



JS Bank Limited

Condensed Interim Financial Information
for the nine months period ended September 30, 2011
(Un-Audited)



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Company Information

Board of Directors	Chairman	Mr. Jahangir Siddiqui Mr. Mazharul Haq Siddiqui Mr. Maqbool A. Soomro Mr. Ashraf Nawabi Mr. Rafique R. Bhimjee Mr. Shahab Anwar Khawaja Mr. Basir Shamsie
President & Chief Executive Officer		Mr. Kalim-ur-Rahman
Audit Committee	Chairman Member Member	Mr. Jahangir Siddiqui Mr. Maqbool A. Soomro Mr. Rafique R. Bhimjee
Company Secretary		Mr. Muhammad Yousuf Amanullah
Auditors		M. Yousuf Adil Saleem & Co. Chartered Accountants (Member firm of Deloitte Touche Tohmatsu)
Legal Advisors		Bawaney & Partners Liaquat Merchant Associates
Share Registrar		Technology Trade (Pvt.) Limited 241-C, Block-2, P.E.C.H.S., Karachi
Registered Office		JS Bank Limited Shaheen Commercial Complex Dr. Ziauddin Ahmed Road P.O. Box 4847 Karachi-74200, Pakistan.



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, 2011.

The Economy

The Fiscal Year 2012 started on an encouraging note as the State Bank of Pakistan announced its first monetary policy review for the current fiscal year, in which, contrary to expectations, it opted to reduce the Discount Rate (DR) from 14% p.a to 13.5% p.a. The Consumer Price Index for September clocked in at 10.46% down from 14.89% last year. As a result, the inflation for the first quarter of fiscal year 2012 reduced to 11.47% from 13.92% in June 2011. Furthermore, exports and remittances continued to rise in the first two months of the current fiscal year, reaching US \$ 4.2 billion (up 20.3% year on year) and US \$ 2.4 billion (up 40% year on year), respectively. However, at the same time, imports grew by 39.9% year on year to US \$ 7.6 billion, thereby leaving the current account in a deficit of US \$ 189 million, which was nevertheless much less than the deficit of US \$ 1.02 billion in the same period last year. The encouraging current account statistics and FX reserves of US \$ 17.6 billion have boosted Ministry of Finance's confidence sufficiently for the Government of Pakistan to opt out of the IMF standby arrangements for now.

The SBP has further slashed the DR by 1.5% to 12% in the second policy review for fiscal 2012, which is likely to put pressure on the Banking sector margins going forward. The impact would be more visible in the first half of 2012. As far as the banking industry figures for the first nine months of Calendar 2011 are concerned, the total advances declined by 3% to Rs 3,405 billion, whereas the deposits and investments grew by a significant 5% and 31%, respectively, thereby reducing the industry wide Advances/Deposit ratio to 63.13% from 68.18% in December 2010.

Our Financials

During the nine months period under review, the Balance Sheet of your Bank grew by 12.84% to Rs 44.44 billion from Rs. 39.38 billion as at December 31, 2010, mainly due to an increase in the Bank's deposit base from Rs. 26.27 billion to Rs. 33.89 billion, an increase of 28.98%. On the asset side, the main growth was recorded in investments which grew by 50.72%.

Your Bank has earned a profit after tax of Rs 240.72 million for the nine months period ended September 30, 2011 as compared to a loss after tax of Rs 404.87 million in the corresponding period last year. The third quarter's results reflect a profit after tax of Rs 140.32 million as compared to the second quarter's results of Rs 90.14 million and the first quarter results of Rs 10.25 million. This clearly reflects a steadily improving performance of your bank on a quarterly basis. Going forward, we plan to further strengthen our branch network to increase brand awareness and mobilize low cost deposits. On the lending side, we intend to increase our focus on the corporate, commercial and retail sectors. We are hopeful that, with our current strategy in place, we would see further improvement in our results in the days to come.

Throughout the quarter under report there has been a special focus on achieving profitability at an increasing number of branch locations so as to put JS Bank in good shape to pursue aggressive network expansion, business growth and customer outreach plans in 2012 and beyond. The Bank has shown good growth in the number of customer accounts, which for the first time have now exceeded 100,000 customer relationships across Pakistan. We are now well poised to achieve further growth in the last quarter and to close 2011 as the year of a major turnaround for JS Bank.



Bank's Capital

To meet the Minimum Capital Requirement, the SBP has allowed us to increase the paid up capital through a swap of new shares of the Bank against shares of JS Global Capital Limited held by Jahangir Siddiqui & Co. Limited and other investors. Approvals from the Shareholders, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan are in place. The Bank is now in the process of completing other procedural formalities, which will enable the Bank's paid-up capital (net of losses) to exceed Rs 7 billion before the end of this year.

Entity Rating

As communicated earlier, the Pakistan Credit Rating Agency (PACRA) has maintained the long-term and short-term entity ratings of JS Bank Limited at "A" (Single A) and "A1" (A One), respectively. A stable outlook has been assigned to these ratings, which denote low expectation of credit risk emanating from a strong capacity for timely payment of financial commitments.

Acknowledgments

We would like to express our sincere thanks and gratitude for the guidance and support provided by the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan, the Karachi Stock Exchange and other regulatory authorities. We would also like to thank our valued clients for their continued patronage and confidence. The Board would also like to place on record its appreciation for the hard work, dedication, professionalism and sincere efforts of the senior management, officers and staff of the Bank at all levels.

Karachi: October 25, 2011

On behalf of the Board

Kalim-ur-Rahman
President &
Chief Executive Officer



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2011

		(Unaudited) September 30, 2011	(Audited) December 31, 2010
	Note	----- (Rupees in '000) -----	
ASSETS			
Cash and balances with treasury banks		2,931,411	2,298,806
Balances with other banks		278,133	917,802
Lendings to financial institutions	7	2,706,657	3,643,360
Investments - net	8	20,650,896	13,701,699
Advances - net	9	12,560,832	13,978,113
Operating fixed assets	10	3,059,196	2,882,941
Deferred tax assets - net		1,141,037	1,184,613
Other assets		1,114,286	776,313
		<u>44,442,448</u>	<u>39,383,647</u>
LIABILITIES			
Bills payable		786,621	369,620
Borrowings	11	2,995,842	5,524,410
Deposits and other accounts	12	33,890,479	26,276,328
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		670,761	1,375,003
		<u>38,343,703</u>	<u>33,545,361</u>
NET ASSETS		<u>6,098,745</u>	<u>5,838,286</u>
REPRESENTED BY:			
Share capital		8,149,715	8,149,715
Reserves		28,080	18,040
Discount on issue of right shares		(1,415,477)	(1,415,477)
Accumulated losses		(699,989)	(930,671)
		<u>6,062,329</u>	<u>5,821,607</u>
Surplus on revaluation of assets - net of tax	13	36,416	16,679
		<u>6,098,745</u>	<u>5,838,286</u>
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The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Rafique R. Bhimjee
Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011**

	Note	Quarter ended		Nine months period ended	
		September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
(Rupees in '000)					
Mark-up / return / interest earned		1,185,017	862,097	3,138,789	2,468,414
Mark-up / return / interest expensed		661,604	563,385	1,844,596	1,660,570
Net mark-up / interest income		523,413	298,712	1,294,193	807,844
(Provision) / Reversal against non-performing loans and advances		(72,955)	(25,756)	11,694	(48,737)
Reversal of / (provision) for diminution in value of investments		-	-	139,569	(77,341)
Bad debts written off directly		-	-	-	-
		(72,955)	(25,756)	151,263	(126,078)
Net mark-up / interest income after provisions		450,458	272,956	1,445,456	681,766
NON MARK-UP / INTEREST INCOME					
Fee, commission and brokerage income		87,714	47,748	244,155	127,438
Dividend income		7,055	11,133	20,433	22,483
Income from dealing in foreign currencies		29,958	3,374	73,401	4,408
Gain on sale / redemption of securities		43,241	13,584	21,768	36,760
Unrealised (loss) / gain on revaluation of investments classified as held for trading		21,036	(18)	19,964	-
Other income / (loss)		5,347	593	11,914	(589)
Total non-mark-up / interest income		194,351	76,414	391,635	190,500
		644,809	349,370	1,837,091	872,266
NON MARK-UP / INTEREST EXPENSES					
Administrative expenses		490,695	407,780	1,518,926	1,327,224
Fixed assets written off		-	-	-	16,267
Other charges	14	5	36	7,770	685
Total non-mark-up / interest expenses		490,700	407,816	1,526,696	1,344,176
		154,109	(58,446)	310,395	(471,910)
Extra ordinary / unusual items		-	-	-	-
PROFIT / (LOSS) BEFORE TAXATION		154,109	(58,446)	310,395	(471,910)
Taxation		(13,786)	(9,379)	(36,726)	(26,595)
- Current		-	-	-	-
- Prior years		-	-	(32,947)	93,633
- Deferred		(13,786)	(9,379)	(69,673)	67,038
PROFIT / (LOSS) AFTER TAXATION		140,323	(67,825)	240,722	(404,872)
Rupees					
Basic and diluted earning / (loss) per share	16	0.17	(0.11)	0.30	(0.66)

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Rafique R. Bhimjee
Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011

	Quarter ended		Nine months period ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	----- (Rupees in '000) -----			
Profit/(Loss) for the period	140,323	(67,825)	240,722	(404,872)
Other comprehensive income	-	-	-	-
Total Comprehensive income/(loss) for the period	<u>140,323</u>	<u>(67,825)</u>	<u>240,722</u>	<u>(404,872)</u>

(Deficit) / surplus 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.

The annexed notes from 1 to 19 form an integral part of these interim condensed financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Rafique R. Bhimjee
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011**

	September 30, 2011	September 30, 2010
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	310,395	(471,910)
Less: Dividend income	<u>(20,433)</u>	<u>(22,483)</u>
	289,962	(494,393)
Adjustments:		
Depreciation	170,345	167,742
Amortisation of intangibles	12,932	11,489
Charge for defined benefit plan	9,522	23,356
Unrealised gain on revaluation of investments classified as held for trading	(19,964)	-
Reversal of provision against non-performing advances	(99,685)	(89,962)
Provision against non-performing advances	79,992	138,363
(Reversal of) / provision for diminution in value of investments	(139,569)	77,341
Fixed assets written off	-	16,267
(Gain) / Loss on sale of fixed assets	<u>(11,914)</u>	<u>601</u>
	1,659	345,197
	291,621	(149,196)
(Increase) / decrease in operating assets		
Lendings to financial institutions	936,702	(77,271)
Held for trading securities	(6,788,152)	-
Advances	1,436,975	454,181
Other assets	<u>(342,527)</u>	<u>(208,567)</u>
	(4,757,002)	168,343
Increase / (decrease) in operating liabilities		
Bills payable	417,001	393,570
Borrowings	(2,531,774)	297,881
Deposits	7,614,152	2,206,667
Other liabilities	<u>(713,764)</u>	<u>(81,466)</u>
	4,785,615	2,816,652
	320,234	2,835,799
Income tax paid	<u>(32,170)</u>	<u>(5,214)</u>
Net cash used in operating activities	288,064	2,830,585
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	28,855	(4,081,231)
Dividend income	20,433	22,483
Investment in operating fixed assets	(365,186)	(86,984)
Sale proceeds of property and equipment disposed-off	17,564	5,435
Net cash flow from / (used in) investing activities	<u>(298,334)</u>	<u>(4,140,297)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	-
(Decrease) in cash and cash equivalents	(10,270)	(1,309,712)
Cash and cash equivalents at beginning of the period	<u>3,212,435</u>	<u>3,572,285</u>
Cash and cash equivalents at end of the period	<u><u>3,202,165</u></u>	<u><u>2,262,573</u></u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Rafique R. Bhimjee
Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011**

	Issued, Subscribed and paid-up share capital	Statutory reserve	Discount on issue of right shares	Accumulated losses	Total
	----- (Rupees in '000) -----				
Balance as at January 1, 2010	6,127,605	18,040	-	(523,192)	5,622,453
Comprehensive Income					
Loss after taxation for the nine months period ended September 30, 2010	-	-	-	(404,872)	(404,872)
Other comprehensive Income - net of tax	-	-	-	(404,872)	(404,872)
Balance as at September 30, 2010	6,127,605	18,040	-	(928,064)	5,217,581
Comprehensive Income					
Loss after taxation for the quarter ended December 31, 2010	-	-	-	(2,607)	(2,607)
Other comprehensive Income - net of tax	-	-	-	-	-
Transaction with owners				(2,607)	(2,607)
Issue of right shares during the period	2,022,110	-	-	-	2,022,110
Discount on issue of right shares	-	-	(1,415,477)	-	(1,415,477)
Balance as at December 31, 2010	8,149,715	18,040	(1,415,477)	(930,671)	5,821,607
Comprehensive Income					
Profit after taxation for the nine months period ended September 30, 2011	-	-	-	240,722	240,722
Other comprehensive Income - net of tax	-	-	-	240,722	240,722
Transfer to statutory reserve	-	10,040	-	(10,040)	-
Balance as at September 30, 2011	<u>8,149,715</u>	<u>28,080</u>	<u>(1,415,477)</u>	<u>(699,989)</u>	<u>6,062,329</u>

The annexed notes from 1 to 19 form an integral part of this condensed interim financial information.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Rafique R. Bhimjee
Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011

1. STATUS AND NATURE OF BUSINESS

- 1.1 JS Bank Limited (the Bank), incorporated in Pakistan, is a scheduled bank engaged in commercial banking and related services. The Bank is listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Company Limited ("the parent company"). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi and it operates with 132 (December 31, 2010: 126) branches / sub branches in Pakistan. The Pakistan Credit Rating Agency (Private) Limited (PACRA) has assigned the long term credit rating of the Bank at A ("single A") and the short term rating at A1 ("A One") with stable outlook.
- 1.2 The State Bank of Pakistan through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid up capital (net of losses) for Banks be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.7 billion paid up capital (free of losses) by the end of the financial year 2010. The paid-up capital (free of losses) of the Bank as at September 30, 2011 stood at Rs.6.034 billion.

As communicated earlier to meet the Minimum Capital Requirement, the SBP has allowed us to increase the paid up capital through swap of new shares of the Bank against shares of JS Global Capital Limited held by Jahangir Siddiqui & Co. Ltd. and other investors. In this regard approvals from the Shareholders, the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan are in place. The Bank is now in the process of completing other procedural formalities which are expected to be completed by December 31, 2011.

2. STATEMENT OF COMPLIANCE

This condensed interim financial information of the Bank for the nine months period ended September 30, 2011 have been prepared in accordance with the requirements of the International Accounting Standard 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 and the State Bank of Pakistan. 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 State Bank of Pakistan 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 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 these condensed interim financial statements have been limited based on a format prescribed by the State Bank of Pakistan 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, these condensed interim financial statements should be read in conjunction with the annual financial statements of the Bank for the year ended December 31, 2010.



3. BASIS OF MEASUREMENT

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of this 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, 2010.

5. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual financial statements for the year ended December 31, 2010.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies are consistent with those disclosed in the annual financial statements of the Bank for the year ended December 31, 2010.

	(Unaudited) September 30, 2011	(Audited) December 31, 2010
----- (Rupees in '000) -----		
7. LENDINGS TO FINANCIAL INSTITUTIONS		
Call money lendings	1,525,000	1,900,000
Lending to financial institutions	428,471	520,935
Repurchase agreement lendings (Reverse Repo)	<u>753,186</u>	<u>1,222,425</u>
	<u>2,706,657</u>	<u>3,643,360</u>

8. INVESTMENTS

Note	(Unaudited)			(Audited)		
	September 30, 2011			December 31, 2010		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
	----- (Rupees in '000) -----					
8.1 INVESTMENTS BY TYPES:						
Held for trading securities						
	6,896,972	-	6,896,972	1,198,883	-	1,198,883
	1,259,643	-	1,259,643	168,740	-	168,740
	8,156,615	-	8,156,615	1,367,623	-	1,367,623
Available-for-sale securities						
	4,445,630	1,897,831	6,343,461	5,053,931	3,933,888	8,987,819
	2,740,899	-	2,740,899	486,051	-	486,051
	12,813	-	12,813	190,091	-	190,091
	95,503	-	95,503	95,503	-	95,503
	1,489,846	-	1,489,846	1,193,711	-	1,193,711
	939,095	-	939,095	915,671	-	915,671
	254,723	-	254,723	295,314	-	295,314
	126,506	-	126,506	126,506	-	126,506
	200,000	-	200,000	193,646	-	193,646
	377,320	-	377,320	116,709	-	116,709
	<u>10,682,335</u>	<u>1,897,831</u>	<u>12,580,166</u>	<u>8,667,133</u>	<u>3,933,888</u>	<u>12,601,021</u>
	18,838,950	1,897,831	20,736,781	10,034,756	3,933,888	13,968,644
	Less: Provision for diminution in value of investments					
	(161,874)	-	(161,874)	(293,444)	-	(293,444)
	<u>18,677,076</u>	<u>1,897,831</u>	<u>20,574,907</u>	<u>9,741,312</u>	<u>3,933,888</u>	<u>13,675,200</u>
	19,964	-	19,964	840	-	840
	Unrealised gain on revaluation of investments classified as held for trading					
	51,969	4,056	56,025	36,491	(10,832)	25,659
	<u>18,749,009</u>	<u>1,901,887</u>	<u>20,650,896</u>	<u>9,778,643</u>	<u>3,923,056</u>	<u>13,701,699</u>

8.1.1 Included herein are investments in following related parties:

- Agri Tech Limited (formerly: Pak American Fertilizer Limited), a related party, amounting to Rs.149.910 million at the rate of 6 months KIBOR ask rate + 1.75% maturing on November 29, 2014 (December 31, 2010: Rs.149.910 million).
- Azgard Nine Limited, a related party, amounting to Rs.149.88 million at the rate of 6 months KIBOR ask rate + 2.25% maturing on December 24, 2014 (December 31, 2010: Rs.149.88 million).

8.1.2 JS Value Fund, a related party, amounting to Rs.99.701 million (December 31, 2010: Rs.99.701 million) and having market value of Rs.41.105 million (December 31, 2010: Rs.41.717 million).

8.1.3 JS Income Fund, a related party, amounting to Rs.200.000 million (December 31, 2010: NIL) and having market value of Rs.213.165 million (December 31, 2010: NIL).

	(Unaudited) September 30, 2011	(Audited) December 31, 2010
Note ----- (Rupees in '000) -----		
9. ADVANCES - net		
Loans, cash credits, running finances, etc. in Pakistan		
In Pakistan	12,146,965	14,003,773
Outside Pakistan	387,693	270,391
	12,534,658	14,274,164
Net Investment in Finance lease - in Pakistan	367,997	108,783
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	122,604	120,668
Payable outside Pakistan	43,303	1,922
	165,907	122,590
Advances - gross	13,068,562	14,505,537
Provision for non-performing advances		
- specific	9.1 (506,581)	(525,364)
- general (against consumer financing)	(1,149)	(2,060)
	(507,730)	(527,424)
Advances - net of provision	12,560,832	13,978,113

9.1 Advances include Rs.3,113.122 million (December 31, 2010: Rs.1,902.566 million) which have been placed under non-performing status as detailed below:

Category of Classification

	(Unaudited) September 30, 2011				
	Domestic	Overseas	Total	Provision Required	Provision Held
----- (Rupees in '000) -----					
Other assets especially mentioned	-	-	-	-	-
Substandard	929	-	929	250	250
Doubtful	2,143,027	-	2,143,027	257	257
Loss	969,166	-	969,166	506,074	506,074
	3,113,122	-	3,113,122	506,581	506,581

Category of Classification

	(Audited) December 31, 2010				
	Domestic	Overseas	Total	Provision Required	Provision Held
----- (Rupees in '000) -----					
Other assets especially mentioned	-	-	-	-	-
Substandard	410,458	-	410,458	365	365
Doubtful	561,516	-	561,516	6,083	6,083
Loss	930,592	-	930,592	518,916	518,916
	1,902,566	-	1,902,566	525,364	525,364



	(Unaudited) September 30, 2011	(Audited) December 31, 2010
10. OPERATING FIXED ASSETS		
Capital work-in-progress	24,639	8,863
Property and equipment	1,425,663	1,273,930
Intangible assets	1,608,894	1,600,148
	<u>3,059,196</u>	<u>2,882,941</u>

10.2 Intangible assets

Stock exchange card	11,000	11,000
Compute Software	134,269	125,524
Goodwill	1,463,625	1,463,624
	<u>1,608,894</u>	<u>1,600,148</u>

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

10.2.2 Key assumptions used in value in use calculation

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

	<u>2010</u>	<u>2009</u>
- Pre-tax discount rate	25.9%	23.6%
- Terminal growth rate	10.0%	10.0%

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

a) Interest margins

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

b) Discount rates

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

c) Key business assumptions

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

Management believes that any significant change in key assumptions, on which CGU's recoverable amount is based, may impact the carrying amount to further exceed its recoverable amount. Value in use calculation of the CGU are sensitive to changes in assumptions for interest rate spreads, Non Funded Income (NFI), long term growth rates and discount rates."

	(Unaudited) September 30, 2011	(Audited) December 31, 2010
	----- (Rupees in '000) -----	
11. BORROWINGS		
Secured		
Borrowings from SBP under export refinancing scheme	1,087,000	1,237,017
Repurchase agreement borrowings	<u>1,901,463</u>	<u>3,883,220</u>
	2,988,463	5,120,237
Unsecured		
Call borrowings	-	400,000
Overdrawn nostro accounts	7,379	4,173
	<u>2,995,842</u>	<u>5,524,410</u>
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	12,999,012	8,728,524
Savings deposits	10,098,680	8,097,181
Current accounts - non-remunerative	9,796,619	6,896,222
Margin accounts	128,489	47,131
	<u>33,022,800</u>	<u>23,769,058</u>
Financial institutions		
Remunerative deposits	806,090	2,444,461
Non-remunerative deposits	61,589	62,809
	<u>867,679</u>	<u>2,507,270</u>
	<u>33,890,479</u>	<u>26,276,328</u>
12.1 Particulars of deposits		
In local currency	31,668,572	24,029,657
In foreign currencies	2,221,907	2,246,671
	<u>33,890,479</u>	<u>26,276,328</u>
13. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax		
Surplus / (deficit) on revaluation of available-for-sale securities - net of tax		
Term Finance Certificates - listed	(1,509)	(6,651)
Ordinary shares - listed	6,766	28,248
Closed end mutual funds	10,726	11,270
Open end mutual funds	13,165	46,355
US dollar bonds	(14,710)	1,598
Government Securities	41,587	(55,161)
	<u>56,025</u>	<u>25,659</u>
Related deferred tax asset / (liability)	(19,609)	(8,980)
	<u>36,416</u>	<u>16,679</u>



	(Unaudited)			
	Quarter ended		Nine months period ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	----- (Rupees in '000) -----			
14. OTHER CHARGES				
Penalties imposed by State Bank of Pakistan	<u>5</u>	<u>36</u>	<u>7,770</u>	<u>685</u>
			(Unaudited) September 30, 2011	(Audited) December 31, 2010
15. CONTINGENCIES AND COMMITMENTS			----- (Rupees in '000) -----	
15.1 Transaction-related contingent liabilities				
Includes performance bonds, bid bonds, warranties, advance payment guarantees, shipping guarantees and standby letters of credit related to particular transactions.				
i) Government			983,170	540,390
ii) Banking companies and other financial institutions			86,895	16,493
iii) Others			380,023	548,175
			<u>1,450,088</u>	<u>1,105,058</u>
15.2 Trade-related contingent liabilities				
Documentary credits			<u>2,503,830</u>	<u>1,588,191</u>
15.3 Other contingencies				
Claims not acknowledged as debts			<u>66,481</u>	<u>66,481</u>
15.4 Commitments in respect of forward exchange contracts				
Purchase			<u>2,375,353</u>	<u>2,874,196</u>
Sale			<u>1,520,088</u>	<u>1,815,855</u>
15.5 Commitments in respect of forward lending				
Forward commitment to extend credit			<u>398,782</u>	<u>434,000</u>
15.6 Other commitments				
Forward commitments in respect of purchase Market Treasury Bills and Pakistan Investment Bonds			<u>942,274</u>	<u>-</u>
Forward commitments in respect of sale Market Treasury Bills and Pakistan Investment Bonds			<u>2,874,868</u>	<u>-</u>
Commitment in respect of capital expenditure			<u>8,885</u>	<u>14,993</u>

16. BASIC AND DILUTED EARNING / (LOSS) PER SHARE

	(Unaudited)			
	Quarter ended		Nine months period ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Profit / (Loss) after taxation for the period (in '000)	<u>140,323</u>	<u>(67,825)</u>	<u>240,722</u>	<u>(404,872)</u>
Weighted average number of ordinary shares (in '000)	<u>814,971</u>	<u>612,760</u>	<u>814,971</u>	<u>612,760</u>
Basic and diluted earning / (loss) per share - Rupee	<u>0.17</u>	<u>(0.11)</u>	<u>0.30</u>	<u>(0.66)</u>

17 RELATED PARTY TRANSACTIONS

Related parties comprise the parent company, the associated undertakings of the parent company, directors and key management personnel of the Bank. Transactions between the bank and its related parties are carried out under normal course of business, except employee staff loans that are as per agreement.

The details of transactions with related parties during the period are as follows:

	(Unaudited)		(Audited)	
	September 30, 2011		December 31, 2010	
	Key management personnel	Other related parties	Key management personnel	Other related parties
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Advances				
Opening balance	3,423	2,994,330	36,709	1,451,187
Disbursements	-	4,901,518	1,600	35,826,430
Repayments	(2,924)	(5,243,240)	(34,886)	(34,283,287)
Closing balance	<u>499</u>	<u>2,652,608</u>	<u>3,423</u>	<u>2,994,330</u>
Mark-up / return / interest earned	<u>182</u>	<u>315,581</u>	<u>2,316</u>	<u>261,242</u>
Deposits				
Opening balance	9,695	1,818,049	24,175	1,148,445
Deposits during the period / year	135,773	190,346,931	184,573	179,847,700
Withdrawals during the period / year	(140,724)	(191,007,896)	(199,053)	(179,178,096)
Closing balance	<u>4,744</u>	<u>1,157,084</u>	<u>9,695</u>	<u>1,818,049</u>
Mark-up / return / interest expensed	<u>162</u>	<u>182,304</u>	<u>381</u>	<u>117,815</u>



Nature of transactions	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	(Unaudited) September 30, 2011	(Audited) December 31, 2010	(Unaudited) September 30, 2011	(Audited) December 31, 2010	(Unaudited) September 30, 2011	(Audited) December 31, 2010	(Unaudited) September 30, 2011	(Audited) December 31, 2010
	(Rupees in '000)							
Sale of Term Finance Certificates	-	218,013	131,587	213,648	41,419	-	173,006	431,661
Purchase of Term Finance Certificates	-	-	403,592	231,901	-	-	403,592	231,901
Sale of Government Securities	16,650,381	6,302,097	15,301,864	9,784,282	155,649	26,199	32,107,894	16,112,578
Purchase of Government Securities	999,281	519,973	14,629,413	4,632,927	-	-	15,628,693	5,152,900
Purchase of Sukuk	-	-	49,286	-	-	-	49,286	-
Sale of Sukuk / Ijara	74,194	35,000	18,637	-	-	-	92,831	35,000
Sale of shares	-	-	162,372	310,285	-	53,748	162,372	364,033
Purchase of shares	-	-	363,559	200,000	-	-	363,559	200,000
Purchase of fixed assets	-	-	-	37	-	-	-	37
Rent Receivable	-	-	1,321	-	-	-	1,321	-
Call lending / Reverse Repo	-	-	1,350,000	3,515,000	-	-	1,350,000	3,515,000
Call borrowing / Repo	-	-	12,050,000	5,985,000	-	-	12,050,000	5,985,000
Purchase of forward foreign exchange contracts	-	-	2,278,398	4,357,770	-	-	2,278,398	4,357,770
Sale of forward foreign exchange contracts	-	-	2,834,278	4,818,192	-	-	2,834,278	4,818,192
Goods purchased	-	-	-	-	119	-	119	-
Redemption of Term Finance Certificate	-	-	-	12,048	-	-	-	12,048
	<u>17,723,856</u>	<u>7,075,083</u>	<u>49,574,307</u>	<u>34,061,090</u>	<u>197,187</u>	<u>79,947</u>	<u>67,495,350</u>	<u>41,216,120</u>

	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	(Unaudited) September 30, 2011	(Unaudited) September 30, 2010	(Unaudited) September 30, 2011	(Unaudited) September 30, 2010	(Unaudited) September 30, 2011	(Unaudited) September 30, 2010	(Unaudited) September 30, 2011	(Unaudited) September 30, 2010
(Rupees in '000)								
Nature of transactions								
Insurance claim received	4,921	3,659	-	-	-	-	4,921	3,659
Services received	-	200	-	-	8	849	8	1,049
Reimbursement of expenses	35	-	886	903	-	-	921	903
Payment of insurance premium	26,531	24,056	-	-	-	-	26,531	24,056
Services rendered	-	-	1,144	16	-	-	1,144	16
Redemption of Units	-	-	164,267	-	-	-	164,267	-
Rent expense paid / accrued	-	-	1,019	1,844	-	-	1,019	1,844
Commission paid / accrued	-	-	609	2,000	-	-	609	2,000
Commission income	45,547	23,940	3,125	3,107	2,664	5,482	51,336	32,529
Dividend income	-	-	6,096	5,083	-	-	6,096	5,083
Consultancy fee	-	-	-	-	1,800	1,847	1,800	1,847
	<u>77,034</u>	<u>51,855</u>	<u>177,146</u>	<u>12,953</u>	<u>4,472</u>	<u>8,178</u>	<u>258,652</u>	<u>72,986</u>

Parent Company	
--- (Rupees in '000) ---	
(Unaudited) September 30, 2011	(Audited) December 31, 2010
Nature of transactions	
Subscription in right shares	391,211
Rent expenses paid / accrued	376
Purchase of fixed assets	95
	<u>391,306</u>

18. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors on October 25, 2011.

19. GENERAL

19.1 The figures in the financial statements have been rounded off to the nearest thousand.

Jahangir Siddiqui
Chairman

Kalim-ur-Rahman
President & Chief Executive Officer

Ashraf Nawabi
Director

Rafique R. Bhimjee
Director



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