



**JS Bank Limited**

Condensed Interim Financial Information  
for the Nine Months Period Ended September 30, 2013  
(Un-Audited)



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## Company Information

Board of Directors	Chairman	Mr. Jahangir Siddiqui Mr. Mazharul Haq Siddiqui Mr. Ashraf Nawabi Mr. Shahab Anwar Khawaja Mr. Adil Matcheswala Mr. Kalim-ur-Rahman Mr. G.M. Sikandar *
President Chief Executive Officer		Mr. Khalid Imran
Audit Committee	Chairman Member Member	Mr. Shahab Anwar Khawaja Mr. Jahangir Siddiqui Mr. Adil Matcheswala
Company Secretary		Mr. Muhammad Yousuf Amanullah
Auditors		M. Yousuf Adil Saleem & Co. Chartered Accountants (Member firm of Deloitte Touche Tohmatsu)
Legal Advisors		Liaquat Merchant Associates Bawaney & Partners
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, Pakiatn. <a href="http://www.jsbl.com">www.jsbl.com</a>

\* Appointment is subject to the approval from the State Bank of Pakistan.



# 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, 2013 along with consolidated financial statements of the Bank with its subsidiaries JS Global Capital Limited and JS investments Limited.

## The Economy

In its first Monetary Policy Statement for FY14, The State Bank of Pakistan (SBP) hiked the policy rate by 50bp to 9.5%, ending the 500bps easing streak which started in August 2011 and delivered its last rate cut in June 2013. SBP cited (1) inflationary impact of higher General Sales Tax (GST) and unwinding of subsidies built into administered prices; (2) potential oil price instability and (3) continued government reliance on banks to finance its fiscal deficit as the key risks to higher inflationary expectations and Consumer Price Index (CPI). With an end to easing streak and monetary tightening on the cards going forward, it seemed that pressure could be relieved off bank's core business. However the SBP, in an unexpected move, increased the Minimum Profit Rate (MPR) to be paid on Pak Rupee Saving Deposits with effect from October 1, 2013. The MPR has been fixed 50bps below the prevailing SBP Repo Rate (i.e. floor of the Interest Rate Corridor, currently 250bps below the Discount Rate at 7%). Consequently, MPR is increased to 6.5% from 6.0%. Given this move by the SBP it is expected that expansion in banking spreads, which was emerging as a theme for the sector in a rising interest rate scenario, has largely been curtailed.

As far as banking numbers are concerned, banking sector aggregate deposits in 3Q2013 registered a growth of 5%, reaching PKR 7.1 trillion. However, banks maintained their prudent lending stance, as gross advances declined by 1% in 3Q2013 to PKR 3.8 trillion leading to shrinkage in banking sectors' ADR to 54% from 57% in March 2013. Investments on the other hand also declined by 4% QoQ to PKR 3.9 trillion during the same period.

## Our Financials

During the nine months period under review, the Balance Sheet of the Bank grew by 8.63% to PKR 88.610 billion from PKR 81.570 billion as at September 30, 2013, mainly due to an increase in the Bank's deposit from PKR 62.544 billion to PKR 74.107 billion, an increase of 18.49%. On the asset side, the main growth was recorded in Advances which increased by 23.31%.

The Bank has earned profit before tax of PKR 401.762 million (profit after tax of PKR 284.210 million) for the nine months period ended September 30, 2013 as compared to the profit before tax of PKR 899.223 million (profit after tax of PKR 743.313 million) in the corresponding period last year. The decrease in profit is mainly due to additional provisions for non-performing advances, and an increase in administrative expense due to the opening of new branches. Going forward, we plan to further strengthen our branch network to increase brand awareness and growth of the Bank. 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 impressive growth, going forward.

The paid-up capital (free of losses) of the Bank as at September 30, 2013 stood at PKR 8.619 billion. To meet the shortfall in the Minimum Capital Requirement prescribed by the State Bank of Pakistan (SBP) for December 31, 2012 and December 31, 2013, the Bank has planned to issue un-listed, convertible, irredeemable, perpetual, non-cumulative preference shares worth PKR 1.5 billion. In this regard in-principle approval from the SBP for the issuance of these preference shares has been received. The Bank is now in the process of completing other procedural formalities relating to the transaction.

The Bank had signed a Sale and Purchase Agreement on September 10, 2012 with HSBC Middle East Limited for acquisition of HSBC - Pakistan operations. However, this planned acquisition has not been consummated because certain conditions precedent laid down in the sale and purchase agreement executed with HSBC Middle East Limited could not be fulfilled within the time period agreed between the parties.

## Subsidiaries

### JS Global Capital Limited

JS Global Capital Limited is the largest broking firm in Pakistan with a continued leadership position in the domestic capital markets. It is in the business of equity, fixed income, currencies and commodities brokerage and investment banking. JS Bank (51%) and Global Investment House (43%) are the sponsor shareholders. Global Investment House, based in Kuwait is one of the leading financial services companies with a growing footprint in the MENASA region.

The JS Global was incorporated under the laws of Pakistan having a paid up capital of PKR 500 million, and shareholders' equity of PKR 2.534 billion as on September 30, 2013. It is listed on the Karachi and Islamabad Stock Exchanges.

The Pakistan Credit Rating Agency (PACRA) has assigned long-term and short-term entity ratings to JS Global of "AA" (Double A) and "A1+" (A One plus), respectively. The ratings denote a very low expectation of credit risk emanating from very strong capacity for timely payment of financial commitments.



Summarized results of the Company are set out below:

	For the nine months period ended September 30, 2013 Unaudited
Profit before tax (PKR In million)	196.259
Profit after tax (PKR In million)	148.213
Earnings per share - Rupees	2.96

#### **JS Investments Limited**

JS Investments Limited a public listed company (the Company) is the oldest and one of the leading private sector Asset Management Companies in Pakistan, with over PKR 12 billion (as on September 30, 2013) in assets under management, spread across various mutual funds, pension funds and separately managed accounts. It was incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Company are quoted on the Karachi Stock Exchange since April 24, 2007.

The Company has a Management Quality Rating of "AM2 -, with stable outlook" assigned by JCR-VIS and Credit Rating of "A+/A1(Long/Short - term) assigned by PACRA.

The Company has obtained the license of an "Investment Adviser" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company is also a licensed Pension Fund Manager under the Voluntary Pension System Rules, 2005, to manage voluntary pension Schemes. The Company having a paid up capital of PKR 1 billion, and shareholder equity of PKR 1.112 billion as on September 30, 2013

Summarized results of the Company are set out below:

	For the nine months period ended September 30, 2013 Unaudited
Profit before tax (PKR In million)	630.196
Profit after tax (PKR In million)	602.583
Earnings per share - Rupee	6.03

#### **Entity Rating**

As communicated earlier, the Pakistan Credit Rating Agency (PACRA) has maintained the long-term entity rating of JS Bank at "A+" (Single A Plus), while 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.

#### **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 28, 2013**

On behalf of the Board

**Khalid Imran**  
President &  
Chief Executive Officer

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2013

		(Unaudited) September 30, 2013	* Restated (Audited) December 31, 2012
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		<b>6,253,507</b>	5,027,797
Balances with other banks		<b>621,898</b>	1,178,265
Lendings to financial institutions	7	<b>6,157,092</b>	3,940,958
Investments - net	8	<b>44,741,460</b>	46,259,398
Advances - net	9	<b>24,729,523</b>	20,054,921
Operating fixed assets	10	<b>3,417,449</b>	3,165,117
Deferred tax assets - net		<b>980,361</b>	699,272
Other assets		<b>1,708,890</b>	1,244,267
		<b>88,610,180</b>	81,569,995
<b>LIABILITIES</b>			
Bills payable		<b>1,400,514</b>	713,747
Borrowings	11	<b>3,129,766</b>	8,222,273
Deposits and other accounts	12	<b>74,107,448</b>	62,543,793
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		<b>1,289,510</b>	1,122,764
		<b>79,927,238</b>	72,602,577
<b>NET ASSETS</b>		<b>8,682,942</b>	8,967,418
<b>REPRESENTED BY:</b>			
Share capital		<b>10,724,643</b>	10,724,643
Discount on issue of shares		<b>(2,105,401)</b>	(2,105,401)
Reserves		<b>288,596</b>	231,754
Accumulated profits / (losses)		<b>162,459</b>	(64,909)
		<b>9,070,297</b>	8,786,087
(Deficit) / surplus on revaluation of assets - net of tax	13	<b>(387,355)</b>	181,331
		<b>8,682,942</b>	8,967,418
<b>CONTINGENCIES AND COMMITMENTS</b>	14		

\* Change in accounting policy as disclosed in note 5

The annexed notes from 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President & Chief Executive Officer

Director

Director

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

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

Note	Quarter ended		Nine months period ended		
	September 30, 2013	* Restated September 30, 2012	September 30, 2013	* Restated September 30, 2012	
(Rupees in '000)					
Mark-up / return / interest earned	1,694,913	1,508,117	5,004,652	4,176,278	
Mark-up / return / interest expensed	1,019,108	969,603	3,308,000	2,648,295	
Net mark-up / interest income	675,805	538,514	1,696,652	1,527,983	
Provision against non-performing loans and advances	(129,397)	(7)	(347,538)	(59,408)	
(Provision) / reversal against diminution in value of investments	(14,986)	-	(8,170)	(7,799)	
Bad debts written off directly	-	-	-	-	
	(144,383)	(7)	(355,708)	(67,207)	
Net mark-up / interest income after provisions	531,422	538,507	1,340,944	1,460,776	
<b>NON MARK-UP / INTEREST INCOME</b>					
Fee, commission and brokerage income	172,159	128,767	496,286	401,989	
Dividend income	120,968	54,213	297,709	106,139	
Income from dealing in foreign currencies	75,314	49,438	207,007	145,785	
Gain on sale / redemption of securities	6,200	405,415	315,900	507,751	
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading	(925)	45,286	485	45,534	
Other income	5,140	8,827	35,175	38,254	
Total non-mark-up / interest income	378,856	691,946	1,352,562	1,245,452	
	910,278	1,230,453	2,693,506	2,706,228	
<b>NON MARK-UP / INTEREST EXPENSES</b>					
Administrative expenses	756,208	701,985	2,281,670	1,806,310	
Other provisions / write offs	3,853	-	9,962	-	
Other charges	91	-	112	695	
Total non-mark-up / interest expenses	760,152	701,985	2,291,744	1,807,005	
	150,126	528,468	401,762	899,223	
Extra ordinary / unusual items	-	-	-	-	
<b>PROFIT BEFORE TAXATION</b>	150,126	528,468	401,762	899,223	
Taxation					
- Current	(31,572)	(13,897)	(92,426)	(34,425)	
- Prior years	-	-	-	50,661	
- Deferred	770	(49,997)	(25,126)	(172,146)	
	(30,802)	(63,894)	(117,552)	(155,910)	
<b>PROFIT AFTER TAXATION</b>	119,324	464,574	284,210	743,313	
----- Rupee -----					
<b>Basic and diluted earnings per share - restated</b>	18	0.11	0.46	0.27	0.74

\* Change in accounting policy as disclosed in note 5

The annexed notes from 1 to 22 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, 2013

	Quarter ended		Nine months period ended	
	September 30, 2013	* Restated September 30, 2012	September 30, 2013	* Restated September 30, 2012
	(Rupees in '000)			
Profit after taxation	119,324	464,574	284,210	743,313
<b>Other comprehensive income</b>				
<b>Components of comprehensive income that will not be reclassified to profit and loss</b>				
Effect of retrospective change in accounting policy as disclosed in note 5	-	(849)	-	(2,546)
	<u>119,324</u>	<u>463,725</u>	<u>284,210</u>	<u>740,767</u>

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

**\* Change in accounting policy as disclosed in note 5**

The annexed notes from 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

\_\_\_\_\_  
Chairman

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director





**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
(UNAUDITED)**

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

	Issued, Subscribed and paid-up share capital	Discount on issue of shares	Statutory reserve	Accumulated (losses) / profits	Total
----- (Rupees in '000) -----					
<b>Balance as at January 01, 2012 (Audited) as previously reported</b>	10,002,930	(1,944,880)	89,978	(642,918)	7,505,110
Effect of retrospective change in accounting policy as disclosed in note 5	-	-	(71)	14,017	13,946
<b>Balance as at January 01, 2012 restated</b>	10,002,930	(1,944,880)	89,907	(628,901)	7,519,056
<b>Comprehensive Income</b>					
Profit after taxation for the nine months period ended September 30, 2012 as restated	-	-	-	743,313	743,313
Other comprehensive Income - net of tax for the nine months period ended September 30, 2012 as restated	-	-	-	(2,546)	(2,546)
Transfer to statutory reserve- as restated	-	-	148,663	740,767 (148,663)	740,767 -
<b>Balance as at September 30, 2012 as restated</b>	10,002,930	(1,944,880)	238,570	(36,797)	8,259,823
<b>Comprehensive Income</b>					
Profit after taxation for the quarter ended December 31, 2012 as restated	-	-	-	(34,079)	(34,079)
Other comprehensive Income - net of tax for the quarter ended December 31, 2012 as restated	-	-	-	(849)	(849)
	-	-	-	(34,928)	(34,928)
<b>Transaction with owners recorded directly in equity</b>					
Issue of shares during the period	721,713	-	-	-	721,713
Discount on issue of shares	-	(160,521)	-	-	(160,521)
	721,713	(160,521)	-	-	561,192
<b>Transfers</b>					
Transfer to statutory reserve- as restated	-	-	(6,816)	6,816	-
<b>Balance as at December 31, 2012 as restated</b>	10,724,643	(2,105,401)	231,754	(64,909)	8,786,087
<b>Comprehensive Income</b>					
Profit after taxation for the nine months period ended September 30, 2013	-	-	-	284,210	284,210
Other comprehensive Income - net of tax for the nine months period ended September 30, 2013	-	-	-	-	-
	-	-	-	284,210	284,210
Transfer to statutory reserve	-	-	56,842	(56,842)	-
<b>Balance as at September 30, 2013</b>	<b>10,724,643</b>	<b>(2,105,401)</b>	<b>288,596</b>	<b>162,459</b>	<b>9,070,297</b>

**\* Change in accounting policy as disclosed in note 5**

The annexed notes from 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

_____ Chairman	_____ President & Chief Executive Officer	_____ Director	_____ Director
<b>JS BANK</b>   Nine Months Period Ended   08 September 30, 2013			

## UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

\* Restated

	September 30, 2013	September 30, 2012
	(Rupees in '000)	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	401,762	899,223
Less: Dividend income	<u>(297,709)</u>	<u>(106,139)</u>
	104,053	793,084
<b>Adjustments:</b>		
Depreciation	194,676	164,549
Amortisation of intangibles	15,269	14,122
Charge for defined benefit plan	18,570	27,671
Unrealised gain on revaluation of investments classified as held-for-trading	(485)	(45,534)
Provision against non-performing loans and advances - net	347,538	59,408
Provision for diminution in the value of investments - net	8,170	7,799
Gain on sale of fixed assets	(35,175)	(38,254)
Provision for Workers' Welfare Fund	9,962	-
	<u>558,525</u>	<u>189,761</u>
	662,578	982,845
<b>(Increase) / decrease in operating assets</b>		
Lendings to financial institutions	(2,216,134)	988,955
Held-for-trading securities	(19,097,827)	(14,122,566)
Advances	(5,022,140)	729,422
Other assets (excluding advance taxation)	(529,805)	(183,145)
	<u>(26,865,906)</u>	<u>(12,587,334)</u>
<b>Increase / (decrease) in operating liabilities</b>		
Bills payable	686,767	(289,576)
Borrowings	(5,056,208)	3,459,854
Deposits	11,563,655	12,752,744
Other liabilities	139,483	214,345
	<u>7,333,697</u>	<u>16,137,367</u>
	(18,869,631)	4,532,878
Income tax (paid)	(5,550)	(8,828)
Gratuity paid	(22,963)	(75,000)
Net cash (used in) / from operating activities	<u>(18,898,144)</u>	<u>4,449,050</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Net investment in available-for-sale securities	19,733,179	(4,114,517)
Dividend income	297,709	106,139
Investment in operating fixed assets	(474,577)	(327,865)
Sale proceeds of property and equipment disposed-off	47,475	56,166
Net cash flow from / (used in) investing activities	<u>19,603,786</u>	<u>(4,280,077)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	-	-
<b>Decrease in cash and cash equivalents</b>	<u>705,642</u>	168,973
Cash and cash equivalents at beginning of the period	6,157,353	4,016,008
<b>Cash and cash equivalents at end of the period</b>	<u>6,862,995</u>	<u>4,184,981</u>

\* Change in accounting policy as disclosed in note 5

The annexed notes from 1 to 22 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President & Chief Executive Officer

Director

Director



## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

### 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's ordinary shares are listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 187 (December 31, 2012: 185) branches / sub-branches in Pakistan. The Bank is rated at "A+" (Single A Plus) for long term and "A1" (A One) for short term by Pakistan Credit Rating Agency (PACRA).


**1.2** Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by Jahangir Siddiqui & Co. Ltd., JSCL, on February 01, 1999) and its holding company, 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 vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

**1.3** The State Bank of Pakistan (SBP) 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 be raised to Rs.10 billion by the year ending December 31, 2013. In December 2012, the SBP granted an extension to the Bank up to June 30, 2013 for meeting the shortfall in the requirement of minimum capital requirement (MCR). To meet the shortfall and bring the MCR to Rs. 10 billion, the Bank has submitted a plan to SBP to issue perpetual non-cumulative irredeemable preference shares worth Rs. 1.5 billion having face value of Rs.10 each. The SBP has granted in-principle approval for the issuance of these preference shares. Currently, the Bank is in the process of completing the procedural formalities and expects to complete the same by December 31, 2013. The paid-up capital (free of losses) of the Bank as at September 30, 2013 stood at Rs.8.619 billion.

### 2. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Bank for the nine months period ended September 30, 2013 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 IAS 34, 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, 2012.

### **3. BASIS OF MEASUREMENT**

This unconsolidated condensed interim financial information have 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 and defined benefit liability which is stated at net present 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 financial statements of the Bank for the year ended December 31, 2012.

### **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 financial statements for the year ended December 31, 2012, except for change in accounting policy due to adoption of revised IAS 19 "Employee Benefits" with effect from January 01, 2013 and as fully explained in note 5.1 below:

#### **5.1 Change in accounting policy - Staff retirement benefits**

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The significant changes are as follows:

##### **a) Unrecognized actuarial gains and losses:**

The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net plan asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Previously, actuarial gains and losses over and above the corridor limit were amortised over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19.



**b) Past service cost:**

Past service cost (either vested or non-vested) is recognised immediately in the profit and loss as soon as the change in the benefit plans are made. Previously, non-vested portion was amortised over the expected average lives of employees.

**c) Interest cost and expected return on plan assets**

The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

**d) Presentation of changes in defined benefit obligations and plan assets**

Presentation of changes in defined benefit obligations and plan assets will be split into three components:

**i) Service cost**

recognised in profit or loss and includes current and past service cost as well as gains or losses on settlements.

**ii) Net interest**

recognised in profit or loss and calculated by applying the discount rate at the beginning of the reporting period to the net defined benefit liability or asset at the beginning of each reporting period.

**iii) Re-measurement**

recognised in other comprehensive income and comprises actuarial gains and losses on the defined benefit obligation, the excess of the actual return on plan assets over the change in plan assets due to the passage of time and the changes, if any, due to the impact of the asset ceiling. As a result, the profit or loss will no longer include an expected return on plan assets; instead, imputed finance income is calculated on the plan assets and is recognised as part of the net interest cost in profit or loss. Any actual return above or below the imputed finance income on plan assets is recognised as part of re-measurement in other comprehensive income.

**5.2 Revised accounting policy of staff retirement benefits is as follows:**

**5.2.1 Defined benefit plans**

The Bank operates an approved funded gratuity scheme covering all its eligible employees, which requires contribution to be made in accordance with the actuarial recommendations. An actuarial valuation of defined benefit scheme is conducted at the end of every year or any significant change occur. The most recent valuation in this regard was carried out as at June 30, 2013, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Actuarial gains and losses are recognised immediately in other comprehensive income. Past-service costs are recognised immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

### 5.3 Effects of change in accounting policy

With effect from January 1, 2013, IAS 19 revised has become effective. The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard - 8 Accounting Policies, Changes in Accounting Estimates 'and Errors'. Accordingly the opening equity has been adjusted and cost related to past service has not deferred. Cost deferred in the past has been recognised retrospectively so that the profit and loss account for the current period reflects values related to the current period only as if the revised standard had always applied.

Effect of retrospective application of change in accounting policy are as follows:

	<b>December 31, 2012 (Audited)</b>		
	<b>As previously reported</b>	<b>Effect of Restatement</b>	<b>As Restated</b>
	<b>----- (Rupees in '000) -----</b>		
<b>Effect on balance Sheet</b>			
Decrease in other liabilities - defined benefit obligation	<u>1,134,373</u>	<u>(11,609)</u>	<u>1,122,764</u>
Increase in reserves	<u>231,613</u>	<u>141</u>	<u>231,754</u>
Net decrease in accumulated losses	<u>(76,377)</u>	<u>11,468</u>	<u>(64,909)</u>
	<b>Prior to January 01, 2012</b>		
	<b>As previously reported</b>	<b>Effect of Restatement</b>	<b>As Restated</b>
	<b>----- (Rupees in '000) -----</b>		
Decrease in other liabilities - defined benefit obligation	<u>765,019</u>	<u>(13,946)</u>	<u>751,073</u>
Decrease in reserves	<u>89,978</u>	<u>(71)</u>	<u>89,907</u>
Net decrease in accumulated losses	<u>(642,918)</u>	<u>14,017</u>	<u>(628,901)</u>
	<b>-----Un-audited-----</b>		<b>Audited</b>
	<b>Quarter ended September 30, 2012</b>	<b>Nine months period ended September 30, 2012</b>	<b>Prior to January 01, 2012</b>
	<b>----- (Rupees in '000) -----</b>		
<b>Effect on profit and loss account</b>			
Net decrease in profit after tax due to amortisation of actuarial gains and losses recognised in other comprehensive income	(167)	(500)	(354)
Decrease in profit after tax due to recognition of past service cost in other comprehensive income	(94)	(283)	-
Increase in profit after tax due to in expected return on plan assets	656	1,969	-
Decrease in profit after tax due to curtailment gain	<u>(131)</u>	<u>(393)</u>	<u>-</u>
	<u>264</u>	<u>793</u>	<u>(354)</u>



	Nine months period ended September 30, 2012 (Un-audited)		
	As previously reported	Effect of Restatement	As Restated
	----- (Rupees in '000) -----		
Decrease in administrative expenses	<u>1,807,103</u>	<u>(793)</u>	<u>1,806,310</u>

	-----Un-audited-----	Audited	
	Quarter ended September 30, 2012	Nine months period ended September 30, 2012	Prior to January 01, 2012
	----- (Rupees in '000) -----		
<b>Effect on other comprehensive income</b>			
Amortisation of actuarial gains reclassified to other comprehensive income	-	-	354
Net (expense) / income recognised in other comprehensive income	(849)	(2,546)	12,814
Increase in other comprehensive income due to recognition of negative past service cost	-	-	1,132
	<u>(849)</u>	<u>(2,546)</u>	<u>14,300</u>

	Nine months period ended September 30, 2012 (Un-audited)		
	As previously reported	Effect of Restatement	As Restated
	----- (Rupees in '000) -----		
Decrease in other comprehensive income	<u>-</u>	<u>(2,546)</u>	<u>(2,546)</u>

## 6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies applied during the period are consistent with those disclosed in the annual financial statements of the bank for the year ended December 31, 2012.

		(Unaudited) September 30, 2013	(Audited) December 31, 2012
	Note	(Rupees in '000)	
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>			
Call money lendings		1,300,000	600,000
Lendings to financial institutions	7.1	3,763,745	1,136,983
Repurchase agreement lendings (Reverse Repo)	7.2 & 7.3	<u>1,093,347</u>	<u>2,203,975</u>
		<u>6,157,092</u>	<u>3,940,958</u>

**7.1** Included herein a sum of Rs. 16.599 million due from, JS Investments Limited, a related party.

**7.2** Included herein a sum of Rs. NIL (December 31, 2012: 200 million) having a market value of Rs. NIL (December 31, 2012: Rs. 204.675 million) due from, JS Global Capital Limited, a related party.

**7.3** Repurchase agreement lendings are secured through Pakistan Investment Bonds having total market value of Rs. 1,063.791 million (December 31, 2012: Rs. 2,241.724 million).

## 8. INVESTMENTS

	(Unaudited) September 30, 2013			(Audited) December 31, 2012		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Note	----- (Rupees in '000) -----					

### 8.1 INVESTMENTS BY TYPES:

#### Held-for-trading securities

Market Treasury Bills	18,604,227	1,499,274	20,103,501	1,444,063	-	1,444,063
Pakistan Investment Bonds	234,309	-	234,309	505,542	-	505,542
Ordinary shares of listed companies	859,988	-	859,988	-	-	-
Ijara Sukuk Bonds	-	-	-	149,440	-	149,440
	<u>19,698,524</u>	<u>1,499,274</u>	<u>21,197,798</u>	2,099,045	-	2,099,045

#### Available-for-sale securities

Market Treasury Bills	6,426,652	-	6,426,652	26,937,159	7,041,450	33,978,609
Pakistan Investment Bonds	10,303,554	97,834	10,401,388	3,746,352	-	3,746,352
Ordinary shares of listed companies	945,144	-	945,144	1,042,548	-	1,042,548
Ordinary shares of unlisted companies	11,000	-	11,000	-	-	-
Preference shares of a listed company	136,590	-	136,590	143,739	-	143,739
Term Finance Certificates-listed	908,610	-	908,610	1,589,004	-	1,589,004
Term Finance Certificates-unlisted	1,106,710	-	1,106,710	627,750	-	627,750
US Dollar Bonds	2,300,438	-	2,300,438	787,052	-	787,052
Open end mutual funds	198,564	-	198,564	40,000	-	40,000
Closed end mutual funds	-	-	-	109,331	-	109,331
Ijara Sukuk Bonds	1,404	-	1,404	-	-	-
Sukuk Certificates	-	-	-	105,294	-	105,294
	<u>22,338,666</u>	<u>97,834</u>	<u>22,436,500</u>	35,128,229	7,041,450	42,169,679

#### Investments in subsidiaries

Investments at cost	8.1.4	1,919,121	-	1,919,121	1,919,121	-	1,919,121
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Less: Provision for diminution in value of investments	8.1.5 & 8.1.6	(216,513)	-	(216,513)	(208,344)	-	(208,344)
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<b>Investments (net of provision)</b>		<u>43,739,798</u>	<u>1,597,108</u>	<u>45,336,906</u>	38,938,051	7,041,450	45,979,501
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Unrealised gain / (loss) on revaluation of investments classified as held-for-trading		519	(34)	485	926	-	926
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(Deficit) / surplus on revaluation of available-for-sale securities		(595,257)	(674)	(595,931)	262,883	16,088	278,971
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<b>Total investments at carrying value</b>		<u>43,145,060</u>	<u>1,596,400</u>	<u>44,741,460</u>	39,201,860	7,057,538	46,259,398
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**8.1.1** During the period, in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act), the Bank has received 3,034,603 shares of Rs. 10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange Limited (ISEL) in lieu of its Membership card held by the Bank. In the first phase the Bank has received 40% equity shares with trading rights i.e. 1,213,841 shares whereas the remaining 60% shares, i.e. 1,820,762 shares, are transferred to blocked CDC account maintained by ISEL. Further, the management believes that the carrying value of these shares is less than face value of shares therefore, no value has been allocated to TREC.

**8.1.2** Included herein is the investment of Rs. 65.022 million (December 31, 2012: Rs.65.022 million) in Azgard Nine Limited, a related party, at the rate of 6 months KIBOR ask rate + 1.25% maturing on December 04, 2017.

**8.1.3** Included herein are the investments in following related parties:

- a) JS Value Fund, a related party, amounting to Rs.99.701 million (December 31, 2012: Rs.99.701 million) and having market value of Rs. 101.940 million (December 31, 2012: Rs.78.711 million). In compliance with the Regulation 65 of NBFC & NE Regulations, 2008, the fund has been now converted into an open end scheme and, accordingly the shares having par value of Rs. 10 each of JS Value Fund Limited were converted in units of par value of Rs. 100 each (i.e. in the ratio of 10:1)
- b) JS Islamic Government Securities Fund, a related party, amounting to Rs.98.863 million (December 31, 2012: NIL) and having market value of Rs. 102.225 (December 31, 2012: NIL).
- c) JS Funds of Funds, a related party, amounting to Rs.NIL (December 31, 2012: 10.000 million) and having market value of Rs. NIL (December 31, 2012: 10.478 million).
- d) JS Islamic Fund, a related party, amounting to Rs.NIL (December 31, 2012: 30.000 million) and having market value of Rs. NIL (December 31, 2012: 30.615 million).

**8.1.4** Included herein are the investments in the following subsidiaries:

	Number of shares	Percentage holding	Cost	
			Un-audited September 30, 2013	Audited December 31, 2012
			(Rupees in '000)	
JS Global Capital Limited (JSGCL)	25,525,169	51.05%	1,357,929	1,357,929
JS Investments Limited (JSIL)	52,236,978	52.24%	561,192	561,192
			<u>1,919,121</u>	<u>1,919,121</u>

**8.1.5** Included herein is the provision of Rs.68.216 million (December 31, 2012: Rs.68.216 million) against JS Value Fund, a related party.

**8.1.6** The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD-(Policy)/2013-11339 dated July 25, 2013 has allowed the relaxation to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 40% of the required provision in this unconsolidated condensed interim financial information whereas the remaining provision will be made in phased manner at 50%, 60%, 75%, 85% and 100% by end of each quarter respectively till December 31, 2014. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 89.916 million.

9. ADVANCES - net	Note	(Unaudited)	(Audited)
		September 30, 2013	December 31, 2012
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		22,838,912	19,222,256
Outside Pakistan		349,691	245,323
		<u>23,188,603</u>	<u>19,467,579</u>
Net Investment in Finance lease - in Pakistan		571,589	388,725
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		452,099	104,080
Payable outside Pakistan		1,836,024	1,065,790
		<u>2,288,123</u>	<u>1,169,870</u>
Advances - gross		<u>26,048,315</u>	<u>21,026,174</u>
Provision for non-performing advances			
- specific	9.1	(1,316,461)	(970,062)
- general (against consumer financing)		(2,331)	(1,191)
		<u>(1,318,792)</u>	<u>(971,253)</u>
Advances - net of provision		<u>24,729,523</u>	<u>20,054,921</u>

9.1 Advances include Rs. 2,703.592 million (December 31, 2012: Rs.3,037.264 million) which have been placed under non-performing status as detailed below:

#### Category of classification

	(Unaudited)				
	September 30, 2013				
	Domestic	Overseas	Total	Provision required	Provision held
(Rupees in '000)					
Other assets especially mentioned	-	-	-	-	-
Substandard	399,042	-	399,042	50,102	50,102
Doubtful	31,576	-	31,576	3,258	3,258
Loss	2,272,974	-	2,272,974	1,263,101	1,263,101
	<u>2,703,592</u>	<u>-</u>	<u>2,703,592</u>	<u>1,316,461</u>	<u>1,316,461</u>

#### Category of classification

	(Audited)				
	December 31, 2012				
	Domestic	Overseas	Total	Provision required	Provision held
(Rupees in '000)					
Other assets especially mentioned	-	-	-	-	-
Substandard	406,944	-	406,944	70,855	70,855
Doubtful	603,800	-	603,800	97,899	97,899
Loss	2,026,520	-	2,026,520	801,308	801,308
	<u>3,037,264</u>	<u>-</u>	<u>3,037,264</u>	<u>970,062</u>	<u>970,062</u>

9.1.1 The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD(Policy)/2013-11339 dated July 25, 2013 has allowed the relaxation from PR-8 to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 40% of the required provision (except for running finance facility, for which provision has been kept at 51% of the required provision) in this unconsolidated condensed interim financial information whereas the remaining provision will be made in phased manner at 50%, 60%, 75%, 85% and 100% by end of each quarter respectively till December 31, 2014. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 119.075 million.



		(Unaudited) September 30, 2013	(Audited) December 31, 2012
	Note	(Rupees in '000)	
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		151,454	60,272
Property and equipment		1,678,878	1,508,088
Intangible assets	10.1	<u>1,587,117</u>	<u>1,596,757</u>
		<u>3,417,449</u>	<u>3,165,117</u>
<b>10.1 Intangible assets</b>			
Stock Exchange Card	8.1.1	-	11,000
Computer Software		123,493	122,133
Goodwill		<u>1,463,624</u>	<u>1,463,624</u>
		<u>1,587,117</u>	<u>1,596,757</u>
<b>11. BORROWINGS</b>			
<b>Secured</b>			
Borrowings from SBP under export refinancing scheme		902,500	1,023,474
Repurchase agreement borrowings		<u>1,596,856</u>	<u>7,050,090</u>
		<u>2,499,356</u>	<u>8,073,564</u>
<b>Unsecured</b>			
Call borrowings	11.1	<u>618,000</u>	<u>100,000</u>
Overdrawn nostro accounts		<u>12,410</u>	<u>48,709</u>
		<u>630,410</u>	<u>148,709</u>
		<u>3,129,766</u>	<u>8,222,273</u>
<b>11.1</b>	Included herein is the borrowing of Rs. 550.000 million (December 31, 2012: Rs.NIL) from Bank Islami Pakistan Limited, a related party, at the rate 9.5% p.a maturing on October 01, 2013		
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>			
<b>Customers</b>			
Fixed deposits		25,362,555	20,771,890
Savings deposits		22,597,615	17,964,800
Current accounts - non-remunerative		20,818,040	16,845,870
Margin accounts		<u>326,922</u>	<u>317,491</u>
		<u>69,105,132</u>	<u>55,900,051</u>
<b>Financial institutions</b>			
Remunerative deposits		<u>4,412,851</u>	<u>6,420,235</u>
Non-remunerative deposits		<u>589,465</u>	<u>223,507</u>
		<u>5,002,316</u>	<u>6,643,742</u>
		<u>74,107,448</u>	<u>62,543,793</u>

	(Unaudited) September 30, 2013	(Audited) December 31, 2012
Note	(Rupees in '000)	
<b>12.1 Particulars of deposits</b>		
In local currency	68,093,627	58,657,117
In foreign currencies	<u>6,013,821</u>	<u>3,886,676</u>
	<u>74,107,448</u>	<u>62,543,793</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	(57,671)	(70,227)
Ordinary shares-listed	(3,080)	206,198
Preference shares-listed	12,477	14,507
US dollar bonds	(82,276)	7,589
Government securities	(539,198)	72,389
Open end mutual funds	73,817	1,093
Closed end mutual funds	-	47,422
	<u>(595,931)</u>	<u>278,971</u>
Related deferred tax asset / (liability)	<u>208,576</u>	<u>(97,640)</u>
	<u>(387,355)</u>	<u>181,331</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	1,674,422	1,950,045
ii) Banking companies and other financial institutions	194,100	588,099
iii) Others	272,994	293,522
14.1.1	<u>2,141,516</u>	<u>2,831,666</u>
<b>14.1.1</b> Included herein the outstanding gurarantees of Rs. 5.613 million (December 31, 2012: Rs.430.295 million) of related parties.		
<b>14.2 Trade-related contingent liabilities</b>		
Documentary credits	<u>4,237,516</u>	<u>4,992,746</u>
<b>14.3 Other contingencies</b>		
Claims not acknowledged as debts	<u>66,913</u>	<u>66,718</u>
<b>14.4 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>3,090,599</u>	<u>2,292,630</u>
Sale	<u>3,739,450</u>	<u>2,450,968</u>
<b>14.5 Commitments in respect of forward lending</b>		
Forward commitment to extend credit	<u>761,250</u>	<u>604,511</u>
<b>14.6 Other commitments</b>		
Commitment in respect of capital expenditure	<u>243,197</u>	<u>33,149</u>



## 15. OTHER PROVISIONS / WRITE OFFS

15.1 This includes provision held against workers welfare fund (WWF) @ 2% of the higher of profit before tax or taxable income under Workers Welfare Ordinance, 1971.

(Unaudited)			
Quarter ended September 30, 2013	September 30, 2012	Nine months period ended September 30, 2013	September 30, 2012
----- (Rupees in '000) -----			

## 16. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	<u>91</u>	<u>-</u>	<u>112</u>	<u>695</u>
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## 17. TAXATION

In view of the tax losses of the Bank, tax provision has been made subject to minimum taxation @ 1% under section 113 of Income Tax Ordinance, 2001 in this unconsolidated condensed interim financial information.

## 18. BASIC AND DILUTED EARNINGS PER SHARE

	(Unaudited)			
	Quarter ended	*Restated		Nine months period ended
	September 30, 2013	September 30, 2012	September 30, 2013	*Restated September 30, 2012
Profit after taxation for the period - attributable to ordinary equity holders of the Bank (Rs. in '000)	<u>119,324</u>	<u>464,574</u>	<u>284,210</u>	<u>743,313</u>
Weighted average number of outstanding ordinary shares during the period (in '000)	<u>1,072,464</u>	<u>1,000,293</u>	<u>1,072,464</u>	<u>1,000,293</u>
Basic and diluted earnings per share - Rupee	<u>0.11</u>	<u>0.46</u>	<u>0.27</u>	<u>0.74</u>

## 19. RELATED PARTY TRANSACTIONS

The Bank has related party relationship with its associates, parent, subsidiaries, 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
	Un-audited September 30, 2013	Audited December 31, 2012	Un-audited September 30, 2013	Audited December 31, 2012	Un-audited September 30, 2013	Audited December 31, 2012	
	----- (Rupees in '000) -----						
<b>Advances and Lendings to Financial Institution</b>							
Opening balance	93,552	39,651	156,193	-	1,378,039	2,975,684	3,015,335
Disbursements	90,420	67,600	574,106	391,434	2,428,160	7,356,245	7,815,279
Repayments	(26,900)	(13,699)	(713,700)	(235,241)	(2,594,614)	(8,953,890)	(9,202,830)
Balance as at	<u>157,072</u>	<u>93,552</u>	<u>16,599</u>	<u>156,193</u>	<u>1,211,585</u>	<u>1,378,039</u>	<u>1,627,784</u>
Disbursements during the nine months period ended September 30, 2012 - (un-audited)		37,395	-	-	-	5,435,010	5,472,405
Repayments during the nine months period ended September 30, 2012 - (un-audited)		(11,235)	-	-	-	(5,348,319)	(5,359,554)
Mark-up / return / interest earned for the nine months period ended - September 30 - (un-audited)	<u>7,606</u>	<u>1,928</u>	<u>14,778</u>	<u>-</u>	<u>97,569</u>	<u>304,623</u>	<u>306,551</u>

	Key management personnel		Parent		Subsidiary company		Other related parties		Total
	Un-audited September 30, 2013	Audited December 31, 2012	Un-audited September 30, 2013	Audited December 31, 2012	Un-audited September 30, 2013	Audited December 31, 2012	Un-audited September 30, 2013	Audited December 31, 2012	
	----- (Rupees in '000) -----								
<b>Deposits</b>									
Opening balance	16,731	10,994	2,002,829	560,818	621,493	1,316,216	4,387,934	1,733,460	3,621,488
Deposits during the year	416,969	270,304	7,227,955	8,747,957	169,112,605	247,805,896	40,694,036	40,912,613	217,451,565
Withdrawals during the year	(403,259)	(264,567)	(7,780,379)	(7,305,946)	(169,038,790)	(248,500,619)	(41,998,094)	(38,238,139)	(294,329,271)
Balance as at	<u>30,441</u>	<u>16,731</u>	<u>1,450,405</u>	<u>2,002,829</u>	<u>695,308</u>	<u>621,493</u>	<u>3,083,876</u>	<u>4,387,934</u>	<u>7,028,987</u>
Deposits during the nine months period ended September 30, 2012 - (un-audited)		201,363		2,222,258		180,835,558		29,089,952	119,715,868
Withdrawals during the nine months period ended September 30, 2012 - (un-audited)		(168,083)		(2,747,578)		(181,616,610)		(28,127,932)	(119,017,661)
Mark-up / return / interest expensed for the nine months period ended September 30 (un-audited)	<u>98,456</u>	<u>15,042</u>	<u>943</u>	<u>327</u>	<u>26,597</u>	<u>31,709</u>	<u>239,657</u>	<u>174,653</u>	<u>365,653</u>

**Material transactions with related parties are given below:**

Nature of transactions	Subsidiary company	Companies having common directorship	Companies in which parent company holds 20% or more	Other related parties	Total
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013
----- (Unaudited) ----- ----- (Rupees in '000) -----					
<b>Nature of transactions</b>					
Sale of Term Finance Certificates	-	251,877	-	-	251,877
Purchase of Term Finance Certificates	-	331,201	-	16,347	347,548
Sale of Government Securities	<b>10,100,831</b>	17,914,891	<b>68,363,929</b>	152,739	<b>79,586,124</b>
Purchase of Government Securities	<b>9,223,834</b>	16,490,795	-	4,491	<b>25,675,961</b>
Sale of Sukuk / Ijara Sukuk	<b>101</b>	2,861,364	<b>62,206</b>	-	4,991,300
Purchase of Sukuk / Ijara Sukuk	<b>102</b>	3,870,970	-	-	4,902,060
Sale of shares / Units	-	-	-	-	561,234
Purchase of shares / Units	-	-	-	46,116	984,675
Reverse Repo / Call money lendings	<b>6,163,468</b>	4,068,441	-	48,237	<b>10,280,146</b>
Rent Received / Receivable	<b>1,616</b>	714	-	-	<b>2,330</b>
Call borrowing / Repo	-	-	<b>14,950,000</b>	-	<b>14,950,000</b>
Purchase of forward foreign exchange contracts	-	-	<b>5,965,282</b>	-	<b>5,965,282</b>
Sale of forward foreign exchange contracts	-	-	<b>8,457,974</b>	-	<b>8,457,974</b>
Letter of guarantees	-	400,000	-	<b>5,097</b>	<b>5,497</b>

	Subsidiary company		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	
	------(Unaudited)----- ------(Rupees in '000)-----								
Remuneration of key management personnel									
Director fees and allowances	-	-	5,050	9,605	-	-	137,725	-	137,725
Insurance claim received	-	-	34,747	33,068	-	-	767	-	767
Insurance premium paid	4,681	-	-	-	10,817	-	-	-	5,050
Markup income	-	-	-	-	-	-	-	25,351	45,564
Markup expense	-	-	-	-	4,738	-	-	-	4,681
Expenses incurred on behalf	1,960	-	-	-	-	-	-	-	4,738
Rent expense paid / accrued	968	-	-	-	-	-	-	-	1,960
Reimbursement of expenses	297	771	-	-	-	-	-	-	968
Services rendered	1,137	-	-	-	-	861	-	-	297
Commission paid / accrued	7,333	7,995	-	-	-	-	16	-	1,153
Commission income	72	2,400	71,646	64,739	1,077	1,624	640	63	7,333
Dividend income	218,151	51,050	-	-	-	-	22,739	-	73,435
Consultancy fee	-	-	-	-	-	-	13,500	4,500	68,826
									51,050
									4,500

**Parent company**

September 30, September 30, 2013 2012

Un-audited

(Rupees in '000)

**Nature of transactions**

Sale of Government Securities	2,240,275	-
Rent expense paid / accrued	787	676
Reimbursement of expenses	2,785	105



## 20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2013						Total
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	
	----- (Rupees in '000) -----						
<b>September 30, 2013 (unaudited)</b>							
Total income -external	52,725	4,041,833	704,583	1,384,377	112,901	60,795	6,357,214
Inter-segment revenues-net	-	(2,534,131)	2,771,388	(237,257)	-	-	-
Net income / (loss)	52,725	1,507,702	3,475,971	1,147,120	112,901	60,795	6,357,214
Total expenses	(3,647)	(675,582)	(3,544,370)	(1,414,856)	(21,833)	(295,164)	(5,955,452)
Direct tax expense	-	-	-	-	-	-	(92,426)
Deferred tax expense	-	-	-	-	-	-	(25,126)
<b>September 30, 2013 (unaudited)</b>							
Segment assets	-	47,406,217	10,847,143	14,938,195	-	15,418,625	88,610,180
Segment non performing loans	-	214,882	42,288	2,661,304	-	-	2,918,474
Segment liabilities	-	4,593,995	58,560,560	15,348,208	-	1,424,475	79,927,238
	----- (Rupees in '000) -----						
	2012						
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total
	----- (Rupees in '000) -----						
<b>September 30, 2012 (unaudited)</b>							
Total income -external	40,282	3,184,741	394,271	1,687,409	65,165	49,862	5,421,730
Inter-segment revenues-net	-	(2,009,641)	2,742,202	(732,561)	-	-	-
Net income / (loss)	40,282	1,175,100	3,136,473	954,847	65,165	49,861	5,421,730
Total expenses	(4,703)	(343,300)	(3,126,181)	(903,151)	(21,833)	(123,339)	(4,522,507)
Direct tax expense	-	-	-	-	-	-	16,236
Deferred tax expense	-	-	-	-	-	-	(172,146)
<b>December 31, 2012 (audited)</b>							
Segment assets	-	47,605,760	5,145,134	16,444,409	-	12,374,692	81,569,995
Segment non performing loans	-	149,860	50,589	2,986,675	-	-	3,187,124
Segment liabilities	-	7,582,507	48,969,715	14,677,868	-	1,372,487	72,602,577

## 21. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue by the Board of Directors on October 28, 2013.

## 22. GENERAL

22.1 Comparative figures have been reclassified wherever necessary.

22.2 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, 2013  
(Un-Audited)

**CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION**  
AS AT September 30, 2013

		(Unaudited) September 30, 2013	* Restated (Audited) December 31, 2012
	Note	(Rupees in '000)	
<b>ASSETS</b>			
Cash and balances with treasury banks		6,253,724	5,027,942
Balances with other banks		649,887	1,193,864
Lendings to financial institutions	7	6,140,493	3,740,958
Investments - net	8	45,488,632	47,884,719
Advances - net	9	24,736,152	19,909,385
Operating fixed assets	10	3,543,400	3,412,167
Deferred tax assets - net		1,143,665	860,704
Other assets		<u>3,142,640</u>	<u>1,989,038</u>
		<b>91,098,593</b>	<b>84,018,777</b>
<b>LIABILITIES</b>			
Bills payable		<u>1,400,514</u>	713,747
Borrowings	11	<u>3,299,907</u>	8,704,685
Deposits and other accounts	12	<u>73,412,139</u>	61,934,787
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		<u>2,059,958</u>	1,719,011
		<b>80,172,518</b>	<b>73,072,230</b>
<b>NET ASSETS</b>		<b><u>10,926,075</u></b>	<b><u>10,946,547</u></b>
<b>REPRESENTED BY:</b>			
Share capital		<u>10,724,643</u>	10,724,643
Discount on issue of shares		<u>(2,105,401)</u>	(2,105,401)
Reserves		<u>288,596</u>	231,754
Accumulated profits / (losses)		<u>352,163</u>	(50,689)
Non-controlling interest		<u>2,019,599</u>	1,863,194
		<b>11,279,600</b>	10,663,501
(Deficit) / surplus on revaluation of assets - net of tax	13	<u>(353,525)</u>	283,046
		<b><u>10,926,075</u></b>	<b><u>10,946,547</u></b>
<b>CONTINGENCIES AND COMMITMENTS</b>	14		
<b>* Change in accounting policy as disclosed in note 5</b>			

The annexed notes from 1 to 22 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, 2013

	Quarter ended		Nine months period ended	
	September 30, 2013	* Restated September 30, 2012	September 30, 2013	* Restated September 30, 2012
<b>Note</b>	----- (Rupees in '000) -----			
Mark-up / return / interest earned	<b>1,725,155</b>	1,551,548	<b>5,106,268</b>	4,296,509
Mark-up / return / interest expensed	<b>1,022,412</b>	959,626	<b>3,321,194</b>	2,623,150
Net mark-up / interest income	<b>702,743</b>	591,922	<b>1,785,074</b>	1,673,359
Provision against non-performing loans and advances	<b>(129,397)</b>	(7)	<b>(347,538)</b>	(59,408)
Provision against diminution in value of investments	<b>(14,986)</b>	-	<b>(8,170)</b>	(27,799)
Bad debts written off directly	<b>-</b>	-	<b>-</b>	-
	<b>(144,383)</b>	(7)	<b>(355,708)</b>	(87,207)
Net mark-up / interest income after provisions	<b>558,360</b>	591,915	<b>1,429,366</b>	1,586,152
<b>NON MARK-UP / INTEREST INCOME</b>				
Fee, commission and brokerage income	<b>292,377</b>	178,003	<b>864,454</b>	558,999
Dividend income	<b>175,086</b>	54,973	<b>346,248</b>	59,323
Income from dealing in foreign currencies	<b>75,659</b>	49,470	<b>207,381</b>	146,129
Gain on sale / redemption of securities	<b>500,611</b>	472,639	<b>851,779</b>	570,467
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading	<b>(17,815)</b>	35,775	<b>5,614</b>	104,938
Other income	<b>45,192</b>	2,527	<b>99,133</b>	39,460
Total non-mark-up / interest income	<b>1,071,110</b>	793,387	<b>2,374,609</b>	1,479,316
	<b>1,629,470</b>	1,385,302	<b>3,803,975</b>	3,065,468
<b>NON MARK-UP / INTEREST EXPENSES</b>				
Administrative expenses	<b>866,620</b>	778,386	<b>2,653,722</b>	2,025,864
Other provisions / write offs / (reversals)	<b>131,318</b>	-	<b>131,318</b>	(22,843)
Other charges	<b>91</b>	-	<b>112</b>	695
Total non-mark-up / interest expenses	<b>998,029</b>	778,386	<b>2,785,152</b>	2,003,716
	<b>631,441</b>	606,916	<b>1,018,823</b>	1,061,752
Extra ordinary / unusual items	-	-	-	-
<b>PROFIT BEFORE TAXATION</b>	<b>631,441</b>	606,916	<b>1,018,823</b>	1,061,752
Taxation				
- Current	<b>(56,505)</b>	(25,781)	<b>(175,287)</b>	(73,949)
- Prior years	<b>-</b>	-	<b>-</b>	50,661
- Deferred	<b>1,367</b>	(46,543)	<b>(20,589)</b>	(181,180)
	<b>(55,138)</b>	(72,324)	<b>(195,876)</b>	(204,468)
<b>PROFIT AFTER TAXATION</b>	<b>576,303</b>	534,592	<b>822,947</b>	857,284
<b>Attributable to:</b>				
Equity holders of the Bank	<b>315,060</b>	500,613	<b>459,694</b>	776,644
Non-controlling interest	<b>261,243</b>	33,979	<b>363,253</b>	80,640
	<b>576,303</b>	534,592	<b>822,947</b>	857,284
----- Rupees -----				
<b>Basic and diluted earnings per share - restated</b>	<b>0.29</b>	0.50	<b>0.43</b>	0.78

\* Change in accounting policy as disclosed in note 5

The annexed notes from 1 to 22 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, 2013

	Quarter ended		Nine months period ended	
	September 30, 2013	* Restated September 30, 2012	September 30, 2013	* Restated September 30, 2012
	----- (Rupees in '000) -----			
Profit after taxation	576,303	534,592	822,947	857,284
<b>Other comprehensive income</b>				
<b>Components of comprehensive income that will not be reclassified to profit and loss</b>				
Effect of retrospective change in accounting as disclosed in note 5	-	(849)	-	(2,546)
	<u>576,303</u>	<u>533,743</u>	<u>822,947</u>	<u>854,738</u>
<b>Attributable to:</b>				
Equity holders of the Bank	315,060	499,764	459,694	774,098
Non-controlling interest	261,243	33,979	363,253	80,640
	<u>576,303</u>	<u>533,743</u>	<u>822,947</u>	<u>854,738</u>

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

### \* Change in accounting policy as disclosed in note 5

The annexed notes from 1 to 22 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, 2013

	Issued, Subscribed and paid-up share capital	Discount on issue of shares	Statutory reserve	Accumulated (losses) / profits	Sub total	Non- Controlling Interest	Total
(Rupees in '000)							
<b>Balance as at January 01, 2012 (Audited) as previously reported</b>	10,002,930	(1,944,880)	89,978	(642,058)	7,505,970	1,303,146	8,809,116
Effect of retrospective change in accounting policy as disclosed in note 5	-	-	(71)	14,017	13,946	-	13,946
<b>Balance as at January 01, 2012 restated</b>	10,002,930	(1,944,880)	89,907	(628,041)	7,519,916	1,303,146	8,823,062
<b>Comprehensive Income</b>							
Profit after taxation for the nine months period ended September 30, 2012 as restated	-	-	-	776,644	776,644	80,640	857,284
Other comprehensive Income - net of tax for the nine months period ended September 30, 2012 as restated	-	-	-	(2,546)	(2,546)	-	(2,546)
	-	-	-	774,098	774,098	80,640	854,738
<b>Transaction with owners recorded directly in equity</b>							
Dividend for the half year 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	-	-	148,663	(148,663)	-	-	-
<b>Balance as at September 30, 2012 as restated</b>	10,002,930	(1,944,880)	238,570	(2,606)	8,294,014	1,334,836	9,628,850
<b>Comprehensive Income</b>							
Profit after taxation for the quarter ended December 31, 2012 as restated	-	-	-	(54,050)	(54,050)	17,657	(36,393)
Other comprehensive Income - net of tax for the quarter ended December 31, 2012 as restated	-	-	-	(849)	(849)	-	(849)
	-	-	-	(54,899)	(54,899)	17,657	(37,242)
<b>Transaction with owners recorded directly in equity</b>							
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	550,026	550,026
Purchase of non controlling interest by the Parent	-	-	-	-	-	(2,613)	(2,613)
Issue of shares during the period	721,713	-	-	-	721,713	-	721,713
Discount on issue of shares	-	(160,521)	-	-	(160,521)	-	(160,521)
Dividend for the period ended December 31, 2012 @ Rs.1.5 per ordinary share paid to non-controlling interest	721,713	(160,521)	-	-	561,192	-	561,192
	-	-	-	-	-	(36,712)	(36,712)
<b>Transfers</b>							
Transfer to statutory reserve	-	-	(6,816)	6,816	-	-	-
<b>Balance as at December 31, 2012 as restated</b>	10,724,643	(2,105,401)	231,754	(50,689)	8,800,307	1,863,194	10,663,501
<b>Comprehensive Income</b>							
Profit after taxation for the nine months period ended September 30, 2013	-	-	-	459,694	459,694	363,253	822,947
Other comprehensive Income - net of tax	-	-	-	459,694	459,694	363,253	822,947
Dividend for the period ended December 31, 2012 @ Rs. 4 per ordinary share paid to non-controlling interest	-	-	-	-	-	(121,185)	(121,185)
Dividend for the period ended June 30, 2013 @ Rs. 3.5 per ordinary share paid to non-controlling interest	-	-	-	-	-	(85,663)	(85,663)
Transfer to statutory reserve	-	-	56,842	(56,842)	-	-	-
<b>Balance as at September 30, 2013</b>	<b>10,724,643</b>	<b>(2,105,401)</b>	<b>288,596</b>	<b>352,163</b>	<b>9,260,001</b>	<b>2,019,599</b>	<b>11,279,600</b>

**\* Change in accounting policy as disclosed in note 5**

The annexed notes from 1 to 22 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, 2013

**\*Restated**

**September 30, 2013**      **September 30, 2012**

**(Rupees in '000)**

**CASH FLOW FROM OPERATING ACTIVITIES**

Profit before taxation	1,018,823	1,061,752
Less: Dividend income	<u>(346,248)</u>	<u>(59,323)</u>
	<b>672,575</b>	<b>1,002,429</b>

**Adjustments:**

Depreciation	208,654	169,737
Amortisation of intangibles	15,640	14,203
Charge for defined benefit plan	18,570	28,464
Unrealised gain on revaluation of investments classified as held-for-trading	(5,614)	(104,938)
Provision against non-performing advances	347,538	59,408
Provision for diminution in value of investments	8,170	27,799
Other write offs / (reversals)	105,000	(22,843)
Gain on sale of fixed assets	(40,857)	(39,083)
Provision for workers' welfare fund	26,318	-
	<u>683,419</u>	<u>132,747</u>

**1,355,994**      **1,135,176**

**(Increase) / decrease in operating assets**

Lendings to financial institutions	(2,399,535)	795,171
Held-for-trading securities	(18,688,417)	(14,824,143)
Advances	(5,174,305)	732,931
Other assets	1,236,332	(454,952)
	<u>(27,498,589)</u>	<u>(13,750,993)</u>

**(Decrease) / increase in operating liabilities**

Bills payable	686,767	(289,576)
Borrowings	(5,368,479)	3,686,340
Deposits	11,477,352	13,530,260
Other liabilities	319,022	235,583
	<u>7,114,661</u>	<u>17,162,607</u>

**(19,027,933)**      **4,546,790**

Income tax paid	(89,892)	(45,927)
Gratuity paid	(22,963)	(75,000)
Net cash (used in) / flows from operating activities	<u>(19,140,788)</u>	<u>4,425,863</u>

**CASH FLOW FROM INVESTING ACTIVITIES**

Net investment in available-for-sale securities	20,139,162	(4,002,052)
Dividend received	346,248	59,323
Investment in operating fixed assets	(475,568)	(333,116)
Sale proceeds of property and equipment disposed of	55,898	57,268
Net cash flows from / (used in) investing activities	<u>20,065,740</u>	<u>(4,218,577)</u>

**CASH FLOW FROM FINANCING ACTIVITIES**

Dividend paid to non-controlling interest	(206,848)	(48,950)
---	-----------	----------

**Increase in cash and cash equivalents**

**718,104**      **158,336**

Cash and cash equivalents at beginning of the period	<u>6,173,097</u>	<u>4,044,289</u>
--	------------------	------------------

**Cash and cash equivalents at end of the period**

**6,891,201**      **4,202,625**

The annexed notes from 1 to 22 form an integral part of this consolidated condensed interim financial information.

Chairman

President & Chief Executive Officer

Director

Director



Nine Months Period Ended  
September 30, 2013 | 30



## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2013

### 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's ordinary shares are listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 187 (December 31, 2012: 185) branches / sub-branches in Pakistan. The Bank is rated at "A+" (Single A Plus) for long term and "A1" (A One) for short term by Pakistan Credit Rating Agency (PACRA).

Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by Jahangir Siddiqui & Co. Ltd., JSCL, on February 01, 1999) and its holding company, 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 vide its letter No. SC/NBFC(J)-R/JSIBL/2006/517 dated September 28, 2006. Subsequently, the Scheme was sanctioned by the SBP vide its order dated December 02, 2006 and, in accordance therewith, the effective date of amalgamation was fixed at December 30, 2006.

#### 1.1.2 Subsidiary Company

##### 1.1.2.1 JS Global Capital Limited (JSGCL)

JS Global Capital Limited (JSGCL), the Company, 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 a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the Company are listed on Karachi Stock Exchange Limited (KSEL) and Islamabad Stock Exchange Limited (ISEL) in Pakistan. Further, the Company is a corporate member of KSEL and member of Pakistan Merchantile Exchange Limited (formerly National Commodity Exchange Limited). The principal business of the Company 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. The registered office of the Company is situated at 6th floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.





#### 1.1.2.2 JS Investments Limited (JSIL)

JS Investments Limited (JSIL), the Company, is principally owned by the Bank, holding 52.24% of its equity interest. The Bank acquired effective controlling interest in JSIL on November 01, 2012. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Ordinance, 1984. The shares of the Company are listed on the KSEL in Pakistan since April 24, 2007. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi.

The Company has obtained the license of an "Investment Advisor" and "Asset Management Company" (AMC) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations). In addition, the Company has also obtained registration to act as Pension Fund Manager under the Voluntary Pension System Rules, 2005.

1.1.2.2.1 The Company is an asset management company and pension fund manager for the following respective funds at period end:

**Open end funds:**

- JS Value Fund Limited
- JS Growth Fund
- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- JS KSE-30 Index Fund
- JS Aggressive Income Fund
- JS Large Cap Fund
- JS Cash Fund
- JS Islamic Government Securities

1.1.2.2.2 The Company is pension fund manager for the following funds at period end:

**Pension funds:**

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

These funds have been treated as related parties in this consolidated condensed interim financial information.

#### 1.1.2.3 JS ABAMCO Commodities Limited (JSACL)

The Bank owns JS ABAMCO Commodities Limited (JSACL) indirectly through its subsidiary JSIL which has 100% holding in JSACL. JSACL was incorporated on September 25, 2007 as a public unlisted company under the Companies Ordinance, 1984 and is a wholly owned subsidiary company of JSIL. The principal activities of JSACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited and to carry on the business as brokers, advisory and consultancy services, dealers and representative of all kinds of commodity contracts and commodity backed securities. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company has not commenced its commercial operations up to the balance sheet date.



## 1.2 Compliance with Minimum Capital Requirement

The State Bank of Pakistan (SBP) 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 be raised to Rs.10 billion by the year ending December 31, 2013. In December 2012, the SBP granted an extension to the Bank up to June 30, 2013 for meeting the shortfall in the requirement of minimum capital requirement (MCR). To meet the shortfall and bring the MCR to Rs. 10 billion, the Bank has submitted a plan to SBP to issue perpetual non-cumulative irredeemable preference shares worth Rs. 1.5 billion having face value of Rs.10 each. The SBP has granted in-principle approval for the issuance of these preference shares. Currently, the Bank is in the process of completing the procedural formalities and expects to complete the same by December 31, 2013. The paid-up capital (free of losses) of the Bank as at September 30, 2013 stood at Rs.8.619 billion.

## 1.3 Basis of consolidation

The basis of consolidation adopted in the preparation of this consolidated condensed interim financial information is the same as those applied in the preparation of annual consolidated financial statements for the year ended December 31, 2012.

## 2. STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Bank for the nine months period ended September 30, 2013 has been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34 - "Interim Financial Reporting", 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 annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the consolidated annual financial statements of the Bank for the year ended December 31, 2012.

## 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 and defined benefit liability which is stated at net present value

## 4. ACCOUNTING ESTIMATES AND JUDGMENTS

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 consolidated annual financial statements of the Bank for the year ended December 31, 2012.



## 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 consolidated annual financial statements of the Bank for the year ended December 31, 2012, except for change in accounting policy due to adoption of revised IAS 19 - "Employee Benefit" with effect from 1 January 2013 and as fully explained in note 5.1 below:

### 5.1 Change in accounting policy - Staff retirement benefits

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The significant changes are as follows:

#### a) Unrecognized actuarial gains and losses:

The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net plan asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Previously, actuarial gains and losses over and above the corridor limit were amortised over the expected average remaining working lives of employees as allowed under the relevant provision of previous IAS 19.

#### b) Past service cost:

Past service cost (either vested or non-vested) is recognised immediately in the profit and loss as soon as the change in the benefit plans are made. Previously, non-vested portion was amortised over the expected average lives of employees.

#### c) Interest cost and expected return on plan assets

The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

#### d) Presentation of changes in defined benefit obligations and plan assets

Presentation of changes in defined benefit obligations and plan assets will be split into three components:

##### i) Service cost

recognised in profit or loss and includes current and past service cost as well as gains or losses on settlements.

##### ii) Net interest

recognised in profit or loss and calculated by applying the discount rate at the beginning of the reporting period to the net defined benefit liability or asset at the beginning of each reporting period.

##### iii) Re-measurement

recognised in other comprehensive income and comprises actuarial gains and losses on the defined benefit obligation, the excess of the actual return on plan assets over the change in plan assets due to the passage of time and the changes, if any, due to the impact of the asset ceiling. As a result, the profit or loss will no longer include an expected return on plan assets; instead, imputed finance income is calculated on the plan assets and is recognised as part of the net interest cost in profit or loss. Any actual return above or below the imputed finance income on plan assets is recognised as part of re-measurement in other comprehensive income.



**5.2 Revised accounting policy of staff retirement benefits is as follows:**

**5.2.1 Defined benefit plans**

The Bank operates an approved funded gratuity scheme covering all its eligible employees, which requires contribution to be made in accordance with the actuarial recommendations. An actuarial valuation of defined benefit scheme is conducted at the end of every year or any significant change occur. The most recent valuation in this regard was carried out as at June 30, 2013, using the projected unit credit actuarial valuation method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Actuarial gains and losses are recognised immediately in other comprehensive income. Past-service costs are recognised immediately in profit and loss account, unless the changes to the plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

**5.3 Effects of change in accounting policy**

With effect from January 1, 2013, IAS 19 revised has become effective. The change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard - 8 Accounting Policies, Changes in Accounting Estimates 'and Errors'. Accordingly the opening equity has been adjusted and cost related to past service has not deferred. Cost deferred in the past has been recognised retrospectively so that the profit and loss account for the current period reflects values related to the current period only as if the revised standard had always applied.

**Effect of retrospective application of change in accounting policy are as follows:**

	<b>December 31, 2012 (Audited)</b>		
	<b>As previously reported</b>	<b>Effect of Restatement</b>	<b>As Restated</b>
	----- (Rupees in '000) -----		

**Effect on balance Sheet**

Decrease in other liabilities - defined benefit obligation	<u>1,730,620</u>	<u>(11,609)</u>	<u>1,719,011</u>
Increase in reserves	<u>231,613</u>	<u>141</u>	<u>231,754</u>
Net decrease in accumulated losses	<u>(62,157)</u>	<u>11,468</u>	<u>(50,689)</u>

	<b>Prior to January 01, 2012</b>		
	<b>As previously reported</b>	<b>Effect of Restatement</b>	<b>As Restated</b>
	----- (Rupees in '000) -----		

Decrease in other liabilities - defined benefit obligation	<u>1,128,444</u>	<u>(13,946)</u>	<u>1,114,498</u>
Decrease in reserves	<u>89,978</u>	<u>(71)</u>	<u>89,907</u>
Net decrease in accumulated losses	<u>(642,058)</u>	<u>14,017</u>	<u>(628,041)</u>



	-----Un-audited-----	Audited	
	Quarter ended September 30, 2012	Nine months period ended September 30, 2012	Prior to January 01, 2012
	----- (Rupees in '000) -----		
<b>Effect on profit and loss account</b>			
Net decrease in profit after tax due to amortisation of actuarial gains and losses recognised in other comprehensive income	(167)	(500)	(354)
Decrease in profit after tax due to recognition of past service cost in other comprehensive income	(94)	(283)	-
Increase in profit after tax due to in expected return on plan assets	656	1,969	-
Decrease in profit after tax due to curtailment gain	(131)	(393)	-
	<u>264</u>	<u>793</u>	<u>(354)</u>

	Nine months period ended September 30, 2012 (Unaudited)		
	As previously reported	Effect of Restatement	As Restated
	----- (Rupees in '000) -----		
Decrease in administrative expenses	<u>2,026,657</u>	<u>(793)</u>	<u>2,025,864</u>

	-----Un-audited-----	Audited	
	Quarter ended September 30, 2012	Nine months period ended September 30, 2012	Prior to January 01, 2012
	----- (Rupees in '000) -----		
<b>Effect on other comprehensive income</b>			
Amortisation of actuarial gains reclassified to other comprehensive income	-	-	354
Net (expense) / income recognised in other comprehensive income	(849)	(2,546)	12,814
Increase in other comprehensive income due to recognition of negative past service cost	-	-	1,132
	<u>(849)</u>	<u>(2,546)</u>	<u>14,300</u>

	Nine months period ended September 30, 2012 (Unaudited)		
	As previously reported	Effect of Restatement	As Restated
	----- (Rupees in '000) -----		
Decrease in other comprehensive income	<u>-</u>	<u>(2,546)</u>	<u>(2,546)</u>

## 6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the Consolidated Annual Financial Statements of the Group for the year ended December 31, 2012.

		(Unaudited) September 30, 2013	(Audited) December 31, 2012
<b>7. LENDINGS TO FINANCIAL INSTITUTIONS</b>	<b>Note</b>	<b>(Rupees in '000)</b>	
Call money lendings		1,300,000	600,000
Lendings to financial institutions		3,747,146	1,136,983
Repurchase agreement lendings (Reverse Repo)	7.1	<u>1,093,347</u>	<u>2,003,975</u>
		<u>6,140,493</u>	<u>3,740,958</u>

**7.1** Repurchase agreement lendings are secured through Pakistan Investment Bonds and Market Treasury Bills having total market value of Rs. 1,063.791 million (December 31, 2012: Rs. 2,241.724 million)

## 8. INVESTMENTS

	Note	(Unaudited) September 30, 2013			(Audited) December 31, 2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
<b>8.1 INVESTMENTS BY TYPES:</b>							
<b>Held-for-trading securities</b>							
Market Treasury Bills		18,847,567	1,499,274	20,346,841	1,933,372	228,700	2,162,072
Pakistan Investment Bonds		234,309	-	234,309	709,286	-	709,286
Ordinary Shares of listed companies		1,189,824	-	1,189,824	-	-	-
Term Finance Certificates- listed	8.1.1	110,748	-	110,748	72,731	-	72,731
Term Finance Certificates- unlisted		33,349	-	33,349	20,527	-	20,527
Open end mutual funds	8.1.2	677,379	-	677,379	912,801	-	912,801
Ijara Sukuk		-	-	-	149,440	-	149,440
National Saving Bonds		-	-	-	186	-	186
Engro Rupiya Certificates		-	-	-	39,143	-	39,143
		<u>21,093,176</u>	<u>1,499,274</u>	<u>22,592,450</u>	<u>3,837,486</u>	<u>228,700</u>	<u>4,066,186</u>
<b>Available-for-sale securities</b>							
Market Treasury Bills		6,426,652	-	6,426,652	26,937,159	7,041,450	33,978,609
Pakistan Investment Bonds		10,303,554	97,834	10,401,388	3,746,352	-	3,746,352
Ordinary shares of listed companies		945,144	-	960,417	1,042,548	-	1,042,548
Ordinary shares of unlisted companies	8.1.3	26,273	-	11,000	-	-	-
Preference shares of a listed company		136,590	-	136,590	143,739	-	143,739
Term Finance Certificates-listed		908,610	-	908,610	1,589,004	-	1,589,004
Term Finance Certificates-unlisted	8.1.4	1,448,166	-	1,448,166	974,206	-	974,206
Ijara Sukuk Bonds		1,404	-	1,404	-	-	-
Open end mutual funds	8.1.2	1,550,505	-	1,550,505	765,832	-	765,832
US Dollar Bonds		2,300,438	-	2,300,438	787,052	-	787,052
Sukuk Certificates		-	-	-	105,294	-	105,294
Closed end mutual funds	8.1.2	-	-	-	1,151,696	-	1,151,696
		<u>24,047,336</u>	<u>97,834</u>	<u>24,145,170</u>	<u>37,242,882</u>	<u>7,041,450</u>	<u>44,284,332</u>
<b>Investments at cost</b>		<u>45,140,512</u>	<u>1,597,108</u>	<u>46,737,620</u>	<u>41,080,368</u>	<u>7,270,150</u>	<u>48,350,518</u>
Less: Provision for diminution in value of investments	8.1.2, 8.1.4 & 8.1.5	<u>(1,216,040)</u>	-	<u>(1,216,040)</u>	<u>(1,439,540)</u>	-	<u>(1,439,540)</u>
<b>Investments (net of provision)</b>		<u>43,924,472</u>	<u>1,597,108</u>	<u>45,521,580</u>	<u>39,640,828</u>	<u>7,270,150</u>	<u>46,910,978</u>
Unrealised gain on revaluation of investments classified as held-for-trading		5,648	(34)	5,614	69,516	-	69,516
Surplus on revaluation of available-for-sale securities	8.1.6	<u>(37,888)</u>	<u>(674)</u>	<u>(38,562)</u>	<u>888,137</u>	<u>16,088</u>	<u>904,225</u>
		<u>43,886,632</u>	<u>1,596,400</u>	<u>45,483,032</u>	<u>40,528,481</u>	<u>7,286,238</u>	<u>47,814,719</u>

**8.1.1** Included herein is the investment of Rs.9.187 million (December 31, 2012: Rs. 15 million) having a market value of Rs.9.337 million (December 31, 2012: Rs. 15 million) in Jahangir Siddiqui & Co. Ltd., parent company.



**8.1.2** Included herein are investments in the following related parties:

Name of the company	Cost		Impairment		Market Value	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
----- (Rupees in '000) -----						
<b>Held-for-trading securities</b>						
<b>Open End Mutual Funds</b>						
JS Cash Fund	239,086	250,216	-	-	254,678	289,086
JS Income Fund	325,201	308,754	-	-	338,352	325,793
<b>Closed End Mutual Funds</b>						
JS Value Fund Ltd	8.1.2.1	-	479,034	-	(351,879)	-
JS Growth Fund	8.1.2.2	-	663,032	-	(418,607)	-
<b>Available-for-sale securities</b>						
<b>Open End Mutual Funds</b>						
JS Value Fund	8.1.2.1	490,097	-	(351,879)	-	365,762
JS Growth Fund	8.1.2.2	760,563	-	(418,607)	-	598,286
JS Pension Savings Fund Equity		30,000	30,000	(11,529)	(11,529)	61,029
JS Pension Savings Fund Debt		17,776	18,894	-	-	31,394
JS Pension Savings Fund Money Market		17,746	18,970	-	-	26,845
JS Islamic Pension Savings Fund Equity		25,000	25,000	(2,288)	(2,288)	68,580
JS Islamic Pension Savings Fund Debt		21,385	23,269	-	-	35,277
JS Islamic Pension Savings Fund Money Market		22,230	23,659	-	-	32,025
JS Fund of Funds		36,844	65,000	-	-	45,286
JS Islamic Government Securities		128,863	-	-	-	132,905
JS Large Cap Fund-Class B		-	373,041	-	(231,668)	-
JS Aggressive Income Fund		-	90,000	-	-	393,017
JS Islamic Fund		-	30,000	-	-	90,189
JS KSE 30 Index Fund		-	68,000	-	-	30,615
						67,870

**8.1.2.1** In compliance with the Regulation 65 of NBFC & NE Regulations, 2008, the fund has been now converted into an open end scheme and, accordingly the shares having par value of Rs. 10 each of JS Value Fund Limited were converted in units of par value of Rs. 100 each (i.e. in the ratio of 10:1)

**8.1.2.2** In compliance with the Regulation 65 of NBFC & NE Regulations, 2008, the Fund has been converted into an Open end scheme. Accordingly the certificates having par value of Rs.10 each of JS Growth Fund were converted in units of par value of Rs. 100 each( i.e in the ratio of 10:1)

**8.1.3 Demutualization of stock exchanges**

Pursuant to demutualization of the Islamabad Stock Exchange Limited (ISEL) and Karachi Stock Exchange Limited (KSEL), the ownership rights in Stock Exchanges were segregated from the right to trade on an exchange. As a result of such demutualization, the Group received shares and Trading Right Entitlement Certificate (TREC) from the ISEL and KSEL against its membership card which was carried at Rs. 32 million in the books of the Group. This arrangement has resulted in allocation of:

- 3,034,603 shares at Rs. 10 each with a total face value of Rs. 30.346 million and TREC to the Bank, a parent company, by the ISEL.

- 4,007,383 shares at Rs. 10 each with a total face value of Rs. 40.074 million and TREC to the JS Global Capital Limited, JSGCL, a subsidiary company by the KSEL.

Out of total shares issued by the ISEL & KSEL, the Group has received 40% equity shares i.e. 2,816,794 shares in its CDC account. The remaining 60% shares (4,225,192 shares) have been transferred to CDC sub-account in the Bank's and JSGCL's name under the ISEL and KSEL participants IDs with the CDC which will remain blocked until these are divested/sold to strategic investor(s), general public and financial institutions and proceeds are paid to the Bank and JSGCL.



The Institute of Chartered Accountants of Pakistan in its technical guide dated May 29, 2013, concluded that the demutualization, in substance, had not resulted in exchange of dissimilar assets, and therefore no gain or loss should be recognized and the segregation of ownership rights and the trading rights should be accounted for by allocating the cost/carrying value of the membership card between the two distinct assets on a reasonable basis.

Therefore, after considering the above guide;

In case of Bank (parent company), the management believes that the carrying value of these shares is less than face value of shares therefore, no value has been allocated to TREC.

In case of JSGCL, recently, KSE has introduced a minimum capital regime for the brokers, and for this purpose have valued TREC at Rs. 15 million as per the decision of the BOD of the KSE. This fact indicates an acceptable level of value for TREC which is also used by the Stock Exchange for risk management and to safeguard the investor's interest. In the absence of an active market for TREC, this assigned value of Rs. 15 million has been considered as the closest estimate of the fair value of the TREC.

Therefore, based on the above estimates of fair values of KSE shares (Rs. 40 million) and TREC (Rs. 15 million), the JSGCL has allocated its carrying value of the membership card in the ratio of 0.73 to shares and 0.27 to TREC. Consequently, the investments have been recognized at Rs. 15.3 million and TREC at Rs. 5.7 million.

**8.1.4** Included herein is the investment in Azgard Nine Limited (ANL), a related party as follows:

- a) Rs. 65.022 million (December 31, 2012: Rs.65.022 million) at the rate of 6 months KIBOR ask rate + 1.25% maturing on December 04, 2017.
- b) Rs. 326.456 million (December 31, 2012: Rs.326.456 million) at the rate of 11.00% maturing on October 19, 2020. The Group has recognized impairment on these Term Finance Certificates amounting to Rs. 283.441 million due to financial difficulties of ANL.

**8.1.5** The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD-(Policy)/2013-11339 dated July 25, 2013 has allowed the relaxation to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 40% of the required provision in this unconsolidated condensed interim financial information whereas the remaining provision will be made in phased manner at 50%, 60%, 75%, 85% and 100% by end of each quarter respectively till December 31, 2014. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 89.916 million.

**8.1.6** This includes surplus on revaluation of available for sale investments of subsidiaries amounting to Rs. 523.539 million which represents the pre-acquisition deficit and has been included here only for meeting with requirement of the prescribed format of Banks/DFIs issued by the State Bank of Pakistan.

This includes unrealized gain on revaluation of securities classified as held of trading of subsidiaries amounting to Rs.26.469 million which represents the pre-acquisition gain and has been included here only for meeting with requirement of the prescribed format of Banks/DFIs issued by the State Bank of Pakistan.





9. ADVANCES - net	Note	(Unaudited)	(Audited)
		September 30, 2013	December 31, 2012
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		22,845,541	19,076,720
Outside Pakistan		349,691	245,323
		<u>23,195,232</u>	<u>19,322,043</u>
Net Investment in Finance lease - in Pakistan		571,589	388,725
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		452,099	104,080
Payable outside Pakistan		1,836,024	1,065,790
		<u>2,288,123</u>	<u>1,169,870</u>
Financing in respect of margin trading system		-	-
Advances - gross		<u>26,054,944</u>	<u>20,880,638</u>
Provision for non-performing advances			
- specific	9.1	(1,316,461)	(970,062)
- general (against consumer financing)		(2,331)	(1,191)
		<u>(1,318,792)</u>	<u>(971,253)</u>
Advances - net of provision		<u>24,736,152</u>	<u>19,909,385</u>

9.1 Advances include Rs. 2,703.592 million (December 31, 2012: Rs.3,037.264 million) which have been placed under non-performing status as detailed below:

Category of classification	(Unaudited)				
	September 30, 2013				
	Domestic	Overseas	Total	Provision required	Provision held
Note	(Rupees in '000)				
Other assets especially mentioned	-	-	-	-	-
Substandard	399,042	-	399,042	50,102	50,102
Doubtful	31,576	-	31,576	3,258	3,258
Loss	2,272,974	-	2,272,974	1,263,101	1,263,101
9.1.1	<u>2,703,592</u>	<u>-</u>	<u>2,703,592</u>	<u>1,316,461</u>	<u>1,316,461</u>

Category of classification	(Audited)				
	December 31, 2012				
	Domestic	Overseas	Total	Provision required	Provision held
Note	(Rupees in '000)				
Other assets especially mentioned	-	-	-	-	-
Substandard	406,944	-	406,944	70,855	70,855
Doubtful	603,800	-	603,800	97,899	97,899
Loss	2,026,520	-	2,026,520	801,308	801,308
	<u>3,037,264</u>	<u>-</u>	<u>3,037,264</u>	<u>970,062</u>	<u>970,062</u>



**9.1.1** The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD(Policy)/2013-11339 dated July 25, 2013 has allowed the relaxation from PR-8 to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 40% of the required provision (except for running finance facility, for which provision has been kept at 51% of the required provision) in this consolidated condensed interim financial information whereas the remaining provision will be made in phased manner at 50%, 60%, 75%, 85% and 100% by end of each quarter respectively till December 31, 2014. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 119.075 million.

	Note	(Unaudited) September 30, 2013	(Audited) December 31, 2012
(Rupees in '000)			
<b>10. OPERATING FIXED ASSETS</b>			
Capital work-in-progress		157,316	66,014
Property and equipment		1,789,189	1,619,054
Intangible assets	10.1	1,596,895	1,727,099
		<u>3,543,400</u>	<u>3,412,167</u>
<b>10.2 Intangible assets</b>			
Trading Rights Entitlement Certificate (TREC)	10.1.1	5,728	32,000
Pakistan Mercantile Exchange Limited	10.1.2	3,500	3,500
Rights of ICP Mutual Funds	10.1.3 & 15.2	-	105,000
Computer Software		124,043	122,975
Goodwill		1,463,624	1,463,624
		<u>1,596,895</u>	<u>1,727,099</u>

**10.1.1** This represent Trading Right Entitlement Certificates (TRECs) received from Karachi Stock Exchange Limited (KSE) and Islamabad Stock Exchange Limited (ISE) in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (The Act). The Bank has also received shares of KSE and ISE after completion of the demutualisation process. The TRECs have been recorded at Rs. 5.728 million for KSE and for ISE the management believes that the carrying value of these shares is less than face value of shares therefore, no value has been allocated to it. For details refer note 8.1.3.

**10.1.2** This represents membership card of Pakistan Mercantile Exchange. It has an indefinite useful life and is carried at cost.

**10.1.3** This represents the amount paid to the Privatisation Commission, Government of Pakistan for the acquisition of the management rights of ICP Mutual Funds Lot "A".



	(Unaudited) September 30, 2013	(Audited) December 31, 2012
Note	(Rupees in '000)	
<b>11. BORROWINGS</b>		
<b>Secured</b>		
Borrowings from SBP under export refinancing scheme	902,500	1,023,474
Repurchase agreement borrowings	1,596,856	7,281,278
Short-term running finance	170,141	251,224
	<u>2,669,497</u>	<u>8,555,976</u>
<b>Unsecured</b>		
Call borrowings	618,000	100,000
Overdrawn nostro accounts	12,410	48,709
	<u>630,410</u>	<u>148,709</u>
	<u>3,299,907</u>	<u>8,704,685</u>
<b>12. DEPOSITS AND OTHER ACCOUNTS</b>		
<b>Customers</b>		
Fixed deposits	25,362,555	20,771,890
Savings deposits	22,597,615	17,360,619
Current accounts - non-remunerative	20,818,040	16,841,045
Margin accounts	326,922	317,491
	<u>69,105,132</u>	<u>55,291,045</u>
<b>Financial institutions</b>		
Remunerative deposits	3,717,788	6,420,235
Non-remunerative deposits	589,219	223,507
	<u>4,307,007</u>	<u>6,643,742</u>
	<u>73,412,139</u>	<u>61,934,787</u>
<b>12.1 Particulars of deposits</b>		
In local currency	67,403,537	58,052,891
In foreign currencies	6,008,602	3,881,896
	<u>73,412,139</u>	<u>61,934,787</u>
<b>13. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax</b>		
<b>(Deficit) / surplus on revaluation of available-for-sale securities - net of tax</b>		
Term finance certificates-listed	(57,671)	(70,227)
Ordinary shares-listed	3,939	213,217
Preference shares-listed	12,477	14,507
US dollar bonds	(82,276)	7,589
Government securities	(539,198)	72,389
Open end mutual funds	100,628	32,579
Closed end mutual funds	-	110,632
	<u>(562,101)</u>	<u>380,686</u>
Related deferred tax asset / (liability)	208,576	(97,640)
	<u>(353,525)</u>	<u>283,046</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	1,674,422	1,950,045
ii) Banking companies and other financial institutions	194,100	188,099
iii) Others	272,994	293,522
14.1.1	<u>2,141,516</u>	<u>2,431,666</u>

**14.1.1** Included herein the outstanding guarantees of Rs. 5,613 million (December 31, 2012: Rs.430.295 million) of related parties.

	(Unaudited) September 30, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
<b>14.2 Trade-related contingent liabilities</b>		
Documentary credits	<u>4,237,516</u>	<u>5,392,746</u>
<b>14.3 Other contingencies</b>		
Claims not acknowledged as debts	<u>66,913</u>	<u>66,718</u>
<b>14.4 Tax contingency - JS Investments Limited (JSIL) - Subsidiary Company</b>		
<p>In respect of the appeals filed by JSIL against orders passed for tax years 2006 and 2009 against demand of Rs. 162 Million and Rs. 66 Million respectively, the Commissioner Inland Revenue (CIR) Appeals previously had not accepted the basis of addition and set aside both the orders in respect of allocation of expenses between various sources of income for fresh proceedings with the directions to apportion the common expenditure according to actual incurrence of expenditure to the various sources of income.</p> <p>JSIL has filed second appeal in Appellate Tribunal Inland Revenue (ATIR) in respect of disallowances. Appeal effect of the CIR (Appeals) order in both the years received, as a result the demand were reduced at Rs77.33 and Rs 59.93 Million respectively. However, the direction of apportionment of expenditure according to actual incurrence of expenditure to the various sources of income was not followed. Therefore, again filed appeals before the CIR (Appeals) against the above orders.</p> <p>The CIR (Appeals) also rectified the order passed by his predecessor for the Tax Year 2006, whereby the addition regarding the portion of capital gain included in dividend received from mutual funds was held deleted. Resulted appeal effect order reflects refund of Rs. 29 Million. The CIR, Zone-IV has filed appeal in Appellate Tribunal Inland Revenue in respect of deletion of addition regarding the portion of capital gain included in dividend.</p> <p>Management and tax advisors are confident that good grounds exist to contest these disallowances and other points at appellate forums and these additions cannot be maintainable and eventually outcome will come in favor of the Company. Hence no provisions have been made in this consolidated condensed interim financial information.</p>		
<b>14.5 Commitments in respect of forward exchange contracts</b>		
Purchase	<u>3,090,599</u>	<u>2,292,630</u>
Sale	<u>3,739,450</u>	<u>2,450,968</u>
<b>14.6 Commitments in respect of forward lending</b>		
Forward commitment to extend credit	<u>761,250</u>	<u>604,511</u>
<b>14.7 Other commitments</b>		
Royalty and advisory payment	<u>10,000</u>	<u>10,000</u>
Commitment in respect of capital expenditure	<u>243,305</u>	<u>33,229</u>
Motor Vehicle acquired under ijarah from Bank Islami Limited - related party		
- Due in one year	<u>2,418</u>	<u>2,480</u>
- Due in two to five years	<u>-</u>	<u>1,240</u>
<b>14.8 Future transactions of equity securities entered into by JSGCL (subsidiary company) in respect of which the sale transactions has not been settled as at September 30, 2013.</b>	<u>300,344</u>	<u>-</u>

## 15. OTHER PROVISIONS / WRITE OFFS / REVERSALS

**15.1** This includes provision held by the Group against workers welfare fund (WWF) @ 2% of the higher of profit before tax or taxable income under Workers Welfare Ordinance, 1971.

### 15.2 JS Investments Limited (JSIL) - Subsidiary Company

The management rights of ICP Mutual Funds were acquired under a Management Rights Transfer Agreement between the Company, Privatization Commission, Government of Pakistan and Investment Corporation of Pakistan against a consideration of PKR 175 million in 2002. Earlier the useful life of the Management Rights were considered to be definite and cost incurred for acquisition was being amortized on a straight line basis over a period of ten years with effect from the year ended June 30, 2003. Up till June 30, 2006 the carrying value of these management rights after amortization of Rs. 70 million was reduced to Rs. 105 million. Subsequently, with effect from July 1, 2006, in compliance of the requirements of the accounting standards and in the light of legal opinion the management had decided to revise the life and treat it as infinite and stopped the amortization accordingly and since then remaining amount of PKR 105 million is appearing in the books of accounts as intangible asset.

Subsequently, in pursuance of Regulation 65 of the Non-Banking Finance Companies and Notified Entities, Regulations, 2008 ("NBFC Regulations"), the JS Growth Fund has been converted from closed end scheme into an open end scheme with effect from July 20, 2013. As the nature of the fund has now lawfully been changed and the management rights cannot be directly or indirectly associated with the economic benefit derived from the fund, hence after the conversion of the JS Growth Fund into an open end scheme, the intangible asset of PKR 105 million has been written off by the Company.

### 15.3 JS Global Capital Limited (JSGCL) - Subsidiary Company

This includes recovery from Azgard Nine Limited (a related party) on account of advisory fee amounting to Rs. NIL (September 30, 2012: 22.843 million).

(Unaudited)			
Quarter ended		Nine months period ended	
September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
----- (Rupees in '000) -----			

## 16. OTHER CHARGES

Penalties imposed by State Bank of Pakistan	91	-	112	695
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## 17. TAXATION

In view of the tax losses of the Bank and JS Investments Limited (the subsidiary), tax provision has been made subject to minimum taxation @ 1% under section 113 of Income Tax Ordinance, 2001 in this consolidated condensed interim financial information.

## 18. BASIC AND DILUTED EARNINGS PER SHARE

(Unaudited)					
		Quarter ended		Nine months period ended	
		September 30, 2013	*Restated September 30, 2012	September 30, 2013	*Restated September 30, 2012
Profit after taxation for the period - attributable to ordinary equity holders of the Bank	(Rs. in '000)	315,060	500,613	459,694	776,644
Weighted average number of outstanding ordinary shares during the period	(No. in '000)	1,072,464	1,000,293	1,072,464	1,000,293
Basic and diluted earnings per share	Rupee	0.29	0.50	0.43	0.78

## 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
	(Unaudited) September 30, 2013	(Audited) December 31, 2012	(Unaudited) September 30, 2013	(Audited) December 31, 2012	
(Rupees in '000)					
<b>Advances</b>					
Opening balance	94,071	39,651	1,378,039	2,975,684	1,472,110
Disbursements	90,438	69,045	2,482,735	7,356,245	3,015,335
Repayments	(26,918)	(14,625)	(2,607,686)	(8,953,890)	7,425,290
Balance as at	157,591	94,071	1,253,086	1,378,039	(2,634,604)
Disbursements during the nine months period ended September 30, 2012		38,396		5,435,010	1,410,679
Repayments during the nine months period ended September 30, 2012		(12,681)		(5,348,319)	5,473,406
Mark-up / return / interest earned for the nine months period ended (un-audited) - September 30	7,606	2,169	97,569	304,623	(5,361,000)
					105,175
					306,792
(Rupees in '000)					
<b>Deposits</b>					
Opening balance	16,731	10,994	2,002,829	560,818	1,733,460
Deposits during the period	417,547	270,304	7,227,955	8,747,957	40,912,613
Withdrawals during the period	(403,837)	(264,567)	(7,780,379)	(7,305,946)	(41,998,449)
Balance as at	30,441	16,731	1,450,405	2,002,829	3,303,254
Deposits during the nine months period ended September 30, 2012		201,363		2,222,258	4,387,067
Withdrawals during the nine months period ended September 30, 2012		(168,083)		(2,747,578)	40,914,636
Mark-up / return / interest expensed for the nine months period ended (un-audited) - September 30	943	327	98,456	15,042	(38,259,006)
					(50,182,665)
					4,784,100
					6,406,627
					31,513,573
					(31,043,593)
					339,056
					190,022

**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, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012	
	(Unaudited)						
	(Rupees in '000)						
<b>Nature of transactions</b>							
Purchase of Term Finance Certificates	-	-	-	16,347	-	-	16,347
Sale of Government Securities	350,993	31,873,551	68,363,929	1,537,563	770,371	152,739	69,485,293
Purchase of Government Securities	-	7,537,155	16,447,636	-	4,491	49,395	16,452,127
Sale of Sukuk / Ijara	-	86,246	62,206	1,543,690	-	-	62,206
Sale of shares / Units	-	-	-	911,234	887,046	-	887,046
Purchase of shares / Units	-	-	-	936,438	170,000	48,237	170,000
Rent Received / Receivable	-	-	-	782	-	-	782
Call borrowing / Repo	-	-	14,950,000	3,750,000	-	-	14,950,000
Purchase of forward foreign exchange contracts	-	-	5,965,282	6,384,672	-	-	5,965,282
Sale of forward foreign exchange contracts	-	-	8,457,974	7,063,147	-	-	8,457,974
Letter of guarantees	516	-	-	-	5,097	-	5,613

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, 2013	September 30, 2012	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Remuneration of key management personnel	-	-	-	174,000	-	-	174,000
Director fee	-	-	-	5,342	-	-	5,342
Insurance claim received	5,050	9,605	-	-	-	-	5,050
Insurance premium paid	37,141	33,068	11,285	-	-	-	48,426
Markup income on reverse repo	-	-	-	-	25,351	-	25,351
Markup expense on repo	-	-	4,738	-	-	-	4,738
Rent income received / receivable	-	-	-	746	-	-	746
Expenses incurred on behalf	107	-	-	38,136	-	-	38,243
Rent expense paid / accrued	248	-	1,769	-	-	-	1,769
Reimbursement of expenses	-	-	-	-	29,295	-	29,295
Services rendered	-	-	-	16	-	-	16
Commission paid / accrued	-	-	-	-	7,486	-	7,486
Commission income	71,646	64,739	1,077	7,710	63	-	80,433
Dividend income	-	-	-	276,660	3,475	-	276,660
Consultancy / royalty fee	-	-	-	28,500	12,000	-	28,500
Remunerative income	-	-	-	169,671	-	-	169,671

(Unaudited)  
(Rupees in '000)

#### Parent company

September 30, 2013	September 30, 2012
2,240,275	-
787	1,324
65	7,605
2,848	7,605

#### Nature of transactions

Sale of Government Securities	-
Rent expense paid / accrued	1,324
Expenses incurred on behalf	65
Reimbursement of expenses	7,605





## 20. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	2013								
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	Total
	(Rupees in '000)								
<b>September 30, 2013 (unaudited)</b>									
Total income - external	52,725	3,792,207	704,583	1,369,436	112,901	433,768	954,462	60,795	7,480,877
Inter-segment revenues-net	-	(2,534,131)	2,771,388	(237,257)	-	-	-	-	-
Net income / (loss)	52,725	1,258,076	3,475,971	1,132,179	112,901	433,768	954,462	60,795	7,480,877
Total expenses	(3,647)	(668,249)	(3,544,370)	(1,414,856)	(21,833)	(213,368)	(300,567)	(295,164)	(6,462,054)
Direct tax expense	-	-	-	-	-	-	-	-	(175,287)
Deferred tax expense	-	-	-	-	-	-	-	-	(20,589)
<b>September 30, 2013 (unaudited)</b>									
Segment assets	-	45,449,596	10,847,143	14,938,195	-	2,473,113	2,035,614	15,354,932	91,098,593
Segment non performing loans	-	214,882	42,288	2,661,304	-	-	-	-	2,918,474
Segment liabilities	-	4,643,497	57,844,113	15,348,208	-	662,419	338,480	1,335,801	80,172,518
	2012								
	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	Total
	(Rupees in '000)								
<b>September 30, 2012 (unaudited)</b>									
Total income - external	40,282	3,085,204	394,271	1,687,409	65,165	453,632	-	49,862	5,775,825
Inter-segment revenues-net	-	(2,009,641)	2,742,202	(732,561)	-	-	-	-	-
Net income / (loss)	40,282	1,075,563	3,136,473	954,848	65,165	453,632	-	49,862	5,775,825
Total expenses	(4,703)	(343,300)	(3,126,181)	(903,151)	(21,833)	(191,566)	-	(123,339)	(4,714,073)
Direct tax expense	-	-	-	-	-	-	-	-	(23,288)
Deferred tax expense	-	-	-	-	-	-	-	-	(181,180)
<b>December 31, 2012 (audited)</b>									
Segment assets	-	45,449,139	5,145,134	16,288,217	-	2,868,130	1,894,045	12,374,112	84,018,777
Segment non performing loans	-	149,860	50,589	2,986,675	-	-	-	-	3,187,124
Segment liabilities	-	7,632,009	48,360,709	14,677,868	-	566,478	463,259	1,371,907	73,072,230

## 21. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors on October 28, 2013.

## 22. GENERAL

**22.1** Comparative figures have been reclassified wherever necessary.

**22.2** The figures in this consolidated condensed interim financial statements have been rounded off to the nearest thousand.

Chairman

President & Chief Executive Officer

Director

Director



**JS Bank Limited**

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