquisition of HSBC – Pakistan operations

We are pleased to inform you that the Bank has signed a Sale and Purchase Agreement with HSBC Middle East Limited for the acquisition of HSBC - Pakistan operations. A scheme of amalgamation has been submitted to the State Bank of Pakistan for its in-principle approval. The Bank is in the process of completing other regulatory and legal formalities relating to the transaction.



#### Bank's Capital

The Bank has now met the current Minimum Capital Requirement (MCR) of Rs. 8 billion as prescribed by the SBP. Furthermore, the SBP has also allowed us to increase the paid up capital through a swap of new shares of the Bank against shares of JS Investments Limited held by Jahangir Siddiqui & Co. Limited and other investors. Approvals from the Shareholders, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan are in place. The Bank is now in the process of completing other procedural formalities. This transaction will help the Bank to meet the MCR of Rs. 9 billion effective from December 31, 2012.

#### Entity Ratings

As communicated earlier, the Pakistan Credit Rating Agency (PACRA) has upgraded the long-term entity rating of JS Bank from "A" to "A+" (Single A Plus), while maintaining the short term rating at "A1" (A One). The ratings reflect the Bank's sound financial profile emanating from improving profitability, strong liquidity and sound capital adequacy. The Bank's strengthening franchise owing to its expanding branch network, supported by a sound technological platform, were key considerations for the upgrade.

#### Acknowledgements

We take this opportunity to express our gratitude to our customers and business partners for their continued support and trust. We greatly value and appreciate the guidance and co-operation provided by the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and other regulatory authorities. Finally, we are also thankful to our associates and staff for their hard work and unstinted commitment to the Bank.

**Karachi: October 31, 2012**

On behalf of the Board

**Kalim-ur-Rahman**  
President &  
Chief Executive Officer



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL  
POSITION  
AS AT SEPTEMBER 30, 2012

		(Unaudited) September 30, 2012	(Audited) December 31, 2011
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		3,781,743	3,880,688
Balances with other banks		440,611	136,880
Lendings to financial institutions	7	3,084,148	4,073,103
Investments - net	8	41,169,928	22,649,824
Advances - net	9	17,229,948	18,018,778
Operating fixed assets	10	3,152,721	3,021,439
Deferred tax assets - net		824,469	1,082,466
Other assets		1,265,600	1,057,391
		<u>70,949,168</u>	<u>53,920,569</u>
<b>LIABILITIES</b>			
Bills payable		957,418	1,246,994
Borrowings	11	6,440,162	2,944,495
Deposits and other accounts	12	54,239,775	41,487,031
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		932,828	765,019
		<u>62,570,183</u>	<u>46,443,539</u>
<b>NET ASSETS</b>		<u>8,378,985</u>	<u>7,477,030</u>
<b>REPRESENTED BY:</b>			
Share capital		10,002,930	10,002,930
Reserves		238,482	89,978
Discount on issue of shares		(1,944,880)	(1,944,880)
Accumulated losses		(48,902)	(642,918)
		<u>8,247,630</u>	<u>7,505,110</u>
Surplus / (deficit) on revaluation of assets - net of tax	13	131,355	(28,080)
		<u>8,378,985</u>	<u>7,477,030</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

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

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Chairman

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President & Chief Executive Officer

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Director

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Director

**UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
(UNAUDITED)**

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Quarter ended		Nine months period ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	Note ----- (Rupees in '000) -----			
Mark-up / return / interest earned	<b>1,508,117</b>	1,185,017	<b>4,176,278</b>	3,138,789
Mark-up / return / interest expensed	<b>969,603</b>	661,604	<b>2,648,295</b>	1,844,596
Net mark-up / interest income	<b>538,514</b>	523,413	<b>1,527,983</b>	1,294,193
(Provision) / reversal against non-performing loans and advances	(7)	(72,955)	<b>(59,408)</b>	11,694
(Provision) / reversal of diminution in value of investments	-	-	<b>(7,799)</b>	139,569
Bad debts written off directly	-	-	-	-
	<b>(7)</b>	<b>(72,955)</b>	<b>(67,207)</b>	151,263
Net mark-up / interest income after provisions	<b>538,507</b>	450,458	<b>1,460,776</b>	1,445,456
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	<b>128,767</b>	87,714	<b>401,989</b>	244,155
Dividend income	<b>54,213</b>	7,055	<b>106,139</b>	20,433
Income from dealing in foreign currencies	<b>49,438</b>	29,958	<b>145,785</b>	73,401
Gain on sale / redemption of securities	<b>405,415</b>	43,241	<b>507,751</b>	21,768
Unrealised gain on revaluation of investments classified as held for trading	<b>45,286</b>	21,036	<b>45,534</b>	19,964
Other income	<b>8,827</b>	5,347	<b>38,254</b>	11,914
Total non-mark-up / interest income	<b>691,946</b>	194,351	<b>1,245,452</b>	391,635
	<b>1,230,453</b>	644,809	<b>2,706,228</b>	1,837,091
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	<b>702,249</b>	490,695	<b>1,807,103</b>	1,518,926
Other provisions / write offs	-	-	-	-
Other charges	-	5	<b>695</b>	7,770
Total non-mark-up / interest expenses	<b>702,249</b>	490,700	<b>1,807,798</b>	1,526,696
	<b>528,204</b>	154,109	<b>898,430</b>	310,395
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>528,204</b>	154,109	<b>898,430</b>	310,395
Taxation				
- Current	<b>(13,897)</b>	(13,786)	<b>(34,425)</b>	(36,726)
- Prior years	-	-	<b>50,661</b>	-
- Deferred	<b>(49,997)</b>	-	<b>(172,146)</b>	(32,947)
	<b>(63,894)</b>	(13,786)	<b>(155,910)</b>	(69,673)
<b>PROFIT AFTER TAXATION</b>	<b>464,310</b>	140,323	<b>742,520</b>	240,722
	----- Rupees -----			
<b>Basic and diluted earning per share</b>	<b>0.46</b>	0.17	<b>0.74</b>	0.30

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

Chairman

President & Chief Executive Officer

Director

Director



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Quarter ended		Nine months period ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	----- (Rupees in '000) -----			
<b>Profit for the period</b>	<b>464,310</b>	140,323	<b>745,520</b>	240,722
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>464,310</b>	140,323	<b>745,520</b>	240,722

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements of the Companies Ordinance, 1984 and with the directives of the State Bank of Pakistan in a separate account below equity.

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

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Chairman

\_\_\_\_\_  
President & Chief Executive Officer

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Director

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Director





UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Issued, Subscribed and paid-up share capital	Statutory reserve	Discount on issue of shares	Accumulated losses	Total
----- (Rupees in '000) -----					
<b>Balance as at January 01, 2011</b>	8,149,715	18,040	(1,415,477)	(930,671)	5,821,607
<b>Comprehensive Income</b>					
Profit after taxation for the nine months period ended September 30, 2011	-	-	-	240,722	240,722
Other comprehensive Income - net of tax	-	-	-	-	-
				240,722	240,722
<b>Transfers</b>					
Transfers to statutory reserve	-	48,144	-	(48,144)	-
<b>Balance as at September 30, 2011</b>	8,149,715	66,184	(1,415,477)	(738,093)	6,062,329
<b>Comprehensive Income</b>					
Profit after taxation for the quarter ended December 31, 2011	-	-	-	118,969	118,969
Other comprehensive Income - net of tax	-	-	-	-	-
				118,969	118,969
Transaction with owners recorded directly in equity					
Issue of shares during the period	1,853,215	-	-	-	1,853,215
Discount on issue of shares during the period	-	-	(529,403)	-	(529,403)
	1,853,215	-	(529,403)	-	1,323,812
<b>Transfers</b>					
Transfers to statutory reserve	-	23,794	-	(23,794)	-
<b>Balance as at December 31, 2011</b>	10,002,930	89,978	(1,944,880)	(642,918)	7,505,110
<b>Comprehensive Income</b>					
Profit after taxation for the nine months period ended September 30, 2012	-	-	-	742,520	742,520
Other comprehensive Income - net of tax	-	-	-	-	-
				742,520	742,520
<b>Transfers</b>					
Transfers to statutory reserve	-	148,504	-	(148,504)	-
<b>Balance as at September 30, 2012</b>	<b>10,002,930</b>	<b>238,482</b>	<b>(1,944,880)</b>	<b>(48,902)</b>	<b>8,247,630</b>


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

Chairman

President & Chief Executive Officer

Director

Director



**UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT  
(UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012**

	September 30, 2012	September 30, 2011
(Rupees in '000)		
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	898,430	310,395
Less: Dividend income	(106,139)	(20,433)
	792,291	289,962
<b>Adjustments:</b>		
Depreciation	164,549	170,345
Amortisation of intangibles	14,122	12,932
Charge for defined benefit plan	28,464	9,522
Unrealised gain on revaluation of investments classified as held for trading	(45,534)	(19,964)
Provision / (reversal) against non-performing advances - net	59,408	(19,693)
Provision / (reversal) of diminution in value of investments - net	7,799	(139,569)
Gain on sale of fixed assets	(38,254)	(11,914)
	190,554	1,659
	982,845	291,621
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	988,955	936,702
Held-for-trading securities	(14,122,566)	(6,788,152)
Advances	729,422	1,436,975
Other assets (excluding advance taxation)	(183,145)	(342,527)
	(12,587,334)	(4,757,002)
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(289,576)	417,001
Borrowings	3,459,854	(2,531,774)
Deposits	12,752,744	7,614,152
Other liabilities	139,345	(713,764)
	16,062,367	4,785,615
	4,457,878	320,234
Income tax paid	(8,828)	(32,170)
Net cash from operating activities	4,449,050	288,064
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available for sale securities	(4,114,517)	28,855
Dividend income received	106,139	20,433
Investment in operating fixed assets	(327,865)	(365,186)
Sale proceeds of property and equipment disposed-off	56,166	17,564
Net cash used in investing activities	(4,280,077)	(298,334)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	-	-
Increase / (decrease) in cash and cash equivalents	168,973	(10,270)
Cash and cash equivalents at beginning of the period	4,016,008	3,212,435
Cash and cash equivalents at end of the period	4,184,981	3,202,165

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

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Chairman

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President & Chief Executive Officer

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Director

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Director



NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL  
INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

**1. STATUS AND NATURE OF BUSINESS**

**1.1** JS Bank Limited (the Bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Company Limited (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 153 (December 31, 2011: 147) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the long-term entity rating of JS Bank from "A" to "A+" (Single A Plus), while maintaining the short term rating at "A1" (A One).

**1.2** Jahangir Siddiqui Investment Bank Limited (JSIBL) and its holding company, Jahangir Siddiqui & Company Limited (JSCL), entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited (AEBL) Pakistan Operations. Consequently, a new banking company, JS Bank Limited (JSBL) was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006 between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBF-C(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by State Bank of Pakistan (SBP) vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The Bank has signed a Sale and Purchase Agreement with HSBC Middle East Limited for the acquisition of HSBC - Pakistan operations. Draft scheme of amalgamation has been submitted to the SBP for an in-principle approval. The Bank is now in the process to complete other legal and procedural formalities.

**1.3** The State Bank of Pakistan through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid up capital (net of losses) for Banks / Development Finance Institutions (DFIs) be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.8 billion paid-up capital (free of losses) by the end of the financial year 2011. The paid-up capital (free of losses) of the Bank as at September 30, 2012 stood at Rs.8.009 billion.

As disclosed in note 1.3 to the unconsolidated financial statements for the year ended December 31, 2011, the Bank had submitted a plan to the SBP which envisaged the increase in the Bank's paid up capital through swap of new shares of the Bank against shares of JS Investment Limited (JSIL) currently held by the JSCL and other investors. In this connection, approvals from the SBP, SECP and the shareholders of the Bank have been obtained. The Bank is now in the process of completing other procedural formalities relating to tender offer. This transaction will help the Bank to meet MCR of Rs. 9 billion required for the year ending December 31, 2012.

**2. STATEMENT OF COMPLIANCE**

This unconsolidated condensed interim financial information of the Bank for the nine months period ended September 30, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34), provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan

(SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, IFRS - 7 'Financial Instruments: Disclosures' has not been made applicable to banks. Accordingly, the requirements of these standards have not been considered in the preparation of this unconsolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The disclosures made in this unconsolidated condensed interim financial information has been limited based on a format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting' and do not include all the disclosures required in the annual financial statements. Accordingly, this unconsolidated condensed interim financial information should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2011.

### 3. BASIS OF MEASUREMENT

This condensed interim financial information has been prepared under the historical cost convention except for held for trading, available-for-sale investments and derivative financial instruments which are stated at fair value.

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended December 31, 2011.

### 5. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Bank for the year ended December 31, 2011.

### 6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted in the preparation of this unconsolidated condensed interim financial information are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended December 31, 2011.

		(Unaudited) September 30, 2012	(Audited) December 31, 2011
	Note	(Rupees in '000)	
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		<b>850,000</b>	1,000,000
Lending to financial institutions		<b>1,317,247</b>	772,758
Repurchase agreement lendings (Reverse Repo)	7.1 & 7.2	<b>916,901</b>	2,300,345
		<b><u>3,084,148</u></b>	<u>4,073,103</u>

**7.1** Repurchase agreement lendings are secured through Pakistan Investment Bonds and Market Treasury Bills having total market value of Rs.926.8822 million (December 31, 2011: Rs.2,303.555 million).

**7.2** These include lendings to JS Global Capital Limited, a related party, of Rs. 76.297 million (December 31, 2011: Rs. 270.080 million).

## 8. INVESTMENTS

	(Unaudited)			(Audited)		
	September 30, 2012			December 31, 2011		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Note	----- (Rupees in '000) -----					
<b>8.1 INVESTMENTS BY TYPES:</b>						
<b>Held for trading securities</b>						
Market Treasury Bills	12,610,059	4,683,932	17,293,991	4,755,721	-	4,755,721
Pakistan Investment Bonds	2,005,375	-	2,005,375	208,211	-	208,211
Ijara Sukuk	882,122	-	882,122	998,000	-	998,000
Open end mutual funds	-	-	-	100,000	-	100,000
	<u>15,497,556</u>	<u>4,683,932</u>	<u>20,181,488</u>	<u>6,061,932</u>	<u>-</u>	<u>6,061,932</u>
<b>Available-for-sale securities</b>						
Market Treasury Bills	9,219,057	298,652	9,517,709	5,951,430	1,696,954	7,648,384
Pakistan Investment Bonds	4,554,231	50,218	4,604,449	4,421,546	-	4,421,546
Ordinary shares of listed companies	925,932	-	925,932	19,096	-	19,096
Preference shares of a listed company	143,739	-	143,739	95,503	-	95,503
Term Finance Certificates-listed	1,686,367	-	1,686,367	1,375,972	-	1,375,972
Term Finance Certificates-unlisted	749,385	-	749,385	783,774	-	783,774
Sukuk Certificates	112,898	-	112,898	193,966	-	193,966
Commercial Paper	-	-	-	51,256	-	51,256
Closed end mutual funds	99,700	-	99,700	118,601	-	118,601
Open end mutual funds	725,000	-	725,000	264,290	-	264,290
US Dollar Bonds	981,431	-	981,431	459,705	-	459,705
	<u>19,197,740</u>	<u>348,870</u>	<u>19,546,610</u>	<u>13,735,139</u>	<u>1,696,954</u>	<u>15,432,093</u>
<b>Subsidiary</b>						
JS Global Capital Limited	1,357,929	-	1,357,929	1,357,929	-	1,357,929
	<u>36,053,225</u>	<u>5,032,802</u>	<u>41,086,027</u>	<u>21,155,000</u>	<u>1,696,954</u>	<u>22,851,954</u>
<b>Investments at cost</b>						
Less: Provision for diminution in value of investments	(163,718)	-	(163,718)	(155,920)	-	(155,920)
<b>Investments (net of provision)</b>	<u>35,889,507</u>	<u>5,032,802</u>	<u>40,922,309</u>	<u>20,999,080</u>	<u>1,696,954</u>	<u>22,696,034</u>
Unrealised gain / (loss) on revaluation of investments classified as held for trading						
	45,055	479	45,534	(3,010)	-	(3,010)
Surplus / (deficit) on revaluation of available-for-sale securities						
13	200,523	1,562	202,085	(42,522)	(678)	(43,200)
<b>Total investments at carrying value</b>	<u>36,135,085</u>	<u>5,034,843</u>	<u>41,169,928</u>	<u>20,953,548</u>	<u>1,696,276</u>	<u>22,649,824</u>

8.1.1 Included herein preference shares of Agritech Limited, a related party, amounting to Rs.48.237 million (December 31, 2011: NIL) and having market value of Rs.48.237 million (December 31, 2011: NIL).

8.1.2 Included herein are investments in term finance certificates of following related parties:

- a) Agritech Limited, amounting to Rs.149.860 million at the rate of 6 months KIBOR ask rate + 1.75% maturing on November 29, 2019 (December 31, 2011: Rs.149.860 million).

- b) Azgard Nine Limited, amounting to Rs.149.870 million at the rate of 6 months KIBOR ask rate + 1.25% maturing on December 04, 2017 (December 31, 2011: Rs.149.880 million).

8.1.3 This represents investment in closed end mutual fund, JS Value Fund, a related party, amounting to Rs.99.700 million (December 31, 2011: Rs.99.700 million) and having market value of Rs.73.464 million (December 31, 2011: Rs.37.606 million).

8.1.4 Included herein are investments in open end mutual fund units of following related parties:

- a) JS Income Fund, amounting to Rs 375.000 million (December 31, 2011: 200.000 million) and having market value of Rs.375.000 million (December 31, 2011: 200.070 million).
- b) JS Aggressive Income Fund, amounting to Rs.200.000 million (December 31, 2011: NIL) and having market value of Rs.200.548 million (December 31, 2011: NIL).
- c) JS Aggressive Asset Allocation Fund, amounting to Rs.150.000 million (December 31, 2011: NIL) and having market value of Rs.149.746 million (December 31, 2011: NIL).

8.1.5 In 2011, the Bank acquired 25,525,169 ordinary shares of JS Global Capital Limited (JSGCL) in lieu of issuance of 185,321,546 ordinary shares of the Bank at an agreed share-exchange ratio of 7.26034550 shares of Bank for each share in JSGCL. The transactions consisted of acquiring entire shareholding of Jahangir Siddiqui & Company Limited (JSCL) 43.47% comprising of 21,734,826 ordinary shares on October 21, 2011 whereas remaining 3,790,343 ordinary shares were acquired from open market through public offer on December 21, 2011. The total holding of the Bank in subsidiary is 51.05% (December 31, 2011: 51.05%). Further details of subsidiary are given in consolidated condensed interim financial information note 1.1.2

	(Unaudited) September 30, 2012	(Audited) December 31, 2011
9. ADVANCES - net	Note	(Rupees in '000)
Loans, cash credits, running finances, etc.		
In Pakistan	15,107,844	16,532,849
Outside Pakistan	1,458,599	1,116,517
	16,566,443	17,649,366
Net investment in finance lease - in Pakistan	309,960	413,039
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	286,156	320,468
Payable outside Pakistan	640,546	149,654
	926,702	470,122
Advances - gross	17,803,105	18,532,527
Provision for non-performing advances		
Specific	9.1 (572,096)	(512,666)
General (against consumer financing)	(1,061)	(1,083)
	(573,157)	(513,749)
Advances - net of provision	17,229,948	18,018,778

9.1 Advances include Rs.2,883.543 million (December 31, 2011: Rs.2,776.895 million) which have been placed under non-performing status as detailed below:

Category of Classification

	(Unaudited) September 30, 2012				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	1,139	-	1,139	124	124
Doubtful	455,241	-	455,241	654	654
Loss	<u>2,427,163</u>	-	<u>2,427,163</u>	<u>571,318</u>	<u>571,318</u>
	<u>2,883,543</u>	-	<u>2,883,543</u>	<u>572,096</u>	<u>572,096</u>

Category of Classification

	(Audited) December 31, 2011				
	Domestic	Overseas	Total	Provision Required	Provision Held
	----- (Rupees in '000) -----				
Other assets especially mentioned	-	-	-	-	-
Substandard	973	-	973	95	95
Doubtful	1,671,373	-	1,671,373	248	248
Loss	<u>1,104,549</u>	-	<u>1,104,549</u>	<u>512,323</u>	<u>512,323</u>
	<u>2,776,895</u>	-	<u>2,776,895</u>	<u>512,666</u>	<u>512,666</u>

		(Unaudited) September 30, 2012	(Audited) December 31, 2011
	Note	(Rupees in '000)	
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		53,498	17,591
Property and equipment		1,501,044	1,398,849
Intangible assets	10.1	1,598,179	1,604,999
		<u>3,152,721</u>	<u>3,021,439</u>
<b>10.1 Intangible assets</b>			
Stock exchange card	10.1.1	11,000	11,000
Computer software		123,555	130,375
Goodwill	10.1.2 & 10.1.3	1,463,624	1,463,624
		<u>1,598,179</u>	<u>1,604,999</u>

**10.1.1** During the period, in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the Bank was entitled to receive equity Shares of Islamabad Stock Exchange (ISE) and a Trading Right Entitlement in lieu of its Membership card of ISE. The said process of demutualization was finalized during the period and the Bank has been allotted 3,034,603 shares of ISE. Rs. 10/- each based on the revaluation of their assets and liabilities as approved by SECP. The Bank has received 40% equity shares i.e. 1,213,841 shares of ISE. The remaining 60% shares, i.e. 1,820,762 shares, are transferred to blocked CDC account maintained by ISE. The valuation of Trading Right Entitlement and the accounting treatment of shares received from Stock Exchange are under discussion and will be finalized in due course.

**10.1.2** For impairment testing goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.

### 10.1.3 Key assumptions used in 'value in use' calculation

As at December 31, 2011 the recoverable amount of the CGU had been determined based on 'value in use' calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period. The discount rates applied to cash flows beyond the five year period are extrapolated using a terminal growth rate. The following rates are used by the Bank.

	December 31, 2011	December 31, 2010
- Cost of Equity	23.86%	25.90%
- Terminal growth rate	10.00%	10.00%

The calculation of 'value in use' is most sensitive to the following assumptions:

**a) Interest margins**

Interest margins are based on prevailing industry trends and anticipated market conditions.

**b) Discount rates**

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using the cost of equity of the Bank.

**c) Key business assumptions**

These assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

**d) Sensitivity to changes in assumptions**

The estimated recoverable amount of the 'Trading and Sales' CGU as at December 31, 2011 exceeds its carrying amount by approximately Rs.769.125 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount:

	<b>Change required for carrying amount to equal recoverable amount(%)</b>
- Cost of equity	1.86
- Terminal growth rate	(3.17)

## 11. BORROWINGS

**Secured**

Borrowings from SBP under export refinancing scheme	771,000	1,248,000
Repurchase agreement borrowings	5,031,789	1,694,935
	<u>5,802,789</u>	<u>2,942,935</u>

**Unsecured**

Call borrowings	600,000	-
Overdrawn nostro accounts	37,373	1,560
	<u>637,373</u>	<u>1,560</u>
	<u>6,440,162</u>	<u>2,944,495</u>





	(Unaudited) September 30, 2012	(Audited) December 31, 2011
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	20,632,499	14,252,810
Savings deposits	15,221,606	11,404,426
Current accounts - non-remunerative	14,543,464	11,293,377
Margin accounts	183,647	94,834
	<u>50,581,216</u>	<u>37,045,447</u>
<b>Financial institutions</b>		
Remunerative deposits	3,383,718	4,366,465
Non-remunerative deposits	274,841	75,119
	<u>3,658,559</u>	<u>4,441,584</u>
	<u>54,239,775</u>	<u>41,487,031</u>
<b>12.1 Particulars of deposits</b>		
In local currency	50,763,871	38,494,249
In foreign currencies	3,475,904	2,992,782
	<u>54,239,775</u>	<u>41,487,031</u>
<b>13. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax</b>		
<b>Surplus / (deficit) on revaluation of available-for-sale securities - net of tax</b>		
Term Finance Certificates - listed	(47,878)	(4,716)
Ordinary shares - listed	21,743	(724)
Preference shares - listed	7,881	-
Closed end mutual funds	41,979	6,146
Open end mutual funds	294	324
US Dollar bonds	40,945	(15,373)
Government Securities	137,121	(28,857)
	<u>202,085</u>	<u>(43,200)</u>
Related deferred tax (liability) / asset	(70,730)	15,120
	<u>131,355</u>	<u>(28,080)</u>
<b>14. CONTINGENCIES AND COMMITMENTS</b>		
<b>14.1 Transaction-related contingent liabilities</b>		
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.		
i) Government	1,516,440	890,007
ii) Banking companies and other financial institutions	41,135	98,165
iii) Others	1,086,473	403,562
	<u>2,644,048</u>	<u>1,391,734</u>



	(Unaudited) September 30, 2012	(Audited) December 31, 2011
	(Rupees in '000)	
<b>14.2 Trade-related contingent liabilities</b>		
Documentary credits	<u>2,679,530</u>	<u>2,921,223</u>
<b>14.3 Other contingencies</b>		
Claims not acknowledged as debts	<u>66,667</u>	<u>66,481</u>
<b>14.4 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>2,510,722</u>	<u>1,948,987</u>
Sale	<u>3,447,759</u>	<u>1,446,561</u>
<b>14.5 Commitments in respect of forward lending</b>		
Forward commitment to extend credit	<u>838,075</u>	<u>214,800</u>
<b>14.6 Other commitments</b>		
Commitment in respect of capital expenditure	<u>17,215</u>	<u>8,438</u>

	(Unaudited)			
	Quarter ended		Nine months period ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	----- (Rupees in '000) -----			
<b>15. OTHER CHARGES</b>				
Penalties imposed by State Bank of Pakistan	<u>-</u>	<u>5</u>	<u>695</u>	<u>7,770</u>

#### 16. TAXATION

In view of the tax loss of the Bank, tax provision has been made subject to minimum taxation @ 0.5% under section 113 of Income Tax Ordinance, 2001 in this unconsolidated condensed interim financial information.

#### 17. BASIC AND DILUTED EARNING PER SHARE

	(Unaudited)			
	Quarter ended		Nine months period ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Profit after taxation for the period (Rupees in '000)	<u>464,310</u>	<u>140,323</u>	<u>742,520</u>	<u>240,722</u>
Weighted average number of ordinary shares (Number in '000)	<u>1,000,293</u>	<u>814,972</u>	<u>1,000,293</u>	<u>814,972</u>
Basic and diluted earning per share - Rupee	<u>0.46</u>	<u>0.17</u>	<u>0.74</u>	<u>0.30</u>

## 18. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, parent, subsidiary, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates).

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial information is as follows:

	Key management personnel		Subsidiary company		Other related parties		Total	
	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
----- (Rupees in '000) -----								
<b>Advances</b>								
Opening balance	39,651	3,423	-	-	2,975,684	2,994,330	3,015,335	2,997,753
Disbursements	37,395	42,692	-	-	5,435,010	7,387,316	5,472,405	7,430,008
Repayments	(11,235)	(6,464)	-	-	(5,348,319)	(7,405,962)	(5,359,554)	(7,412,426)
Closing balance	65,811	39,651	-	-	3,062,375	2,975,684	3,128,186	3,015,335
Mark-up / return / interest earned - nine months (unaudited)	1,928	2,610	-	-	304,623	315,581	306,551	318,191

	Parent		Key management personnel		Subsidiary company		Other related parties		Total	
	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
----- (Rupees in '000) -----										
<b>Deposits</b>										
Opening balance	560,818	1,799	10,994	9,695	1,316,216	1,044,434	1,733,460	771,816	3,621,488	1,827,744
Deposits	2,222,258	2,535,433	201,363	173,263	180,835,558	235,895,674	29,089,952	25,371,652	212,349,130	263,976,022
Withdrawals	(2,747,578)	(1,976,414)	(168,083)	(171,964)	(181,616,610)	(235,623,892)	(28,127,932)	(24,410,008)	(212,660,203)	(262,182,278)
Closing balance	35,498	560,818	44,274	10,994	535,164	1,316,216	2,695,480	1,733,460	3,310,415	3,621,488
Mark-up / return / interest expensed - nine months (unaudited)	15,042	8,451	327	104	31,709	39,159	174,653	101,024	221,731	148,739

Material transactions with related parties are given below:

Nature of transactions	Subsidiary company September 30, 2012	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total		
		September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012			
----- (Unaudited) -----										
----- (Rupees in '000) -----										
Sale of Term Finance Certificates	251,877	-	-	-	-	131,587	-	41,419	251,877	173,006
Purchase of Term Finance Certificates	331,201	-	-	-	-	403,592	16,347	-	347,548	403,592
Sale of Government Securities	17,914,891	-	31,873,551	16,650,381	1,537,563	15,301,864	152,739	155,649	51,478,744	32,107,894
Purchase of Government Securities	16,490,795	-	7,537,155	999,281	-	14,629,413	49,395	-	24,077,345	15,628,694
Purchase of Ijara Sukuk	3,870,970	-	-	-	1,031,090	49,286	-	-	4,902,060	49,286
Sale of Ijara Sukuk	2,861,364	-	86,246	74,194	1,543,690	18,637	-	-	4,491,300	92,831
Sale of shares / Units	-	-	-	-	-	162,372	-	-	-	162,372
Purchase of shares / Units	-	-	-	-	936,438	363,559	48,237	-	984,675	363,559
Rent received / receivable	714	-	-	-	782	1,321	-	-	1,496	1,321
Call lending / Reverse Repo	4,068,441	-	-	-	-	1,350,000	-	-	4,068,441	1,350,000
Call borrowing / Repo	-	-	-	-	3,750,000	12,050,000	-	-	3,750,000	12,050,000
Purchase of forward foreign exchange contracts	-	-	-	-	6,384,672	2,278,398	-	-	6,384,672	2,278,398
Sale of forward foreign exchange contracts	-	-	-	-	7,063,147	2,834,278	-	-	7,063,147	2,834,278
Letter of credits	-	-	-	-	-	-	-	47,798	-	47,798
Letter of guarantees	400,000	-	-	-	-	-	-	-	400,000	-





**19. DATE OF AUTHORISATION FOR ISSUE**

This unconsolidated condensed interim financial information was authorised for issue by the Board of Directors on October 31, 2012

**20. GENERAL**

- 20.1** Comparative figures have been reclassified wherever necessary.
- 20.2** The figures in this unconsolidated condensed interim financial information have been rounded off to the nearest thousand.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
President & Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



Consolidated Condensed Interim Financial Information  
for the Nine Months Period Ended September 30, 2012  
(Un-Audited)



CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2012

		(Unaudited) September 30, 2012	(Audited) December 31, 2011
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		3,781,837	3,880,782
Balances with other banks		457,368	165,067
Lendings to financial institutions	7	3,007,851	3,803,022
Investments - net	8	42,057,233	22,906,646
Advances - net	9	17,237,545	18,029,884
Operating fixed assets	10	3,195,874	3,064,883
Deferred tax assets - net		961,037	1,228,756
Other assets		1,924,019	1,423,585
		<u>72,622,764</u>	<u>54,502,625</u>
<b>LIABILITIES</b>			
Bills payable		957,418	1,246,994
Borrowings	11	6,893,953	3,171,800
Deposits and other accounts	12	53,704,611	40,174,351
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,317,491	1,128,444
		<u>62,873,473</u>	<u>45,721,589</u>
<b>NET ASSETS</b>		<u>9,749,291</u>	<u>8,781,036</u>
<b>REPRESENTED BY:</b>			
Share capital		10,002,930	10,002,930
Reserves		238,482	89,978
Discount on issue of shares		(1,944,880)	(1,944,880)
Non-Controlling interest		1,334,836	1,303,146
Accumulated losses		(14,711)	(642,058)
		9,616,657	8,809,116
Surplus / (deficit) on revaluation of assets - net of tax	13	132,634	(28,080)
		<u>9,749,291</u>	<u>8,781,036</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

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

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
President & Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



**CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
(UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012**

	Quarter ended		Nine months period ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
<b>Note</b>	<b>(Rupees in '000)</b>			
Mark-up / return / interest earned	<b>1,551,548</b>	1,185,017	<b>4,296,509</b>	3,138,789
Mark-up / return / interest expensed	<b>959,626</b>	661,604	<b>2,623,150</b>	1,844,596
Net mark-up / interest income	<b>591,922</b>	523,413	<b>1,673,359</b>	1,294,193
(Provision) / reversal against non-performing loans and advances	(7)	(72,955)	<b>(59,408)</b>	11,694
(Provision) / reversal of diminution in value of investments	-	-	<b>(27,799)</b>	139,569
Bad debts written off directly	-	-	-	-
	(7)	(72,955)	<b>(87,207)</b>	151,263
Net mark-up / interest income after provisions	<b>591,915</b>	450,458	<b>1,586,152</b>	1,445,456
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	<b>178,003</b>	87,714	<b>558,999</b>	244,155
Dividend income	<b>54,973</b>	7,055	<b>59,323</b>	20,433
Income from dealing in foreign currencies	<b>49,470</b>	29,958	<b>146,129</b>	73,401
Gain on sale / redemption of securities	<b>472,639</b>	43,241	<b>570,467</b>	21,768
Unrealised gain on revaluation of investments classified as held for trading	<b>35,775</b>	21,036	<b>104,938</b>	19,964
Other income	<b>2,527</b>	5,347	<b>39,460</b>	11,914
Total non-mark-up / interest income	<b>793,387</b>	194,351	<b>1,479,316</b>	391,635
	<b>1,385,302</b>	644,809	<b>3,065,468</b>	1,837,091
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	<b>778,650</b>	490,695	<b>2,026,657</b>	1,518,926
Other (reversals) / provisions / write offs	-	-	<b>(22,843)</b>	-
Other charges	-	5	<b>695</b>	7,770
Total non-mark-up / interest expenses	<b>778,650</b>	490,700	<b>2,004,509</b>	1,526,696
	<b>606,652</b>	154,109	<b>1,060,959</b>	310,395
Extra ordinary / unusual items	-	-	-	-
	<b>606,652</b>	154,109	<b>1,060,959</b>	310,395
<b>PROFIT BEFORE TAXATION</b>				
Taxation				
- Current	<b>(25,781)</b>	(13,786)	<b>(73,949)</b>	(36,726)
- Prior years	-	-	<b>50,661</b>	-
- Deferred	<b>(46,543)</b>	-	<b>(181,180)</b>	(32,947)
	<b>(72,324)</b>	(13,786)	<b>(204,468)</b>	(69,673)
<b>PROFIT AFTER TAXATION</b>	<b>534,328</b>	140,323	<b>856,491</b>	240,722
<b>Attributable to:</b>				
Equity holders of the Bank	<b>500,349</b>	140,323	<b>775,851</b>	240,722
Non-controlling interest	<b>33,979</b>	-	<b>80,640</b>	-
	<b>534,328</b>	140,323	<b>856,491</b>	240,722
<b>Rupees</b>				
<b>Basic and diluted earning per share</b>	<b>0.50</b>	0.17	<b>0.78</b>	0.30

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

Chairman

President & Chief Executive Officer

Director

Director



CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE  
INCOME (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

	Quarter ended		Nine months period ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	----- (Rupees in '000) -----			
<b>Profit for the period</b>	<b>534,328</b>	140,323	<b>856,491</b>	240,722
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>534,328</b>	140,323	<b>856,491</b>	240,722
<b>Attributable to:</b>				
Equity holders of the Bank	<b>500,349</b>	140,323	<b>775,851</b>	240,722
Non-controlling interest	<b>33,979</b>	-	<b>80,640</b>	-
	<b>534,328</b>	140,323	<b>856,491</b>	240,722

Surplus / (deficit) arising on revaluation of assets has been reported in accordance with the requirements and directives of the State Bank of Pakistan in a separate account below equity.

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

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
President & Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012**

	Issued, Subscribed and paid-up share capital	Statutory reserve	Discount on issue of shares	Accumulated losses	Sub total	Non- Controlling Interest	Total
(Rupees in '000)							
<b>Balance as at January 01, 2011</b>	8,149,715	18,040	(1,415,477)	(930,671)	5,821,607	-	5,821,607
<b>Comprehensive Income</b>							
Profit after taxation for the nine months period ended September 30, 2011	-	-	-	240,722	240,722	-	240,722
Other comprehensive Income - net of tax	-	-	-	-	-	-	-
	-	-	-	240,722	240,722	-	240,722
<b>Transfers</b>							
Transfer to statutory reserve	-	48,144	-	(48,144)	-	-	-
<b>Balance as at September 30, 2011</b>	8,149,715	66,184	(1,415,477)	(738,093)	6,062,329	-	6,062,329
Non-Controlling Interest on acquisition of subsidiary	-	-	-	-	-	1,302,052	1,302,052
<b>Comprehensive Income</b>							
Profit after taxation for the quarter ended December 31, 2011	-	-	-	119,829	119,829	1,094	120,923
Other comprehensive Income - net of tax	-	-	-	-	-	-	-
	-	-	-	119,829	119,829	1,094	120,923
<b>Transaction with owners recorded directly in equity</b>							
Issue of shares during the period	1,853,215	-	-	-	1,853,215	-	1,853,215
Discount on issue of shares during the period	-	-	(529,403)	-	(529,403)	-	(529,403)
	1,853,215	-	(529,403)	-	1,323,812	-	1,323,812
<b>Transfers</b>							
Transfer to statutory reserve	-	23,794	-	(23,794)	-	-	-
<b>Balance as at December 31, 2011</b>	10,002,930	89,978	(1,944,880)	(642,058)	7,505,970	1,303,146	8,809,116
<b>Comprehensive Income</b>							
Profit after taxation for the nine months period ended September 30, 2012	-	-	-	775,851	775,851	80,640	856,491
Other comprehensive Income - net of tax	-	-	-	-	-	-	-
	-	-	-	775,851	775,851	80,640	856,491
<b>Transaction with owners recorded directly in equity</b>							
Dividend for the six months ended December 31, 2011 @ Rs.2 per ordinary share paid to non-controlling interest	-	-	-	-	-	(48,950)	(48,950)
<b>Transfers</b>							
Transfer to statutory reserve	-	148,504	-	(148,504)	-	-	-
<b>Balance as at September 30, 2012</b>	<b>10,002,930</b>	<b>238,482</b>	<b>(1,944,880)</b>	<b>(14,711)</b>	<b>8,281,821</b>	<b>1,334,836</b>	<b>9,616,657</b>

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

Chairman

President & Chief Executive Officer

Director

Director

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT  
(UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012



	September 30, 2012	September 30, 2011
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,060,959	310,395
Less: Dividend income	(59,323)	(20,433)
	<u>1,001,636</u>	<u>289,962</u>
<b>Adjustments:</b>		
Depreciation	169,737	170,345
Amortisation of intangibles	14,203	12,932
Charge for defined benefit plan	28,464	9,522
Unrealised gain on revaluation of investments classified as held for trading	(104,938)	(19,964)
Provision / (reversal) against non-performing advances - net	59,408	(19,693)
Provision / (reversal) for diminution in value of investments - net	27,799	(139,569)
Other (reversal) / provisions / write offs	(22,843)	-
Gain on sale of fixed assets / Derivatives	(39,083)	(11,914)
	<u>132,747</u>	<u>1,659</u>
	1,134,383	291,621
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	795,171	936,702
Held-for-trading securities	(14,824,143)	(6,788,152)
Advances	732,931	1,436,975
Other assets	(454,952)	(342,527)
	<u>(13,750,993)</u>	<u>(4,757,002)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	(289,576)	417,001
Borrowings	3,686,340	(2,531,774)
Deposits	13,530,260	7,614,152
Other liabilities	160,583	(713,764)
	<u>17,087,607</u>	<u>4,785,615</u>
	4,470,997	320,234
Income tax paid	(45,927)	(32,170)
Net cash from operating activities	<u>4,425,070</u>	<u>288,064</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	(4,002,052)	28,855
Dividend income received	59,323	20,433
Investment in operating fixed assets	(333,116)	(365,186)
Sale proceeds of property and equipment disposed off	57,268	17,564
Net cash used in investing activities	<u>(4,218,577)</u>	<u>(298,334)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid to non-controlling interest	(48,950)	-
Increase / (decrease) in cash and cash equivalents	<u>157,543</u>	<u>(10,270)</u>
Cash and cash equivalents at beginning of the period	4,044,289	3,212,435
Cash and cash equivalents at end of the period	<u><u>4,201,832</u></u>	<u><u>3,202,165</u></u>


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

Chairman

President & Chief Executive Officer

Director

Director



NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL  
INFORMATION (UNAUDITED)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2012

**1. STATUS AND NATURE OF BUSINESS**

**1.1** The "Group" consists of:

**1.1.1 Holding Company**

JS Bank Limited (the Bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank is listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Company Limited (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 153 (December 31, 2011: 147) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the long-term entity rating of JS Bank from "A" to "A+" (Single A Plus), while maintaining the short term rating at "A1" (A One).

Jahangir Siddiqui Investment Bank Limited (JSIBL) and its holding company, Jahangir Siddiqui & Company Limited (JSCL), entered into a Framework Agreement with American Express Bank Limited, New York (AMEX) on November 10, 2005 for acquisition of its American Express Bank Limited (AEBL) Pakistan Operations. Consequently, a new banking company, JS Bank Limited (JSBL) was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006 between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/NBF-C(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by State Bank of Pakistan (SBP) vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

The Bank has signed a Sale and Purchase Agreement with HSBC Middle East Limited for the acquisition of HSBC - Pakistan operations. Draft scheme of amalgamation has been submitted to the SBP for an in-principle approval. The Bank is now in the process to complete other legal and procedural formalities.

**1.1.2 Subsidiary Company**

JS Global Capital Limited (JSGCL) is principally owned by the Bank, holding 51.05% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011. JSGCL is listed on Karachi and Islamabad stock exchanges. The principal business of JSGCL is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions.

In the current year JSGCL has changed its financial year from June 30 to December 31 to align its year-end with the Bank. In this respect JSGCL has been granted approval by SECP through letter No.EMD/233/667/2005-1576 dated June 05, 2012 to change its financial year from July-June to January-December in accordance with the provisions of the section 238 of the Companies Ordinance 1984. The JSGCL has also been allowed the following approvals/permissions:

- Waiver of the requirement for laying accounts for the calendar year 2012



- Preparation of accounts for a period eighteen (18) months period starting from July 01, 2011 to December 31, 2012

- Waiver from holding of annual general meeting for the calendar year 2012

- Extension for holding of annual general meeting of the company for the calendar year 2012 upto April 30 2013 i.e. beyond fifteen months from last preceding annual general meeting.

In view of above, management of JSGCL has prepared condensed interim financial information for the fifteen months period ended starting from July 1, 2011 to September 30, 2012 from which financial information for nine-months period ended start from January 1, 2012 to September 30, 2012 has been extracted for the purpose of this consolidated condensed interim financial information.

**1.2** The State Bank of Pakistan through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid up capital (net of losses) for Banks / Development Finance Institutions (DFIs) be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.8 billion paid-up capital (free of losses) by the end of the financial year 2011. The paid-up capital (free of losses) of the Bank as at September 30, 2012 stood at Rs.8.009 billion.

As disclosed in note 1.3 to the unconsolidated financial statements for the year ended December 31, 2011, the Bank had submitted a plan to the SBP which envisaged the increase in the Bank's paid up capital through swap of new shares of the Bank against shares of JS Investment Limited (JSIL) currently held by the JSCL and other investors. In this connection, approvals from the SBP, SECP and the shareholders of the Bank have been obtained. The Bank is now in the process of completing other procedural formalities relating to tender offer. This transaction will help the Bank to meet MCR of Rs. 9 billion required for the year ending December 31, 2012.

### **1.3 Basis of consolidation**

- The consolidated financial information includes the financial information of the Bank (holding company) and its subsidiary company together - "the Group".

- Subsidiary company is fully consolidated from the date on which more than 51.05% of voting rights are transferred to the Group or power to control the company is established.

- The financial information of the subsidiary is prepared for the same reporting year as the holding company for the purpose of consolidation, using consistent accounting policies.

- The assets, liabilities, income and expenses of subsidiary company have been consolidated on a line by line basis.

- Non-Controlling Interest in equity of the subsidiary company is measured at proportionate share of net assets of the acquiree as of the acquisition date

- Material intra-group balances and transactions have been eliminated.

## **2. STATEMENT OF COMPLIANCE**

This consolidated condensed interim financial information of the Bank for the nine months period ended September 30, 2012 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34), provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.



The SBP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' for Banking Companies through BSD Circular Letter No. 10 dated August 26, 2002. Further, according to the notification of SECP dated April 28, 2008, IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable to banks. Accordingly, the requirements of these standards have not been considered in the preparation of this consolidated condensed interim financial information. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.

The disclosures made in this consolidated condensed interim financial information has been limited based on a format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and International Accounting Standard 34, 'Interim Financial Reporting', and do not include all the disclosures required in the consolidated annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2011.

### 3. BASIS OF MEASUREMENT

This consolidated condensed interim financial information has been prepared under the historical cost convention except for held for trading, available-for-sale investments and derivative financial instruments which are stated at fair value.

### 4. ACCOUNTING ESTIMATES AND JUDGEMENTS

The estimates / judgments and associated assumptions used in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the annual audited consolidated financial statements of the Bank for the year ended December 31, 2011.

### 5. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual audited consolidated financial statements of the Bank for the year ended December 31, 2011.

### 6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted in the preparation of this consolidated condensed interim financial information are consistent with those disclosed in the annual audited consolidated financial statements of the Bank for the year ended December 31, 2011.

		(Unaudited) September 30, 2012	(Audited) December 31, 2011
	Note	(Rupees in '000)	
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		<b>850,000</b>	1,000,000
Lending to financial institutions		<b>1,317,247</b>	772,758
Repurchase agreement lendings (Reverse Repo)	7.1	<b>840,604</b>	2,030,264
		<b><u>3,007,851</u></b>	<b><u>3,803,022</u></b>

**7.1** Repurchase agreement lendings are secured through Pakistan Investment Bonds and Market Treasury Bills having total market value of Rs. 850.585 million (December 31, 2011: Rs.2,303.555 million).

## 8. INVESTMENTS

Note	(Unaudited) September 30, 2012			(Audited) December 31, 2011		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	(Rupees in '000)					
<b>8.1 INVESTMENTS BY TYPES:</b>						
<b>Held-for-trading securities</b>						
	13,560,452	4,683,932	18,244,384	4,755,435	451,953	5,207,388
	2,106,333	-	2,106,333	306,812	49,149	355,961
	-	-	-	5,547	-	5,547
	882,122	-	882,122	998,000	-	998,000
	68,752	-	68,752	4,955	-	4,955
	35,476	-	35,476	135,000	-	135,000
	213,458	-	213,458	22,400	-	22,400
8.1.1	753,778	-	753,778	734,766	-	734,766
	<u>17,620,371</u>	<u>4,683,932</u>	<u>22,304,303</u>	<u>6,962,915</u>	<u>501,102</u>	<u>7,464,017</u>
<b>Available-for-sale securities</b>						
	9,219,054	298,652	9,517,706	5,951,430	1,696,954	7,648,384
	4,552,267	50,218	4,602,485	4,421,551	-	4,421,551
	925,932	-	925,932	19,096	-	19,096
8.1.2	372,917	-	372,917	394,174	-	394,174
	1,686,367	-	1,686,367	1,390,972	-	1,390,972
8.1.3	769,385	-	769,385	829,774	-	829,774
	112,898	-	112,898	193,966	-	193,966
	-	-	-	51,256	-	51,256
8.1.4	99,700	-	99,700	118,601	-	118,601
8.1.5	725,000	-	725,000	264,290	-	264,290
	981,431	-	981,431	459,705	-	459,705
	<u>19,444,951</u>	<u>348,870</u>	<u>19,793,821</u>	<u>14,094,815</u>	<u>1,696,954</u>	<u>15,791,769</u>
<b>Subsidiary</b>						
	-	-	-	-	-	-
<b>Investments at cost</b>						
	37,065,322	5,032,802	42,098,124	21,057,730	2,198,056	23,255,786
	(349,881)	-	(349,881)	(322,083)	-	(322,083)
	<u>36,715,441</u>	<u>5,032,802</u>	<u>41,748,243</u>	<u>20,735,647</u>	<u>2,198,056</u>	<u>22,933,703</u>
Unrealised gain/(loss) on revaluation of investments classified as held-for-trading						
	104,459	479	104,938	26,586	(3,424)	23,162
Surplus / (deficit) on revaluation of available-for-sale securities						
13	202,490	1,562	204,052	(49,541)	(678)	(50,219)
	<u>37,022,390</u>	<u>5,034,843</u>	<u>42,057,233</u>	<u>20,712,692</u>	<u>2,193,954</u>	<u>22,906,646</u>

8.1.1 Included herein are investments in following related parties:

- JS Cash Fund, a related party, amounting to Rs.250.216 million (December 31, 2011: Rs.250.216 million) and having market value of Rs.282.892 million (December 31, 2011: Rs.261.159 million).
- JS Income Fund, a related party, amounting to Rs.275.000 million (December 31, 2011: NIL) and having market value of Rs.279.713 million (December 31, 2011: NIL).
- JS Principal Secure Fund I, a related party, amounting to Rs. NIL (December 31, 2011: Rs.292.355 million) and having market value of Rs. NIL (December 31, 2011: 307.437 million).





8.1.2 Included herein are investments in preference shares of following related parties:

- a) Agritech Limited, amounting to Rs.48.237 million (December 31, 2011: NIL) and having market value of Rs.48.237 million (December 31, 2011: NIL).
- b) Azgard Nine Limited, partly convertible preference shares having issue price of Rs.10 each and carrying dividend @ 8.95% per annum payable annually in arrears on the issue price with a term of 6 years from the issue date of September 24, 2004. As per the original terms of the issue, 50% of the preference shares were due for redemption at the end of the fifth year whereas remaining 50% were due for redemption at the end of the sixth year (September 24, 2010). As per the terms of the issue, if the issuer fails to redeem the shares in the said manner, the entire amount of the face value of the shares together with the dividend accrued will be converted into ordinary shares of the Azgard Nine Limited at the option of the shareholder at the end of the sixth year (completed on September 24, 2010).

Azgard Nine Limited did not comply with the original terms of the issue and issued draft revised terms last year as per which 50% of the outstanding amount would be converted into ordinary shares of Agritech Limited and the balance of 50% would be converted into ordinary shares of Azgard Nine Limited. Azgard Nine Limited failed to comply with the revised terms also subsequently. Management is currently considering various recourses at its disposal and on prudent basis determined provision for impairment against these preference shares.

8.1.3 Included herein are investments in term finance certificates of following related parties:

- a) Agritech Limited, amounting to Rs.149.860 million at the rate of 6 months KIBOR ask rate + 1.75% maturing on November 29, 2019 (December 31, 2011: Rs.149.860 million).
- b) Azgard Nine Limited, amounting to Rs.149.870 million at the rate of 6 months KIBOR ask rate + 1.25% maturing on December 04, 2017 (December 31, 2011: Rs.149.880 million).

8.1.4 This represents investment in closed end mutual fund, JS Value Fund, a related party, amounting to Rs.99.700 million (December 31, 2011: Rs.99.700 million) and having market value of Rs.73.464 million (December 31, 2011: Rs.37.606 million).

8.1.5 Included herein are investments in open end mutual fund units of the following related parties:

- a) JS Income Fund, amounting to Rs 375.000 million (December 31, 2011: 200.000 million) and having market value of Rs.375.000 million (December 31, 2011: 200.070 million).
- b) JS Aggressive Income Fund, amounting to Rs.200.000 million (December 31, 2011: NIL) and having market value of Rs.200.548 million (December 31, 2011: NIL).
- c) JS Aggressive Asset Allocation Fund, amounting to Rs.150.000 million (December 31, 2011: NIL) and having market value of Rs.149.746 million (December 31, 2011: NIL).

		(Unaudited) September 30, 2012	(Audited) December 31, 2011
<b>9. ADVANCES - net</b>	Note	(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		15,115,441	16,540,422
Outside Pakistan		1,458,599	1,116,517
		16,574,040	17,656,939
Net investment in finance lease - in Pakistan		309,960	413,039
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		286,156	320,468
Payable outside Pakistan		640,546	149,654
		926,702	470,122
Financing in respect of margin trading system		-	3,533
Advances - gross		17,810,702	18,543,633
Provision for non-performing advances			
Specific	9.1	(572,096)	(512,666)
General (against consumer financing)		(1,061)	(1,083)
		(573,157)	(513,749)
Advances - net of provision		17,237,545	18,029,884

9.1 Advances include Rs.2,883.543 million (December 31, 2011: Rs.2,776.895 million) which have been placed under non-performing status as detailed below:

Category of Classification

	(Unaudited) September 30, 2012				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)				
Other assets especially mentioned	-	-	-	-	-
Substandard	1,139	-	1,139	124	124
Doubtful	455,241	-	455,241	654	654
Loss	2,427,163	-	2,427,163	571,318	571,318
	<u>2,883,543</u>	<u>-</u>	<u>2,883,543</u>	<u>572,096</u>	<u>572,096</u>

Category of Classification

	(Audited) December 31, 2011				
	Domestic	Overseas	Total	Provision Required	Provision Held
	(Rupees in '000)				
Other assets especially mentioned	-	-	-	-	-
Substandard	973	-	973	95	95
Doubtful	1,671,373	-	1,671,373	248	248
Loss	1,104,549	-	1,104,549	512,323	512,323
	<u>2,776,895</u>	<u>-</u>	<u>2,776,895</u>	<u>512,666</u>	<u>512,666</u>



	Note	(Unaudited) September 30, 2012	(Audited) December 31, 2011
(Rupees in '000)			
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		55,050	17,591
Property and equipment		1,518,901	1,418,793
Intangible assets	10.1	<u>1,621,923</u>	<u>1,628,499</u>
		<u>3,195,874</u>	<u>3,064,883</u>
<b>10.1 Intangible assets</b>			
Stock and mercantile exchange cards	10.1.1	34,500	34,500
Computer software		123,799	130,375
Goodwill	10.1.2 & 10.1.3	<u>1,463,624</u>	<u>1,463,624</u>
		<u>1,621,923</u>	<u>1,628,499</u>

**10.1.1** During the period, in accordance with the requirements of the Stock Exchanges ( Corporatisation, Demutualization and Integration) Act, 2012 ( The Act), the Group was entitled to receive equity Shares of Islamabad and Karachi Stock Exchanges (ISE & KSE) and a Trading Right Entitlement in lieu of its Membership cards of ISE & KSE. The said process of demutualization was finalized during the period and the Group has been allotted 7,041,986 shares of ISE & KSE. Rs. 10/- each based on the revaluation of their assets and liabilities as approved by SECP. The Group has received 40% equity shares (i.e. 2,816,794 shares) and remaining 60% shares (i.e. 4,225,192 shares) are transferred to blocked CDC account maintained by ISE & KSE. The valuation of Trading Right Entitlement and the accounting treatment of shares received from Stock Exchange are under discussion and will be finalized in due course.

**10.1.2** For impairment testing goodwill has been allocated to 'Trading and Sales' Segment as Cash Generating Unit (CGU), which is also a reportable segment.

**10.1.3** Key assumptions used in 'value in use' calculation

As at December 31, 2011 the recoverable amount of the CGU has been determined based on 'value in use' calculation, using cash flow projections based on business plan approved by the Board of Directors of the Bank covering a five year period. The discount rates applied to cash flows beyond five years are extrapolated using a terminal growth rate. The following rates are used by the Bank.

	December 31, 2011	December 31, 2010
- Pre-tax discount rate	<u>23.86%</u>	<u>25.90%</u>
- Terminal growth rate	10.00%	10.00%

The calculation of 'value in use' is most sensitive to following assumptions:

**a) Interest margins**

Interest margins are based on prevailing industry trends and anticipated market conditions.

**b) Discount rates**

Discount rates reflect management estimates of the rate of return required for each business and are calculated after taking into account the prevailing risk free rate, industry risk and business risk. Discount rates are calculated by using cost of equity of the Bank.

**c) Key business assumptions**

The assumptions are important as they represent management assessment of how the unit's position might change over the projected period. Based on the expansion plans, management expects aggressive growth in advances, investments and deposits during the projected periods and thereafter stabilisation in line with industry trends.

**d) Sensitivity to changes in assumptions**

The estimated recoverable amount of the 'Trading and Sales' CGU as at December 31, 2011 exceeds its carrying amount by approximately Rs.769.125 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount:

	<b>Change required for carrying amount to equal recoverable amount(%)</b>	
	1.86	
	(3.17)	
	(Unaudited)	(Audited)
	September 30,	December 31,
	2012	2011
	(Rupees in '000)	
- Cost of equity		
- Terminal growth rate		
<b>11. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from SBP under export refinancing scheme	771,000	1,248,000
Repurchase agreement borrowings	5,485,580	1,922,240
	<u>6,256,580</u>	<u>3,170,240</u>
<b>Unsecured</b>		
Call borrowings	600,000	-
Overdrawn nostro accounts	37,373	1,560
	<u>637,373</u>	<u>1,560</u>
	<u>6,893,953</u>	<u>3,171,800</u>
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	20,632,499	14,252,810
Savings deposits	15,221,606	11,404,426
Current accounts - non-remunerative	14,543,464	11,293,377
Margin accounts	183,647	94,834
	<u>50,581,216</u>	<u>37,045,447</u>
<b>Financial institutions</b>		
Remunerative deposits	2,853,455	3,054,842
Non-remunerative deposits	269,940	74,062
	<u>3,123,395</u>	<u>3,128,904</u>
	<u>53,704,611</u>	<u>40,174,351</u>
<b>12.1 Particulars of deposits</b>		
In local currency	50,233,372	37,181,569
In foreign currencies	3,471,239	2,992,782
	<u>53,704,611</u>	<u>40,174,351</u>
<b>13. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax</b>		
<b>Surplus / (deficit) on revaluation of available-for-sale securities - net of tax</b>		
Term Finance Certificates - listed	(47,878)	(4,716)
Ordinary shares - listed	21,743	(724)
Preference shares - listed	7,881	-
Closed end mutual funds	41,979	6,146
Open end mutual funds	294	324
US dollar bonds	40,945	(15,373)
Government Securities	139,088	(28,857)
	<u>204,052</u>	<u>(43,200)</u>
Related deferred tax (liability) / asset	(71,418)	15,120
	<u>132,634</u>	<u>(28,080)</u>



(Unaudited) (Audited)  
September 30, December 31,  
2012 2011  
(Rupees in '000)

**14. CONTINGENCIES AND COMMITMENTS**

**14.1 Transaction-related contingent liabilities**

Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.

i) Government	1,516,440	890,007
ii) Banking companies and other financial institutions	41,135	98,165
iii) Others	686,473	203,562
	<u>2,244,048</u>	<u>1,191,734</u>

**14.2 Trade-related contingent liabilities**

Documentary credits	<u>2,679,530</u>	<u>2,921,223</u>
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**14.3 Other contingencies**

Claims not acknowledged as debts	<u>73,167</u>	<u>66,481</u>
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**14.4 Commitments in respect of forward exchange contracts**

Purchase	<u>2,510,722</u>	<u>1,948,987</u>
Sale	<u>3,447,759</u>	<u>1,446,561</u>

**14.5 Commitments in respect of forward lending**

Forward commitment to extend credit	<u>838,075</u>	<u>214,800</u>
Future commitment in respect of sale of equity and other securities	<u>220,721</u>	<u>22,660</u>

**14.6 Other commitments**

Commitment in respect of capital expenditure	<u>17,215</u>	<u>8,438</u>
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15. This includes recovery from Azgard Nine Limited (a related party) on account of advisory fee amounting to Rs. 22.843 million.

(Unaudited)

	Quarter ended September 30, 2012	September 30, 2011	Nine months period ended September 30, 2012	September 30, 2011
	----- (Rupees in '000) -----			

**16. OTHER CHARGES**

Penalties imposed by State Bank of Pakistan	<u>695</u>	<u>5</u>	<u>695</u>	<u>7,770</u>
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## 17. TAXATION

In view of the tax loss of the Bank, tax provision has been made subject to minimum taxation @ 0.5% under section 113 of Income Tax Ordinance, 2001 in this condensed interim consolidated financial information.

(Unaudited)			
Quarter ended		Nine months period ended	
September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011

## 18. BASIC AND DILUTED EARNING PER SHARE

Profit after taxation for the period (Rupees in '000)	<u>500,349</u>	<u>140,323</u>	<u>775,851</u>	<u>240,722</u>
Weighted average number of ordinary shares (number in '000)	<u>1,000,293</u>	<u>814,972</u>	<u>1,000,293</u>	<u>814,972</u>
Basic and diluted earning per share - Rupee	<u>0.50</u>	<u>0.17</u>	<u>0.78</u>	<u>0.30</u>

## 19. RELATED PARTY TRANSACTIONS

The Group has related party relationship with its associates, parent, companies having common directors, companies in which parent holds more than 20% shares, employee benefit plans, and its key management personnel (including their associates).

Contributions to the accounts in respect of staff retirement benefits are made in accordance with terms of the contribution plans. Remuneration of the key management personnel are in accordance with the terms of their employment. Other transactions are carried out as per agreed terms.

The details of transactions with related parties, other than those which have been specifically disclosed elsewhere in the financial information is as follows:



	Key management personnel		Other related parties		Total	
	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
----- (Rupees in '000) -----						
<b>Advances</b>						
Opening balance	39,651	3,423	2,975,684	2,994,330	3,015,335	2,997,753
Disbursements	38,396	42,692	5,435,010	7,387,316	5,473,406	7,430,008
Repayments	(12,681)	(6,464)	(5,348,319)	(7,405,962)	(5,361,000)	(7,412,426)
Closing balance	<u>65,366</u>	<u>39,651</u>	<u>3,062,375</u>	<u>2,975,684</u>	<u>3,127,741</u>	<u>3,015,335</u>
Mark-up / return / interest earned - nine months (unaudited)	<u>2,169</u>	<u>2,610</u>	<u>304,623</u>	<u>315,581</u>	<u>306,792</u>	<u>318,191</u>

	Parent		Key management personnel		Other related parties		Total	
	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)	September 30, 2012 (Unaudited)	December 31, 2011 (Audited)
----- (Rupees in '000) -----								
<b>Deposits</b>								
Opening balance	560,818	1,799	10,994	9,695	1,150,159	1,171,815	1,721,971	1,183,309
Deposits	2,222,258	2,535,433	201,363	173,263	29,089,952	24,388,352	31,513,573	27,097,048
Withdrawals	(2,747,578)	(1,976,414)	(168,083)	(171,964)	(28,127,932)	(24,410,008)	(31,043,593)	(26,558,386)
Closing balance	<u>35,498</u>	<u>560,818</u>	<u>44,274</u>	<u>10,994</u>	<u>2,112,179</u>	<u>1,150,159</u>	<u>2,191,951</u>	<u>1,721,971</u>
Mark-up / return / interest expensed - nine months (unaudited)	<u>15,042</u>	<u>8,451</u>	<u>327</u>	<u>162</u>	<u>174,653</u>	<u>82,172</u>	<u>190,022</u>	<u>90,785</u>





Material transactions with related parties are given below:

Nature of transactions	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
	(Unaudited)							
	(Rupees in '000)							
Insurance claim received	9,605	4,921	-	-	-	-	9,605	4,921
Markup income	-	-	-	-	25,351	-	25,351	-
Rent received	-	-	604	-	-	8	604	8
Reimbursement of expenses	-	35	861	886	29,295	-	30,156	921
Payment of insurance premium	33,068	26,531	-	-	-	-	33,068	26,531
Services rendered	-	-	-	1,144	-	-	-	1,144
Redemption of units	-	-	561,234	164,267	-	-	561,234	164,267
Rent expense paid / accrued	-	-	-	1,019	-	-	-	1,019
Commission paid / accrued	-	-	-	609	7,486	-	7,486	609
Commission income	64,739	45,547	1,624	3,125	63	2,664	66,426	51,336
Dividend income	-	-	-	6,096	3,475	-	3,475	6,096
Consultancy fee	-	-	-	-	4,500	1,800	4,500	1,800
Royalty	7,500	-	-	-	-	-	7,500	-

Nature of transactions	Parent company	
	September 30, 2012	September 30, 2011
	(Unaudited)	
	(Rupees in '000)	
Rent expense paid / accrued	1,324	376
Reimbursement of expenses	7,605	-
	<u>8,929</u>	<u>376</u>

## 20. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors on October 31, 2012

## 21. GENERAL

21.1 Comparative figures have been reclassified wherever necessary.

21.2 The figures in this consolidated condensed interim financial information have been rounded off to the nearest thousand.

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
President & Chief Executive Officer

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



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