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Condensed Interim Financial Statements
for the First Quarter Ended
March 31, 2018 (Un-audited)

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Company Information

Board of Directors

Mr. Ali Jehangir Siddiqui
Chairman

Mr. Adil Matcheswala
Non-Executive Director

Mr. Ashraf Nawabi
Non-Executive Director

Mr. G.M. Sikander
Independent Non-Executive Director

Mr. Kalim-ur-Rahman
Non-Executive Director

Mr. Munawar Alam Siddiqui
Non-Executive Director

Ms. Nargis Ghaloo
Independent Non-Executive Director

Mr. Shahab Anwar Khawaja
Independent Non-Executive Director

Mr. Khalid Imran
President & CEO

Audit Committee

Mr. Shahab Anwar Khawaja Chairman

Mr. Adil Matcheswala Member

Mr. G.M. Sikander Member

Chief Financial Officer

Mr. Muhammad Yousuf Amanullah

Company Secretary

Mr. Ashraf Shahzad

Auditors

EY Ford Rhodes, Chartered Accountants
(a Member firm of Ernst & Young Global Limited)

Legal Advisors

Bawaney & Partners
Haidermota BNR
Liaquat Merchant Associates

Share Registrar

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B' S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi.

Registered office

JS Bank Limited
Shaheen Commercial Complex
Dr. Ziauddin Ahmed Road
P.O. Box 4847 Karachi-74200, Pakistan
UAN: +92 21 111 JS Bank (572-265)
0800-011-22
www.jsbl.com

Directors' Report To The Members

Directors' Report

We are pleased to present the unaudited financial statements of JS Bank Limited ("JSBL") for the quarter ended March 31, 2018.

The Economy

The start of the new year has not brought glad tidings with it. The economic growth in Pakistan looks to slow down as the country's foreign exchange reserves deplete at an alarming rate and the current account deficit balloons. By the end of the first quarter 2018 (1QCY18), the State Bank of Pakistan (SBP) held reserves of approximately USD 11.60 billion which, at import levels of close to USD 4.32 billion recorded in February 2018 translate to less than three months of monthly import cover. This unevenness is due to an increasing trade deficit (+21% year-on-year (YoY) to USD 19.69 billion in the first 8 months of financial year 2018 (8MFY18)). With debt repayment obligations due in the upcoming months, external debt sustainability remains a major concern.

On a positive note, local CPI inflation continues to remain benign with the 8MFY18 average standing at 3.78% YoY, significantly lower than earlier expectations. Seen in conjunction with increasing international crude oil prices, it is safe to say that the impact of PKR depreciation against the US dollar in January 2018 has not been felt and is yet to be reflected in the inflation figures. In response to changing macroeconomic dynamics, SBP prudently increased the policy rate by 25 basis points (bps) in its first Monetary Policy Statement (MPS) of the calendar year. In the latest MPS, the regulator has kept the policy rate unchanged to gauge the impact of depreciation on the broader economy.

Banking Sector Review

As per SBP, banking deposits touched PKR 12,571 billion during the first quarter, registering a growth of 13% YoY. Investments, however, decreased by 11% YoY reaching PKR 6,853 billion as the sector witnessed hefty maturities during this period. As a result, the Investment-to-Deposit Ratio (IDR) slid to 55%. On the other hand, advances depicted a 20% YoY growth at PKR 6,812 billion with Advances-to-Deposit Ratio (ADR) for the industry inching up to 54%, owing to a steady increase in project-financing and consumer loan demand. Non-Performing Loans (NPLs) for the industry remained at PKR 611 billion as of September 2017, while the infection ratio for the industry remained at 10%. Growth in private sector credit off-take witnessed 17% YoY growth by the end of February 2018. Banking spreads during the same period further dropped to an average of 4.80%, marking a 17 bps YoY decline.

Financial Performance

The Bank earned profit before tax of PKR 541.2 million (profit after tax of PKR 352.2 million) for the quarter ended March 31, 2018 as compared to profit before tax of PKR 410.5 million (profit after tax of PKR 267.6 million) in the corresponding period last year. The increase in profit was mainly due to prudent growth in advances and an increase in business of advisory services and trade volumes. However, the administrative expenses increased due to expansion of the branch network and embarking on new initiatives as compared to the corresponding period of last year.

Deposits and advances increased from PKR 290.1 billion and PKR 184.1 billion to PKR 303.1 billion and PKR 234.5 billion respectively during the quarter, which reflects a continued focus of the Bank on core business activities.

Business Overview

The Bank continued with its exceptional balance sheet growth trajectory, backed by prudent expansion in advances, aggressive deposit mobilization and diversified fee business. The Bank's strategy is based on identifying and fulfilling customer needs through product innovation, alliances and automation of service delivery. Customer accessibility was strengthened through an expansion in the branch network, digital channels and branchless banking agents to provide customers an efficient and satisfying banking experience. JS Bank operates 323 branches and 294 ATMs across 161 cities including one overseas wholesale banking branch in Manama, Bahrain.

On the assets side, there was increased focus on prudent expansion in advances with a holistic product range designed around customer needs, with diversified growth in lending to public sector (Government of Pakistan backed), corporate & commercial entities, small & medium enterprises and consumers.

The Bank is making concerted efforts to optimize the revenue mix between interest and fee-based income. In addition to growing traditional fee income streams, the Bank has increased focus on cross selling various fee-based products to existing and new customers.

Credit Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has assigned to the Bank a long-term rating of "AA-" (Double A Minus) and a short-term rating of "A1+" (A One Plus) which is the highest possible short-term rating for this category.

Acknowledgments

On behalf of JS Bank, I would like to extend our gratitude to our customers and stakeholders for their patronage. I would also like to thank the Ministry of Finance, the State Bank of Pakistan (SBP), the Securities & Exchange Commission of Pakistan (SECP) and other regulatory authorities for their support to our Bank. Finally, I extend our appreciation to the management team and staff for their persistent commitment to working together as a winning team.

On behalf of the Board

Khalid Imran
President & CEO

Karachi: April 25, 2018

ڈپازٹس اور ایڈوانسز اس سہ ماہی کے دوران بالترتیب 290.1 بلین روپے اور 184.1 بلین روپے سے بڑھ کر بالترتیب 303.1 بلین روپے اور 234.5 بلین روپے ہو گئے جو اس بات کو ظاہر کرتا ہے کہ اہم کاروباری سرگرمیوں پر بینک نے اپنی مسلسل توجہ مرکوز رکھی ہے۔

کاروباری جائزہ

ایڈوانسز میں محتاط اضافے، ڈپازٹ کی جارحانہ تنظیم اور متنوع فیس بزنس کی مدد سے JS بینک نے بنیٹس شیٹ میں غیر معمولی اضافہ جاری رکھا ہے۔ جدید پروڈکٹس، اشتراک اور خود کار ڈیوری سروس کے ذریعے کسٹمرز کی ضروریات کو پہچاننا اور انہیں پورا کرنا بینک کی حکمت عملی کی بنیاد ہے۔ کسٹمر کو بینکنگ کا مؤثر اور اطمینان بخش تجربہ فراہم کرنے کیلئے برانچ مہیٹ ورک میں اضافے، ڈیجیٹل چینلز اور برانچ لیس بینکنگ ایجنٹس کے ذریعے کسٹمر کی رسائی کو مزید آسان اور بہتر بنایا گیا JS بینک کا 161 شہروں میں 323 برانچوں اور 294 اے ٹی ایبز پر مبنی ایک مضبوط نیٹ ورک ہے، جس میں ایک بیرون ملک ہول سیل بینکنگ برانچ مانامہ، بحرین کی بھی شامل ہے۔

اثاثوں کے حوالے سے کسٹمر کی ضروریات کو مد نظر رکھتے ہوئے تیار کی گئی پروڈکٹس کی جامع رینج کے ذریعے ایڈوانسز میں محتاط اضافے پر خاص توجہ دی گئی، بینک سیلر کے قرضہ جات (حکومت پاکستان کے) کارپوریٹ، کمرشل، چھوٹی اور درمیانی انٹراکنز (SME) اور کزنریم بینکنگ میں متنوع اضافہ ہوا۔

بینک انٹرنسٹ اور فیس کی مدد میں حاصل ہونے والی آمدنی کے اضافے کیلئے مسلسل کوشاں ہے۔ بینک کی حسب معمول فیس کی رواں آمدنی میں اضافے کیلئے بینک نے اپنے موجودہ اور نئے کسٹمرز کو فیس کی بنیاد پر متعدد پروڈکٹس کی فروخت پر اپنی توجہ مرکوز رکھی ہے۔

گریڈ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے بینک کو ”AA-“ (ڈبل اے مائنس) کی طویل المدتی ریٹنگ اور سب سے بہتر کمزور قلیل المدتی ریٹنگ ”A1+“ (اے ون پلس) تفویض کی ہے۔

اعتراف

جے ایس بینک کی جانب سے میں اپنے صارفین اور اسٹیک ہولڈرز کا ان کے تعاون پر دل سے شکر گزار ہوں۔ میں منسٹری آف فنانس، اسٹیٹ بینک آف پاکستان، بلیک پیو ریٹیز اینڈ ایگریگریٹیشن آف پاکستان اور دیگر ریگولیٹری اداروں کا بینک کو تعاون فراہم کرنے کیلئے بھی ممنون ہوں۔ میں یہاں بیجمنٹ اور جانفشانی کے ساتھ ایک ٹیم کے طور پر کام کرنے والے ملازمین کا ان کی انتھک محنت پر بھی شکر یہ ادا کرنا چاہوں گا۔

مختاب پورڈ

خالد عمران

چیف ایگزیکٹو آفیسر اور سی ای او

کراچی: 25 اپریل 2018

ڈائریکٹرز رپورٹ

ہم (بورڈ آف ڈائریکٹرز) انتہائی مسرت کے ساتھ 31 مارچ 2018 کو ختم ہونے والی سہ ماہی کیلئے JS بینک لمیٹڈ ("بینک") کی غیر آڈٹ شدہ مالیاتی تفصیلات پیش کر رہے ہیں۔

معیشت

نئے سال کا آغاز معاشی سطح پر بہتر نوید نہیں لایا۔ ملک کے زرمبادلہ کے ذخائر کا توشیح ناک شرح کے ساتھ تیزی سے خالی ہونا اور کرنٹ اکاؤنٹ کا بڑھتا ہوا خسارہ پاکستان کی معاشی ترقی میں سست روی کو ظاہر کرتے ہیں۔ 2018 کی اڈل سہ ماہی کے اختتام تک اسٹیٹ بینک آف پاکستان کے زرمبادلہ کے ذخائر تقریباً 11.60 بلین امریکی ڈالر تھے جو درآمدات کی سطح پر فروری 2018 میں تقریباً 4.32 بلین امریکی ڈالر تھے جو 3 ماہ سے بھی کم ماباندہ درآمداتی کو رکھا ہوا ہے۔ یہ غیر متوازن صارفین تجارتی خسارے میں اضافے کے باعث ہے (جو مالی سال 2018 کے پہلے ماہ میں 19.69 بلین امریکی ڈالر کے ساتھ سال بسال +21 فیصد ہوا)۔ آنے والے مہینوں میں واجب الادا قرض کی ادائیگیوں کی ذمہ داریوں کے ساتھ بیرونی قرضوں میں استحکام انتہائی اہم رہا۔

مثبت حوالے سے کنزیومر پرائس انڈیکس (CPI) افراط زر میں بدستور کمی رہی جو 2018 کے پہلے ماہ کے دوران اوسطاً سال بسال 3.78 فیصد رہا جو کہ ابتدا میں کمی گئی تو قعات سے خاطر خواہ کم ہیں۔ بین الاقوامی خام تیل کی قیمتوں میں اضافے کو دیکھتے ہوئے یہ کہنا بجا ہوگا کہ جنوری 2018 میں امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے اثرات ابھی تک ظاہر نہیں ہوئے ہیں لیکن افراط زر کی صورت میں ظاہر ہونگے۔ اقتصادی حوالے سے تیزی سے تبدیلی کے رد عمل میں اسٹیٹ بینک آف پاکستان نے کلینڈر سال کی اپنی پہلی ماہی پالیسی اسٹیٹمنٹ میں پالیسی کی شرح میں 25 بیس پوائنٹس (bps) کا اضافہ کیا ہے۔ جو موجودہ ماہیٹرنگ پالیسی اسٹیٹمنٹ میں ریگولیٹرز نے پالیسی کی شرح میں کوئی تبدیلی نہیں کی ہے تاکہ معاشی سطح پر وسیع پیمانے پر ڈیپریسی ایشن کا اندازہ لگایا جاسکے۔

شعبہ بینکاری کا جائزہ

اسٹیٹ بینک آف پاکستان کے تحت پہلی سہ ماہی کے دوران بینک ڈپازٹس 12,571 بلین روپے کی سطح پر آگئے جو سال بسال 13 فیصد اضافے کو ظاہر کرتا ہے۔ تاہم سہ ماہی کاری میں سال بسال 11 فیصد کمی واقع ہوئی اور اس مدت کے دوران زائد منجھو بیٹیز کے باعث سہ ماہی کاری 6,850 بلین روپے تک پہنچ گئی۔ اس کے نتیجے میں انویسٹمنٹ ٹو ڈپازٹ ریٹو میں 55 فیصد کمی واقع ہوئی۔ دوسری جانب ایڈوانسز میں سال بسال 20 فیصد اضافے کے ساتھ 6,812 بلین روپے رہے اور بینکنگ انڈسٹری کیلئے ایڈوانس ٹو ڈپازٹ ریٹو میں 54 فیصد اضافہ ہوا جو کہ پروڈیکٹ فنانسنگ اور صارفین کی جانب سے قرض کی کمی کا ٹھکانہ ہے۔ بتدریج اضافے کو ظاہر کرتا ہے۔ شعبے میں نان پرفارمنگ ایڈوانسز ستمبر 2017 تک 611 بلین روپے تک رہے جبکہ انڈیکسٹن ریٹو 10 فیصد رہا۔ نجی شعبہ جات میں فروری 2018 کے اختتام تک قرض لینے کی شرح میں 17 فیصد سال بسال اضافہ دیکھنے میں آیا۔ بینکنگ شعبے میں توسیع کی شرح میں اس مدت کے دوران اوسطاً 4.80 فیصد کی واقع ہوئی جس سے سال بسال 17 بیس پوائنٹس کمی ہوئی۔

مالی کارکردگی

31 مارچ 2018 کو ختم ہونے والی سہ ماہی کیلئے بینک نے 541.2 بلین روپے کا قبل از ٹیکس منافع (352.2 بلین روپے کا بعد از ٹیکس منافع) حاصل کیا جو گزشتہ سال اسی مدت میں قبل از ٹیکس منافع 410.5 بلین روپے (بعد از ٹیکس منافع 267.6 بلین روپے) تھا۔ منافع میں یہ اضافہ بنیادی طور پر ایڈوانسز میں خاطر خواہ اضافے، ایڈوانسز کی سروسز کے کاروبار میں توسیع اور تجارتی حجم میں اضافے کے باعث ہوا۔ تاہم براؤننگ ٹیٹ ورک میں توسیع اور گزشتہ سال اسی مدت کے مقابلے میں نئے کاروباری اقدامات کے باعث انتظامی اخراجات میں اضافہ ہوا۔

Unconsolidated Condensed Interim Statement of Financial Position

As at March 31, 2018

		(Un-audited) March 31, 2018	(Audited) December 31, 2017
	Note	----- Rupees in '000 -----	
ASSETS			
Cash and balances with treasury banks		17,407,233	17,333,788
Balances with other banks		628,347	1,034,266
Lendings to financial institutions	7	3,443,181	3,116,199
Investments - net	8	158,214,789	169,611,558
Advances - net	9	234,528,532	184,139,582
Operating fixed assets	10	7,319,492	7,112,821
Deferred tax assets - net		-	-
Other assets		8,505,586	5,960,662
		430,047,160	388,308,876
LIABILITIES			
Bills payable		4,171,480	3,824,278
Borrowings		91,286,237	64,557,043
Deposits and other accounts	11	303,125,266	290,077,566
Sub-ordinated loans		4,998,800	4,998,800
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities - net	12	683,309	796,803
Other liabilities		9,169,540	7,385,057
		413,434,632	371,639,547
NET ASSETS		16,612,528	16,669,329
REPRESENTED BY:			
Share capital	13	12,974,643	10,724,643
Discount on issue of shares	13	(2,855,401)	(2,105,401)
Preference shares	13	-	1,500,000
Reserves		1,624,064	1,540,988
Unappropriated profit		4,623,025	4,518,820
		16,366,331	16,179,050
Surplus on revaluation of assets - net of tax	14	246,197	490,279
		16,612,528	16,669,329
CONTINGENCIES AND COMMITMENTS			
	15		

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Unconsolidated Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2018

	March 31, 2018	March 31, 2017
	Note ----- Rupees in '000 -----	
Mark-up / return / interest earned	6,868,918	3,917,124
Mark-up / return / interest expensed	4,790,301	2,678,893
Net mark-up / interest income	<u>2,078,617</u>	<u>1,238,231</u>
Provision against non-performing loans and advances - net	(50,030)	(58,899)
Provision for diminution in the value of investments - net	-	-
Bad debts written off directly	-	-
	<u>(50,030)</u>	<u>(58,899)</u>
Net mark-up / return / interest income after provisions	<u>2,028,587</u>	<u>1,179,332</u>
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	859,531	462,054
Dividend income	7,530	-
Income from dealing in foreign currencies	83,250	62,522
Gain on sale of securities - net	18,013	173,548
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading - net	(74)	506,940
Other income - net	99,816	38,153
Total non-mark-up / interest income	<u>1,068,066</u>	<u>1,243,217</u>
	<u>3,096,653</u>	<u>2,422,549</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	2,586,621	2,003,871
Other reversals	(42,368)	-
Other charges	11,232	8,209
Total non mark-up / interest expenses	<u>2,555,485</u>	<u>2,012,080</u>
	<u>541,168</u>	<u>410,469</u>
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	<u>541,168</u>	<u>410,469</u>
Taxation		
- Current	(172,290)	(44,352)
- Prior years	-	-
- Deferred	(16,636)	(98,537)
	<u>(188,926)</u>	<u>(142,889)</u>
PROFIT AFTER TAXATION	<u><u>352,242</u></u>	<u><u>267,580</u></u>
	----- Rupee -----	
Basic and diluted earnings per share	16 <u>0.15</u>	<u>0.08</u>

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Chairman	President and Chief Executive Officer	Director	Director	Chief Financial Officer
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Unconsolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2018

	March 31, 2018	March 31, 2017
	----- Rupees in '000 -----	
Profit after taxation	352,242	267,580
Other comprehensive income		
Items that will not be reclassified to profit and loss account	-	-
Items that may be reclassified to profit or loss account in subsequent periods		
Effect of translation of net investment in foreign branch	12,628	368
Comprehensive income transferred to equity	364,870	267,948
Items that are or may be reclassified to subsequently to profit and loss account		
Net change in fair value of available-for-sale securities	(371,801)	(70,945)
Related deferred tax asset	130,130	24,831
	(241,671)	(46,114)
Total comprehensive income for the the period - net of tax	123,199	221,834

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Unconsolidated Condensed Interim Statement of Changes in Equity

For the quarter ended March 31, 2018

	Share capital	Discount on issue of shares	Preference shares	Reserves		Unappropriated profit	Total
				Statutory *	Exchange translation		
Rupees in '000							
Balance as at January 01, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,334,139	(17)	3,973,341	15,426,705
Total comprehensive income for the quarter ended March 31, 2017							
Profit after taxation	-	-	-	-	-	267,590	267,590
Other comprehensive income	-	-	-	-	368	-	368
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	368	267,590	267,948
Transaction with owners recorded directly in equity						54	54
Preference dividend paid for the year ended December 31, 2016 @ 12% p.a	-	-	-	-	-	(180,000)	(180,000)
Transfers							
Transfer to statutory reserve	-	-	-	53,516	-	(53,516)	-
Balance as at March 31, 2017 (Un-audited)	10,724,643	(2,105,401)	1,500,000	1,387,655	351	4,007,459	15,514,707
Total comprehensive income for the period ended December 31, 2017							
Profit after taxation	-	-	-	-	-	705,569	705,569
Other comprehensive Income	-	-	-	-	11,868	(55,602)	(43,734)
Transfer from surplus on revaluation of operating fixed assets - net of tax	-	-	-	-	11,868	649,967	661,835
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	2,348	2,348
Transfers						160	160
Transfer to statutory reserve	-	-	-	141,114	-	(141,114)	-
Balance as at December 31, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,528,769	12,219	4,518,820	16,179,050
Total comprehensive income for the quarter ended March 31, 2018							
Profit after taxation	-	-	-	-	-	352,242	352,242
Other comprehensive income	-	-	-	-	12,628	-	12,628
Transfer from surplus on revaluation of operating fixed assets - net of tax	-	-	-	-	-	2,357	2,357
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	54	54
Transaction with owners recorded directly in equity							
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a.	-	-	-	-	-	(180,000)	(180,000)
Preference shares cancelled on conversion into ordinary shares during the period (note13)	-	-	(1,500,000)	-	-	-	(1,500,000)
Issuance of ordinary shares on conversion of preference shares during the period (note13)	2,250,000	-	-	-	-	-	2,250,000
Discount on issue of ordinary shares during the period (note13)	-	(750,000)	-	-	-	-	(750,000)
Transfers							
Transfer to statutory reserve	-	-	-	70,448	-	(70,448)	-
Balance as at March 31, 2018 (Un-audited)	12,974,643	(2,855,401)	-	1,599,217	24,847	4,623,025	16,366,331

* This represents reserve created under Section 21(i)(a) of the Banking Companies Ordinance, 1962.

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Unconsolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2018

	March 31, 2018	March 31, 2017
	----- Rupees in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	541,168	410,469
Less: Dividend income	(7,530)	-
	533,638	410,469
Adjustments:		
Depreciation	163,386	143,444
Depreciation on non-banking assets	325	325
Amortisation of intangibles	16,911	13,777
Charge for defined benefit plan	42,094	41,771
Unrealised loss / (gain) on revaluation of investments classified as held-for-trading - net	74	(506,940)
Provision against non-performing loans and advances - net	50,030	58,899
Other reversals	(42,368)	-
Unrealised (gain) / loss on revaluation of derivative instruments	(125,604)	4,634
Gain on sale of operating fixed assets	(35,736)	(16,242)
Provision for Sindh Workers' Welfare Fund	10,823	8,209
	79,935	(252,123)
	613,573	158,346
(Increase) / decrease in operating assets		
Lendings to financial institutions	(326,982)	(723,230)
Held-for-trading securities	8,090,838	51,802,712
Advances	(50,438,980)	(7,597,121)
Other assets (excluding advance taxation)	(2,259,624)	(1,336,782)
	(44,934,748)	42,145,579
(Decrease) / increase in operating liabilities		
Bills payable	347,202	350,712
Borrowings	26,487,380	3,030,652
Deposits and other accounts	13,047,700	7,100,050
Other liabilities	1,731,566	1,101,206
	41,613,848	11,582,620
	(2,707,327)	53,886,545
Income tax paid	(289,943)	(264,313)
Gratuity paid	-	-
Net cash (used in) / flows from operating activities	(2,997,270)	53,622,232
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	2,830,816	(53,336,045)
Net investment in held-to maturity securities	103,240	-
Dividend received	7,530	-
Investments in operating fixed assets	(393,509)	(315,002)
Proceeds from sale of operating fixed assets	42,277	24,847
Net cash flows from / (used in) investing activities	2,590,354	(53,626,200)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid on preference shares	(180,000)	(180,000)
Effect of translation of net investment in foreign branches	12,628	368
Net cash used in financing activities	(167,372)	(179,632)
Decrease in cash and cash equivalents	(574,288)	(183,600)
Cash and cash equivalents at beginning of the period	18,169,058	16,221,150
Cash and cash equivalents at end of the period	17,594,770	16,037,550

The annexed notes from 1 to 21 form an integral part of these unconsolidated condensed interim financial statements.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

1. STATUS AND NATURE OF BUSINESS

- 1.1 JS Bank Limited (the Bank / JSBL), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange Limited (PSX). 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 322 (December 31, 2017: 322) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2017: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to 'AA-' (Double A Minus) and short-term entity rating at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.
- 1.2 Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by 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 - Pakistan Branches, (AEBL). Consequently, a new banking company, 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.
- 1.3 A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/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.

2. STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements of the Bank have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:
- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
 - Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP)

Whenever the requirements of the Banking Companies Ordinance, 1962, The Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, the requirements of the Banking Companies Ordinance, 1962, The Companies Act, 2017 and the said directives, shall prevail.

- 2.2 The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 2.3 IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 01, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these unconsolidated condensed interim financial statements is based on the requirements laid down by the SBP.
- 2.4 IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 237 of the Companies Ordinance 1984 and IFRS-10 "Consolidated Financial Statements" are not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I) /2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these unconsolidated condensed interim financial statements.
- 2.5 The disclosures made in this unconsolidated condensed interim financial statements have been limited based on the 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, these unconsolidated condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2017.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

3. BASIS OF MEASUREMENT

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that certain assets are stated at revalued amounts / fair value as disclosed in the respective notes of the annual audited financial statements for the year ended December 31, 2017.

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the annual audited financial statements of the Bank for the year ended December 31, 2017.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements for the year ended December 31, 2017.

6. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies applied during the period are consistent with those disclosed in the annual audited financial statements of the Bank for the year ended December 31, 2017.

7. LENDINGS TO FINANCIAL INSTITUTIONS

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	Note ----- Rupees in '000 -----	
Call money lendings	2,194,888	3,003,443
Due against bills re-discounting	48,293	112,756
Repurchase agreement lendings (reverse repo)	7.1 1,200,000	-
	<u>3,443,181</u>	<u>3,116,199</u>

- 7.1 Repurchase agreement lendings are secured through Pakistan Investment Bonds and Market Treasury Bills having total market value of Rs.1,307.979 million (December 31, 2017: Rs.Nil).

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

8. INVESTMENTS - net

	(Unaudited)			(Audited)		
	March 31, 2018			December 31, 2017		
	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	378,313	-	378,313	6,835,735	926,032	7,761,767
Pakistan investment bonds	-	-	-	709,872	-	709,872
	378,313	-	378,313	7,545,607	926,032	8,471,639

Available-for-sale securities

Market treasury bills	11,406,799	-	11,406,799	11,501,193	2,991,504	14,492,697
Pakistan investment bonds	19,665,761	73,337,245	93,003,006	54,600,373	39,372,049	93,972,422
Ordinary shares of listed companies	3,796,340	-	3,796,340	3,681,463	-	3,681,463
Ordinary shares of unlisted companies	193,406	-	193,406	13,406	-	13,406
Preference shares of listed companies	136,589	-	136,589	136,589	-	136,589
Term finance certificates - listed	182,322	-	182,322	182,322	-	182,322
Term finance certificates - unlisted	652,382	-	652,382	575,596	-	575,596
Sukuk certificates - unlisted	1,057,667	-	1,057,667	1,631,000	-	1,631,000
Foreign currency bonds	4,115,967	1,641,835	5,757,802	1,899,702	2,431,932	4,331,634
	41,207,233	74,979,080	116,186,313	74,221,644	44,795,485	119,017,129

Held-to-maturity securities

Pakistan investment bonds	41,295,245	-	41,295,245	41,398,485	-	41,398,485
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Investments in subsidiaries

	1,919,121	-	1,919,121	1,919,121	-	1,919,121
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Total investments at cost

	84,799,912	74,979,080	159,778,992	125,084,857	45,721,517	170,806,374
Less: Provision for diminution in the value of investments	(1,071,851)	-	(1,071,851)	(1,071,851)	-	(1,071,851)

Investments (net of provision)

	83,728,061	74,979,080	158,707,141	124,013,006	45,721,517	169,734,523
Unrealised loss on revaluation of investments classified as held-for-trading	(74)	-	(74)	(2,474)	(14)	(2,488)

Surplus / (deficit) on revaluation of available-for-sale securities

	692,239	(1,184,517)	(492,278)	75,006	(195,483)	(120,477)
Total investments at market value	84,420,226	73,794,563	158,214,789	124,085,538	45,526,020	169,611,558

8.1.1 Included herein are the investments in related parties amounting to Rs.1,763.581 million (December 31, 2017: Rs.1,763.581 million) having market value of Rs.2,542.206 million (December 31, 2017: Rs.2,296.841 million).

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

8.1.2 Included herein is the investment of Rs.65.022 million (December 31, 2017: Rs.65.022 million) in a related party at the rate of 6 months KIBOR + 1.75% matured on December 04, 2017. Due to weak financial position of the investee the Bank has recognised full impairment loss on these term finance certificates.

8.1.3 Included herein are the investments in the following subsidiaries:

	Shares		Holding		Cost	
	(Un-audited) March 31, 2018	(Audited) December 31, 2017	(Un-audited) March 31, 2018	(Audited) December 31, 2017	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	----- Numbers -----		----- Percentage -----		----- Rupees in '000 -----	
- JS Global Capital Limited (JSGCL)	25,525,169	25,525,169	67.16%	67.16%	1,357,929	1,357,929
- JS Investments Limited (JSIL) (refer note 8.1.3.1)	52,236,978	52,236,978	65.16%	65.16%	561,192	561,192
					<u>1,919,121</u>	<u>1,919,121</u>

8.1.3.1 The Bank also controls JS ABAMCO Commodities Limited (JSACL) indirectly through its subsidiary JS Investments Limited which has 100% holding in JSACL.

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
Note	----- Rupees in '000 -----	

9. ADVANCES - net

Loans, cash credits, running finances, etc.

In Pakistan

Outside Pakistan

209,865,548	160,635,485
1,109,016	702,934
<u>210,974,564</u>	<u>161,338,419</u>

Net investment in finance lease in Pakistan

15,257,258	13,781,334
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Bills discounted and purchased (excluding treasury bills)

Payable in Pakistan

Payable outside Pakistan

7,452,575	6,174,461
3,633,478	5,584,681
<u>11,086,053</u>	<u>11,759,142</u>

Advances - gross

237,317,875	186,878,895
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Provision against non-performing advances - specific

Provision against advances - general

9.1	(2,666,565)	(2,638,960)
	(122,778)	(100,353)
	<u>(2,789,343)</u>	<u>(2,739,313)</u>

Advances - net of provision

<u>234,528,532</u>	<u>184,139,582</u>
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Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

- 9.1 Advances include Rs. 3,401.556 million (December 31, 2017: Rs.3,257.997 million) which have been placed under non-performing status as detailed below:

Category of classification	March 31, 2018 (Un-audited)			Provision required	Provision held
	Domestic	Overseas	Total		
----- Rupees in '000 -----					
Other assets especially mentioned	85,569	-	85,569	299	299
Substandard	376,715	-	376,715	67,459	67,459
Doubtful	127,012	-	127,012	5,261	5,261
Loss	2,812,260	-	2,812,260	2,593,546	2,593,546
	<u>3,401,556</u>	<u>-</u>	<u>3,401,556</u>	<u>2,666,565</u>	<u>2,666,565</u>
December 31, 2017 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
----- Rupees in '000 -----					
Other assets especially mentioned	5,222	-	5,222	-	-
Substandard	336,818	-	336,818	44,307	44,307
Doubtful	131,328	-	131,328	7,333	7,333
Loss	2,784,629	-	2,784,629	2,587,320	2,587,320
	<u>3,257,997</u>	<u>-</u>	<u>3,257,997</u>	<u>2,638,960</u>	<u>2,638,960</u>

10. OPERATING FIXED ASSETS

During the period, the Bank has made additions of Rs.393.509 million including capital work in process (March 31, 2017: Rs.315.002 million) and deletions of Rs.41.546 million (March 31, 2017: Rs.36.254 million) having written down value of Rs. 5.295 million (March 31, 2017: Rs.8.605 million).

11. DEPOSITS AND OTHER ACCOUNTS	Note	(Un-audited)	(Audited)
		March 31, 2018	December 31, 2017
----- Rupees in '000 -----			
Customers			
Fixed deposits		129,466,827	131,902,422
Savings deposits		53,941,421	47,266,416
Current accounts - non-remunerative		64,896,564	70,197,106
Margin accounts		4,658,060	3,967,204
		<u>252,962,872</u>	<u>253,333,148</u>
Financial institutions			
Remunerative deposits		47,214,780	35,724,471
Non-remunerative deposits		2,947,614	1,019,947
		<u>50,162,394</u>	<u>36,744,418</u>
	11.1	<u>303,125,266</u>	<u>290,077,566</u>
11.1 Particulars of deposits			
In local currency		288,040,157	276,922,230
In foreign currencies		15,085,109	13,155,336
		<u>303,125,266</u>	<u>290,077,566</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
12. DEFERRED TAX LIABILITIES - net		
	----- Rupees in '000 -----	
Deferred tax debits arising from:		
Provision against investments	(57,149)	(57,149)
Provision against loans and advances	(20,929)	(3,523)
Provision against other assets	(997)	(15,682)
Unrealised loss on revaluation of investments classified as held-for-trading	(26)	(871)
Provision for Sindh Workers' Welfare Fund	(26,145)	(26,145)
Surplus on revaluation of investments classified as available-for-sale	(172,297)	(42,167)
	<u>(277,543)</u>	<u>(145,537)</u>
Deferred tax credits arising due to:		
Operating fixed assets	211,581	214,793
Goodwill	512,268	512,268
Unrealised gain on revaluation of derivative instruments	48,248	25,227
Surplus on revaluation of operating fixed assets	186,592	187,861
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,163	2,191
	<u>960,852</u>	<u>942,340</u>
	<u>683,309</u>	<u>796,803</u>

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

During the period, issued, subscribed and paid-up capital of the Bank has increased by Rs. 2,250 million divided into 225 million ordinary shares of Rs. 10 each. The increase was on account of conversion of unlisted preference shares of Rs. 1,500 million divided into 150 million shares of Rs. 10 each at a conversion ratio of 1:1.5 (i.e. for every one preference share one and half ordinary shares were issued). The ordinary shares are issued at Rs. 6.67 per share i.e. at a discount of Rs. 3.33 per share as per the approvals of Securities and Exchange Commission of Pakistan vide its letter No. EMD/CI/102/2010 dated December 19, 2013 and State Bank of Pakistan vide its letter No. BPRD/BA&CA/649/19755/2013 dated December 30, 2013.

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
14. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax		
	----- Rupees in '000 -----	
Available-for-sale securities	(319,981)	(78,310)
Operating fixed assets	471,182	473,539
Non-banking assets acquired in satisfaction of claims	94,996	95,050
	<u>246,197</u>	<u>490,279</u>

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
Note	----- Rupees in '000 -----	
15. CONTINGENCIES AND COMMITMENTS		
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	32,901,296	31,008,823
ii) Banking companies and other financial institutions	5,794,941	5,532,988
iii) Others	3,707,052	8,477,789
15.1.1	<u>42,403,289</u>	<u>45,019,600</u>
15.1.1	Included herein the outstanding guarantees of Rs.31.501 million (December 31, 2017: Rs.31.454 million) of related parties.	
15.2 Trade-related contingent liabilities		
Documentary credits	15.2.1 <u>21,904,796</u>	<u>21,558,098</u>
15.2.1	Included herein is an outstanding amount of Rs.31.035 million (December 31, 2017: Rs.44.016 million) of related parties.	
15.3 Commitments in respect of forward lending		
Forward commitment to extend credit	<u>2,415,064</u>	<u>21,398,301</u>
15.4	<u>219,668</u>	<u>94,975</u>
15.4	Commitments in respect of capital expenditures	
15.5	Commitments in respect of derivative instruments	
15.5.1	Forward exchange contracts	
Purchase	<u>17,807,611</u>	<u>6,689,099</u>
Sale	<u>16,664,096</u>	<u>4,960,361</u>
15.5.2	Forward investment securities	
15.5.2.1	Government securities	
Purchase	-	<u>1,496,072</u>
Sale	-	<u>115,811</u>
15.5.2.2	Foreign currency bonds	
Purchase	<u>241,401</u>	-

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 6.9 to the annual audited unconsolidated financial statements for the year ended December 31, 2017.

Management is of the view that the fair value of the remaining financial assets and financial liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

Fair value hierarchy

IFRS 13 requires the Bank to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

17.1 Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Pakistan investment bonds / market treasury bills	Fair values of Pakistan Investment Bonds and Market Treasury Bills are derived using PKRV rates (Reuters page).
Term finance certificates and bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) and Bloomberg in case of foreign bonds, in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currencies involved, interest rates, yield curves, volatilities, contracts duration, etc.

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

17.2 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3 based on the degree to which the fair value is observable.

	March 31, 2018 (Un-audited)			
	Level 1	Level 2	Level 3	Total
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading' securities				
Market treasury bills	-	378,239	-	378,239
Pakistan investment bonds	-	-	-	-
	-	378,239	-	378,239
Financial assets classified as 'available-for-sale' securities				
Market treasury bills	-	11,403,178	-	11,403,178
Pakistan investment bonds	-	91,805,900	-	91,805,900
Ordinary shares of listed companies	4,048,359	-	-	4,048,359
Foreign currency bonds	-	5,676,174	-	5,676,174
	4,048,359	108,885,252	-	112,933,611
	4,048,359	109,263,491	-	113,311,850
Non-Financial Assets				
Revalued operating fixed assets	-	-	2,414,141	2,414,141
Non-banking assets acquired in satisfaction of claims	-	-	203,014	203,014
	-	-	2,617,155	2,617,155
	4,048,359	109,263,491	2,617,155	115,929,005
Off balance sheet financial instruments				
Forward foreign currency bonds				
Purchase	-	241,217	-	241,217
Forward exchange contracts				
Purchase	-	18,096,113	-	18,096,113
Sale	-	16,821,563	-	16,821,563
Cross currency swaps (notional principal)				
	-	4,448,408	-	4,448,408
Options (notional principal)				
	-	2,535,522	-	2,535,522

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

	December 31, 2017 (Audited)			
	Level 1	Level 2	Level 3	Total
	----- Rupees in '000 -----			
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading' securities				
Market treasury bills	-	7,761,553	-	7,761,553
Pakistan investment bonds	-	707,598	-	707,598
	-	8,469,151	-	8,469,151
Financial assets classified as 'available-for-sale' securities				
Market treasury bills	-	14,492,712	-	14,492,712
Pakistan investment bonds	-	93,429,759	-	93,429,759
Ordinary shares of listed companies	3,546,572	-	-	3,546,572
Foreign currency bonds	-	4,350,638	-	4,350,638
	3,546,572	112,273,109	-	115,819,681
	3,546,572	120,742,260	-	124,288,832
Non-Financial Assets				
Reduced operating fixed assets	-	-	2,439,249	2,439,249
Non banking asset acquired in satisfaction of claims	-	-	203,339	203,339
	-	-	2,642,588	2,642,588
	3,546,572	120,742,260	2,642,588	126,931,420
Off balance sheet financial instruments				
Forward exchange contracts				
Purchase	-	1,495,823	-	1,495,823
Sale	-	116,000	-	116,000
Forward government securities				
Purchase	-	6,851,332	-	6,851,332
Sale	-	5,061,071	-	5,061,071
Cross currency swaps (notional principal)				
	-	4,489,958	-	4,489,958
Options (notional principal)				
	-	2,426,276	-	2,426,276

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

18. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

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

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total
(Rupees in '000)							
March 31, 2018 (Un-audited)							
Total income - external	315,875	3,077,942	1,659,114	2,790,269	57,214	36,570	7,936,984
Inter-segment revenues - net	-	(1,492,286)	2,222,159	(729,873)	-	-	-
Total income	315,875	1,585,656	3,881,273	2,060,396	57,214	36,570	7,936,984
Total expenses	(27,096)	(1,514,583)	(3,530,947)	(1,928,549)	(25,021)	(319,590)	(7,345,786)
Provisions / impairments	-	-	(20,535)	(29,495)	-	-	(50,030)
Current taxation	-	-	-	-	-	(172,290)	(172,290)
Prior year taxation	-	-	-	-	-	-	-
Deferred taxation	-	-	-	-	-	(16,636)	(16,636)
Net income / (loss)	288,779	71,073	329,791	102,352	32,193	(471,946)	352,242

March 31, 2018 (Un-audited)

Segment assets (gross)	-	176,430,060	74,199,287	167,467,230	-	15,825,076	433,921,653
Segment non performing assets	-	1,094,732	677,106	2,724,450	-	13,299	4,509,587
Segment provision required	-	(1,071,851)	(401,108)	(2,388,235)	-	(13,299)	(3,874,493)
Segment liabilities	-	83,203,417	214,684,290	101,522,597	4,171,480	9,852,848	413,434,632

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Others	Total
(Rupees in '000)							
March 31, 2017 (Un-audited)							
Total income - external	103,066	2,830,590	910,944	1,256,553	42,947	16,241	5,160,341
Inter-segment revenues - net	-	(2,158,732)	1,917,227	241,505	-	-	-
Total income	103,066	671,858	2,828,171	1,498,058	42,947	16,241	5,160,341
Total expenses	(22,179)	(129,987)	(2,683,112)	(1,546,950)	(18,416)	(310,329)	(4,690,973)
Provisions / impairments	-	-	(14,578)	(44,321)	-	-	(58,899)
Current taxation	-	-	-	-	-	(44,352)	(44,352)
Prior year taxation	-	-	-	-	-	-	-
Deferred taxation	-	-	-	-	-	(98,537)	(98,537)
Net income / (loss)	80,887	541,871	150,481	(93,213)	24,531	(436,977)	267,580

December 31, 2017 (Audited)

Segment assets (gross)	-	187,440,326	82,645,783	108,870,958	-	13,118,287	392,075,354
Segment non-performing assets	-	1,622,691	613,448	2,644,549	-	10,861	4,891,549
Segment provision required	-	(1,071,851)	(283,887)	(2,365,075)	-	(55,665)	(3,766,478)
Segment liabilities	-	57,126,105	219,370,286	83,137,017	3,824,278	8,181,861	371,639,547

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

Lendings to financial institutions		Borrowings	
(Un-audited)	(Audited)	(Un-audited)	(Audited)
March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017

----- Rupees in '000 -----

Companies in which parent company holds 20% or more

Opening balance	-	-	4,000,000	-
Disbursements	600,000	-	27,900,000	110,840,000
Repayments	(600,000)	-	(31,900,000)	(106,840,000)
Closing balance	-	-	-	4,000,000
Mark-up / return / interest earned /expensed for the quarter ended March 31, (Un-audited)	99	-	13,605	-

Material transactions with related parties are given below:

(Unaudited)							
Subsidiary companies		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties	
March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017

----- Rupees in '000 -----

Nature of transactions

Sale of government securities	21,621	-	-	-	57,697,482	9,497,199	1,976,091	245,312
Purchase of government securities	-	-	-	-	1,536,725	-	51,126	52,332
Sale of foreign exchange contracts	-	-	-	-	889,304	2,935,638	-	-
Purchase of foreign exchange contracts	-	-	-	-	942,416	2,411,534	-	-
Rent received / receivable	904	822	-	-	-	-	-	-
Rent expense paid / accrued	1,680	788	-	-	-	-	-	-
Letter of credits	-	-	9,076	10,082	-	-	30,058	27,746
Letter of guarantees	-	-	-	-	25,995	-	24,164	-
Reimbursement of expenses	422	-	-	-	-	-	322	1,231
Payment to staff benefit plan	-	-	-	-	-	-	42,094	-
Payment to staff contribution plan	-	-	-	-	-	-	44,097	32,574
Remuneration to key management personnel	-	-	-	-	-	-	212,971	179,822
Director fees and allowances	-	-	-	-	-	-	4,300	2,550
Insurance claim received	-	-	-	-	3,320	4,769	-	-
Insurance premium paid	-	-	-	-	157,227	99,574	64,089	43,292
Expenses incurred on behalf	358	235	-	-	-	-	-	-
Services rendered	1,050	1,050	-	-	-	-	-	-
Commission paid / accrued	406	1,116	-	-	-	-	-	-
Commission income	-	-	18	20	31,869	13,480	38,339	28
Advisory fee	-	-	-	-	-	-	10,500	10,500
Preference dividend paid	-	-	-	-	-	-	1,479	1,479
Services received	-	-	-	-	-	-	199	10

Un-audited

Parent company	
March 31, 2018	March 31, 2017

--- (Rupees in '000) ---

Nature of transactions

Rent expense paid / accrued	416	378
Reimbursement of expenses	1,627	1,303
Preference dividend paid	174,450	174,450

Notes to the Unconsolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

20. GENERAL

The figures in these unconsolidated condensed interim financial Statements have been rounded off to the nearest thousand.

21. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on April 25, 2018.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Financial Statements

Consolidated Condensed Interim Statement of Financial Position

As at March 31, 2018

		(Un-audited) March 31, 2018	(Audited) December 31, 2017
----- Rupees in '000 -----			
ASSETS			
Cash and balances with treasury banks		17,407,542	17,334,111
Balances with other banks		653,577	1,049,496
Lendings to financial institutions	8	3,443,181	3,116,199
Investments - net	9	159,494,368	170,288,835
Advances - net	10	234,549,205	184,161,175
Operating fixed assets	11	7,793,530	7,589,702
Deferred tax assets - net		-	-
Other assets		10,574,798	7,414,358
		<u>433,916,201</u>	<u>390,953,876</u>
LIABILITIES			
Bills payable		4,171,480	3,824,278
Borrowings		91,286,237	64,557,043
Deposits and other accounts	12	301,556,205	288,365,014
Sub-ordinated loans		4,998,800	4,998,800
Liabilities against assets subject to finance lease		39,306	5,032
Deferred tax liabilities - net	13	569,677	686,941
Other liabilities		11,529,087	8,848,854
		<u>414,150,792</u>	<u>371,285,962</u>
NET ASSETS		<u>19,765,409</u>	<u>19,667,914</u>
REPRESENTED BY:			
Share capital	14	12,974,643	10,724,643
Discount on issue of shares	14	(2,855,401)	(2,105,401)
Preference shares	14	-	1,500,000
Reserves		1,624,063	1,540,987
Unappropriated profit		5,592,757	5,463,357
		<u>17,336,062</u>	<u>17,123,586</u>
Non-controlling interest		1,476,350	1,463,454
		<u>18,812,412</u>	<u>18,587,040</u>
Surplus on revaluation of assets - net of tax	15	952,997	1,080,874
		<u>19,765,409</u>	<u>19,667,914</u>
CONTINGENCIES AND COMMITMENTS	16		

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Profit and Loss Account (Un-audited)

For the quarter ended March 31, 2018

	March 31, 2018	March 31, 2017
Note	----- Rupees in '000 -----	
Mark-up / return / interest earned	6,884,488	3,942,563
Mark-up / return / interest expensed	4,770,809	2,660,842
Net mark-up / interest income	<u>2,113,679</u>	<u>1,281,721</u>
Provision against non-performing loans and advances - net	(50,030)	(58,899)
Reversal for diminution in the value of investments - net	15,706	1,796
Bad debts written off directly	-	-
	<u>(34,324)</u>	<u>(57,103)</u>
Net mark-up / return / interest income after provisions	2,079,355	1,224,618
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	1,085,735	672,122
Dividend income	16,318	4,235
Income from dealing in foreign currencies	83,276	62,522
Gain on sale of securities - net	61,523	230,527
Unrealised gain on revaluation of investments classified as held-for-trading - net	7,548	507,119
Other income - net	109,445	50,139
Total non-mark-up / interest income	1,363,845	1,526,664
	<u>3,443,200</u>	<u>2,751,282</u>
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	2,858,280	2,221,822
Other reversals	(42,368)	-
Other charges	12,730	10,392
Total non-mark-up / interest expenses	2,828,642	2,232,214
	<u>614,558</u>	<u>519,068</u>
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	614,558	519,068
Taxation		
- Current	(220,525)	(79,993)
- Prior years	-	-
- Deferred	(5,839)	(96,806)
	<u>(226,364)</u>	<u>(176,799)</u>
PROFIT AFTER TAXATION	388,194	342,269
Attributable to:		
Equity holders of the Bank	376,043	317,725
Non-controlling interest	12,151	24,544
	<u>388,194</u>	<u>342,269</u>
	----- Rupee -----	
Basic and diluted earnings per share	17	<u>0.17</u>
		<u>0.13</u>

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Statement of Comprehensive Income (Un-audited)

For the quarter ended March 31, 2018

	March 31, 2018	March 31, 2017
	----- Rupees in '000 -----	
Profit after taxation	388,194	342,269
Other comprehensive income		
Items that will not be reclassified to profit and loss account	-	-
Items that may be reclassified to profit or loss account in subsequent periods		
Effect of translation of net investment in foreign branch	12,628	368
Comprehensive income transferred to equity	400,822	342,637
Items that are or may be reclassified to subsequently to profit and loss account		
Net change in fair value of available-for-sale securities	(246,429)	(11,824)
Related deferred tax liability	123,102	23,541
	(123,327)	11,717
Total comprehensive income for the the period - net of tax	277,495	354,354
Attributable to:		
Equity holders of the Bank	296,133	309,662
Non-controlling interest	(18,638)	44,692
	277,495	354,354

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Statement of Changes in Equity

For the quarter ended March 31, 2018

	Attributable to shareholders of the Bank							Non-controlling interest	Total
	Share capital	Discount on issue of Shares	Preference shares	Reserves		Unappropriated profit	Sub total		
				Statutory *	Exchange translation				
Rupees in '000									
Balance as at January 01, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,334,138	(17)	4,858,613	16,311,976	1,434,391	17,746,367
Total comprehensive income for the quarter ended March 31, 2017									
Profit after taxation	-	-	-	-	-	317,725	317,725	24,544	342,269
Other comprehensive income - net of tax	-	-	-	-	368	-	368	-	368
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	368	317,725	318,093	24,544	342,637
Transaction with owners recorded directly in equity									
Preference dividend for the period ended December 31, 2016 @ 12% p.a	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Transfers									
Transfer to statutory reserve	-	-	-	53,516	-	(53,516)	-	-	-
Balance as at March 31, 2017 (Un-audited)	10,724,643	(2,105,401)	1,500,000	1,387,654	351	4,942,876	16,450,123	1,458,935	17,909,058
Total comprehensive income for the period ended December 31, 2017									
Profit after taxation	-	-	-	-	-	709,114	709,114	15,503	724,617
Other comprehensive Income / (loss)	-	-	-	-	11,868	(55,602)	(43,734)	-	(43,734)
Transfer from surplus on revaluation of operating fixed assets - net of tax	-	-	-	-	11,868	653,512	665,380	15,503	680,883
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	7,923	7,923	2,981	10,904
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	160	160	-	160
Transaction with owners recorded directly in equity									
Dividend paid to non controlling interest for the year ended December 31, 2016 @ Rs.0.5	-	-	-	-	-	-	-	(13,965)	(13,965)
Transfers									
Transfer to statutory reserve	-	-	-	141,114	-	(141,114)	-	-	-
Balance as at December 31, 2017 (Audited)	10,724,643	(2,105,401)	1,500,000	1,528,768	12,219	5,463,357	17,123,586	1,463,454	18,587,040
Total comprehensive income for the quarter ended March 31, 2018									
Profit after taxation	-	-	-	-	-	376,043	376,043	12,151	388,194
Other comprehensive income	-	-	-	-	12,628	(55,602)	12,628	-	12,628
Transfer from surplus on revaluation of operating fixed assets - net of tax	-	-	-	-	12,628	376,043	388,671	12,151	400,822
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	3,751	3,751	745	4,496
Transfer from surplus on revaluation of non-banking assets to unappropriated profit - net of tax	-	-	-	-	-	54	54	-	54
Transaction with owners recorded directly in equity									
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a.	-	-	-	-	-	(180,000)	(180,000)	-	(180,000)
Preference shares cancelled on conversion into ordinary shares during the period (note14)	-	-	(1,500,000)	-	-	-	(1,500,000)	-	(1,500,000)
Issuance of ordinary shares on conversion of preference shares during the period (note14)	2,250,000	-	-	-	-	-	2,250,000	-	2,250,000
Discount on issue of ordinary shares during the period (note14)	-	(750,000)	-	-	-	-	(750,000)	-	(750,000)
	<u>2,250,000</u>	<u>(750,000)</u>	-	-	-	-	<u>1,500,000</u>	-	<u>1,500,000</u>
Transfers									
Transfer to statutory reserve	-	-	-	70,448	-	(70,448)	-	-	-
Balance as at March 31, 2018 (Un-audited)	<u>12,974,643</u>	<u>(2,855,401)</u>	-	<u>1,599,216</u>	<u>24,847</u>	<u>5,592,757</u>	<u>17,336,062</u>	<u>1,476,350</u>	<u>18,812,412</u>

* This represents reserve created under Section 21 (f)(a) of the Banking Companies Ordinance, 1962.

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Consolidated Condensed Interim Cash Flow Statement (Un-audited)

For the quarter ended March 31, 2018

	March 31, 2018	March 31, 2017
	----- Rupees in '000 -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	614,558	519,068
Less: Dividend income	(16,318)	(4,235)
	598,240	514,833
Adjustments:		
Depreciation	178,846	156,662
Depreciation on non-banking assets	325	325
Amortisation of intangibles	17,641	14,670
Charge for defined benefit plan	42,094	41,771
Unrealised gain on revaluation of investments classified as held-for-trading	(7,548)	(507,119)
Provision against non-performing loans and advances - net	50,030	58,899
Reversal for diminution in the value of investments - net	(15,706)	(1,796)
Other reversals	(42,368)	-
Unrealised (gain) / loss on revaluation of derivative instruments	(121,266)	4,634
Gain on sale of operating fixed assets	(41,860)	(16,944)
Finance cost	1,796	-
Provision for Sindh Workers' Welfare Fund	12,321	10,392
	74,305	(238,506)
	672,545	276,327
Decrease / (increase) in operating assets		
Lendings to financial institutions	(326,982)	(723,230)
Investment in held-for-trading securities - net	7,667,708	52,358,702
Advances - net	(50,438,060)	(7,595,440)
Other assets (excluding advance taxation)	(2,885,994)	(1,094,022)
	(45,983,328)	42,946,010
(Decrease) / increase in operating liabilities		
Bills payable	347,202	350,712
Borrowings	26,487,380	3,030,652
Deposits and other accounts	13,191,191	6,940,538
Other liabilities	2,625,817	707,860
	42,651,590	11,029,762
	(2,659,193)	54,252,099
Income tax paid	(326,076)	(299,437)
Finance cost paid	(1,796)	-
Net cash flows from operating activities	(2,987,065)	53,952,662
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	2,800,344	(53,307,539)
Net investment in held-to maturity securities	103,240	-
Dividend received	10,732	4,235
Capital repayment of finance lease obligations	1,574	-
Investment in operating fixed assets	(376,249)	(335,799)
Sale proceeds from disposal of operating fixed assets	50,494	26,726
Net cash flows from / (used in) investing activities	2,590,135	(53,612,377)
CASH FLOW FROM FINANCING ACTIVITIES		
Preference dividend paid	(180,000)	(180,000)
Effect of translation of net investment in foreign branches	12,628	368
Net cash used in financing activities	(167,372)	(179,632)
(Decrease) / increase in cash and cash equivalents		
	(564,302)	160,653
Cash and cash equivalents at beginning of the period	18,184,611	16,236,482
Cash and cash equivalents at end of the period	17,620,309	16,397,135

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

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

1. STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

1.1.1 Holding Company

JS Bank Limited (the Bank / JSBL), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Pakistan Stock Exchange Limited (PSX). 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 322 (December 31, 2017: 322) branches / sub-branches in Pakistan and one wholesale banking branch in Bahrain (December 31, 2017: one). The Pakistan Credit Rating Agency Limited (PACRA) has assigned the long-term entity rating of the Bank to 'AA-' (Double A Minus) and short-term entity rating at 'A1+' (A One Plus), which is the highest possible short-term rating. The ratings denote a very low expectation of credit risk and indicate very strong capacity for timely payment of financial commitments.

Jahangir Siddiqui Investment Bank Limited, JSIBL, (formerly Citicorp Investment Bank Limited which was acquired by 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 - Pakistan Branches, (AEBL). Consequently, a new banking company, JSBL was incorporated on March 15, 2006 and a restricted Banking License was issued by the State Bank of Pakistan (SBP) on May 23, 2006.

A Transfer Agreement was executed on June 24, 2006 between JSIBL and JSBL for the transfer of entire business and undertaking of JSIBL to JSBL and a separate Transfer Agreement was also executed on June 24, 2006, between AMEX and JSBL for the transfer of AEBL's commercial banking business in Pakistan with all assets and liabilities (other than certain excluded assets and liabilities) (AEBL business). The shareholders of JSIBL and JSBL in their respective extra ordinary general meetings held on July 31, 2006 approved a Scheme of Amalgamation (the Scheme) under Section 48 of the Banking Companies Ordinance, 1962. The Scheme was initially approved by the Securities and Exchange Commission of Pakistan (SECP) vide its letter No. SC/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.

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

1.1.2 Subsidiary companies

JS Global Capital Limited (JSGCL)

JS Global Capital Limited, JSGCL, is principally owned by the Bank, holding 67.16% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011 and April 15, 2016 of 51.05% and 16.11% respectively. The ownership interest has increased by 16.11%, without any change in the cost of investment, due to the fact that JSGCL has bought back its 11,993,000 ordinary shares out of its 50 million ordinary shares in 2016. JSGCL is a public listed company incorporated in Pakistan under the Companies Act, 2017. The shares of the JSGCL are listed on Pakistan Stock Exchange (PSX). Further, the JSGCL is a corporate member of PSX and member of Pakistan Mercantile Exchange. The principal business of the JSGCL is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the JSGCL is situated at 6th floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.

JS Investments Limited (JSIL)

JS Investments Limited, JSIL, is principally owned by the Bank, holding 65.16% of its equity interest. The Bank acquired effective controlling interest in JSIL on November 01, 2012 and December 22, 2015 of 52.24% and 12.92% respectively. The ownership interest has increased by 12.92%, without any change in the cost of investment, due to the fact that JSIL has bought back its 19,828,182 ordinary shares out of its 100 million ordinary shares in 2016. JSIL is a public listed company incorporated in Pakistan on February 22, 1995 under the Companies Act, 2017. The shares of the JSIL are listed on the Pakistan Stock Exchange (PSX), formerly since April 24, 2007. The registered office of the JSIL is situated at 7th Floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi.

The JSIL 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.

- At period end, JSIL is an asset management company of the following funds:

Open ended funds:

- JS Value Fund
- JS Growth Fund
- Unit Trust of Pakistan
- JS Income Fund

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

- JS Islamic Fund
- JS Fund of Funds
- JS Islamic Income Fund
- JS Cash Fund
- JS Large Cap. Fund
- JS Capital Protected Fund V
- JS Islamic Hybrid Fund of Funds - (JS IHFOF)
- JS Islamic Hybrid Fund of Funds-2 (JS IHFOF-2)
- JS Islamic Dedicated Equity Fund

Pension fund

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

These funds have been treated as related parties in these consolidated condensed interim financial statements.

JS ABAMCO Commodities Limited (JSACL)

JS Bank owns JS ABAMCO Commodities Limited, JSACL, indirectly through its subsidiary JS Investment Limited (JSIL) which has 100% holding in JSACL. JSACL was incorporated on September 25, 2007 as a public unlisted company under the Companies Act, 2017 and is a wholly owned subsidiary company of JSIL (a subsidiary of Holding Company). The principal activities of JSACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited (NCEL) 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.

2. BASIS OF CONSOLIDATION

The basis of consolidation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of annual consolidated financial statements for the year ended December 31, 2017.

3. STATEMENT OF COMPLIANCE

- 3.1** These consolidated condensed interim financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

- International Accounting Standards (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Banking Companies Ordinance, 1962 and the Companies Act, 2017; and
- Directives issued by the State Bank of Pakistan (SBP) and the Securities and Exchange Commission of Pakistan (SECP)

Whenever the requirements of the Banking Companies Ordinance, 1962, The Companies Act, 2017 or the directives issued by the SBP and the SECP differ with the requirements of IAS 34, the requirements of the Banking Companies Ordinance, 1962, The Companies Act, 2017 and the said directives, shall prevail.

- 3.2** The SBP vide BSD Circular No. 10, dated August 26, 2002 has deferred the applicability of International Accounting Standard 39, Financial Instruments: Recognition and Measurement (IAS 39) and International Accounting Standard 40, Investment Property (IAS 40) for Banking companies till further instructions. Further, according to the notification of the Securities and Exchange Commission of Pakistan (SECP) dated April 28, 2008, the IFRS - 7 "Financial Instruments: Disclosures" has not been made applicable for banks. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements. However, investments have been classified and valued in accordance with the requirements of various circulars issued by the SBP.
- 3.3** IFRS 8, 'Operating Segments' is effective for the Bank's accounting period beginning on or after January 01, 2009. All banking companies in Pakistan are required to prepare their annual financial statements in line with the format prescribed under BSD Circular No. 4 dated February 17, 2006, 'Revised Forms of Annual Financial Statements', effective from the accounting year ended December 31, 2006. The management of the Bank believes that as the SBP has defined the segment categorization in the above mentioned circular, the SBP's requirements prevail over the requirements specified in IFRS 8. Accordingly, segment information disclosed in these consolidated condensed interim financial statements is based on the requirements laid down by the SBP.
- 3.4** IFRS10 "Consolidated Financial Statements" was made applicable from period beginning on or after January 01, 2015 vide S.R.O 633(I)/2014 dated July 10, 2014 by SECP. However, SECP has directed that the requirements of consolidation under section 228 of the Companies Act, 2017 and IFRS-10 "Consolidated Financial Statements" are not applicable in case of investment by companies in mutual funds established under trust structure, through S.R.O 56(I)/2016 dated January 28, 2016. Accordingly, the requirements of these standards have not been considered in the preparation of these consolidated condensed interim financial statements.

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

3.5 The disclosures made in these consolidated condensed interim financial statements have been limited based on the 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, these consolidated condensed interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the year ended December 31, 2017.

4. BASIS OF MEASUREMENT

These consolidated condensed interim financial statements have been prepared under the historical cost convention except that certain assets are stated at revalued amounts / fair value as disclosed in the respective notes of the annual audited financial statements for the year ended December 31, 2017.

5. ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated annual financial statements of the Group for the year ended December 31, 2017.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the consolidated annual audited financial statements of the Group for the year ended December 31, 2017.

7. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies applied during the period are consistent with those disclosed in the consolidated annual financial statements of the Group for the year ended December 31, 2017.

		(Un-audited) March 31, 2018	(Audited) December 31, 2017
8.	LENDINGS TO FINANCIAL INSTITUTIONS	----- Rupees in '000 -----	
	Call money lendings	2,194,888	3,003,443
	Due against bills re-discounting	48,293	112,756
	Repurchase agreement lendings (Reverse repo) 8.1	1,200,000	-
		<u>3,443,181</u>	<u>3,116,199</u>

8.1 Repurchase agreement lendings are secured through Pakistan Investment Bonds and Market Treasury Bills having total market value of Rs.1,307.979 million (December 31, 2017: Rs.Nil).

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

9. INVESTMENTS - net

	(Unaudited)			(Audited)		
	March 31, 2018			December 31, 2017		
	Held by Group	Given as collateral	Total	Held by Group	Given as collateral	Total

Note

----- Rupees in '000 -----

9.1 INVESTMENTS BY TYPES:

Held-for-trading securities

Market treasury bills	378,313	-	378,313	6,835,735	926,032	7,761,767
Pakistan investment bonds	-	-	-	709,872	-	709,872
Ordinary shares of listed companies	915,232	-	915,232	326,570	-	326,570
Term finance certificates - listed	14,307	-	14,307	14,263	-	14,263
Sukuk certificates - listed	115,371	-	115,371	55,512	-	55,512
Open ended mutual funds	196,560	-	196,560	423,465	-	423,465
	1,619,783	-	1,619,783	8,365,417	926,032	9,291,449

Available-for-sale securities

Market treasury bills	11,406,799	-	11,406,799	11,501,193	2,991,504	14,492,697
Pakistan investment bonds	19,665,761	73,337,245	93,003,006	54,600,373	39,372,049	93,972,422
Ordinary shares of listed companies	3,819,401	-	3,819,401	3,704,524	-	3,704,524
Ordinary shares of unlisted companies	193,406	-	193,406	13,406	-	13,406
Preference shares of listed companies	136,589	-	136,589	136,589	-	136,589
Term finance certificates - listed	182,322	-	182,322	182,322	-	182,322
Term finance certificates - unlisted	978,838	-	978,838	902,052	-	902,052
Sukuk certificates - unlisted	1,057,667	-	1,057,667	1,631,000	-	1,631,000
Open end mutual funds	1,408,579	-	1,408,579	1,378,107	-	1,378,107
Foreign currency bonds	4,115,967	1,641,835	5,757,802	1,899,702	2,431,932	4,331,634
	42,965,329	74,979,080	117,944,409	75,949,268	44,795,485	120,744,753

Held-to maturity securities

Pakistan investment bonds	41,295,245	-	41,295,245	41,398,485	-	41,398,485
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Total investments at cost

	85,880,357	74,979,080	160,859,437	125,713,170	45,721,517	171,434,687
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Less: Provision for diminution
in the value of investments

	(1,489,113)	-	(1,489,113)	(1,504,819)	-	(1,504,819)
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Investments (net of provision)

	84,391,244	74,979,080	159,370,324	124,208,351	45,721,517	169,929,868
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Unrealised gain / (loss) gain on revaluation
of investments classified as held-for-trading

	7,548	-	7,548	(3,944)	(14)	(3,958)
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Surplus / (deficit) on revaluation of
available-for-sale securities

	1,301,013	(1,184,517)	116,496	558,408	(195,483)	362,925
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Total investments at market value

	85,699,805	73,794,563	159,494,368	124,762,815	45,526,020	170,288,835
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9.1.1 Included herein is an investment in a related party amounting to Rs. 14.307 million (December 31, 2017: Rs.14.263 million) having a market value of Rs. 14.307 million (December 31, 2017: Rs.14.307 million).

9.1.2 Included herein is an investment in a related party amounting to Rs. 196.560 million (December 31, 2017: Rs.198.465 million) having a market value of Rs. 198.879 million (December 31, 2017: Rs.201.250 million).

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

- 9.1.3** Included herein are the investments in related parties amounting to Rs. 1,763.581 million (December 31, 2017: Rs.1,763.581 million) and having market value of Rs. 2,542.206 million (December 31, 2017: Rs.2,296.841 million)
- 9.1.4** Included herein are the investments in a related party, of Rs. 391.478 million (December 31, 2017: Rs.391.478 million) at the rate of 6 months KIBOR ask rate + 1.75% to 11% p.a maturing between December 04, 2017 to October 19, 2020. Due to weak financial position of the company the Group has recognised full impairment loss on these term finance certificates.
- 9.1.5** Included herein is an investment in a related party amounting to Rs. 1,408.579 million (December 31, 2017: Rs.1,378.107 million) having a market value of Rs. 1,892.528 million (December 31, 2017: Rs.1,728.710 million).
- 9.1.6** This includes surplus on revaluation of available for sale investments of subsidiaries amounting to Rs.80.378 million (December 31, 2017: Rs.80.378 million) which represents the pre-acquisition surplus and has been included here only for meeting with requirement of the prescribed format of Banks / DFIs issued by the State Bank of Pakistan.

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
10. ADVANCES - net	Note	----- Rupees in '000 -----
Loans, cash credits, running finances, etc. In Pakistan	209,886,221	160,657,078
Outside Pakistan	1,109,016	702,934
	210,995,237	161,360,012
Net investment in finance lease in Pakistan	15,257,258	13,781,334
Bills discounted and purchased (excluding market treasury bills)		
Payable in Pakistan	7,452,575	6,174,461
Payable outside Pakistan	3,633,478	5,584,681
	11,086,053	11,759,142
Advances - gross	237,338,548	186,900,488
Provision against non-performing advances - specific	(2,666,565)	(2,638,960)
Provision against advances - general	(122,778)	(100,353)
	(2,789,343)	(2,739,313)
Advances - net of provision	234,549,205	184,161,175

- 10.1** Advances include Rs. 3,401.556 million (December 31, 2017: Rs.3,257.997 million) which have been placed under non-performing status as detailed below:

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

March 31, 2018 (Un-audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- Rupees in '000 -----				
Other assets especially mentioned	85,569	-	85,569	299	299
Substandard	376,715	-	376,715	67,459	67,459
Doubtful	127,012	-	127,012	5,261	5,261
Loss	2,812,260	-	2,812,260	2,593,546	2,593,546
	3,401,556	-	3,401,556	2,666,565	2,666,565

December 31, 2017 (Audited)					
Category of classification	Domestic	Overseas	Total	Provision required	Provision held
	----- Rupees in '000 -----				
Other assets especially mentioned	5,222	-	5,222	-	-
Substandard	336,818	-	336,818	44,307	44,307
Doubtful	131,328	-	131,328	7,333	7,333
Loss	2,784,629	-	2,784,629	2,587,320	2,587,320
	3,257,997	-	3,257,997	2,638,960	2,638,960

11. OPERATING FIXED ASSETS

- 11.1 During the period, the Group made additions of Rs.374.675 million including capital work in process (March 31, 2017: Rs.335.799 million) and deletions of Rs.51.790 million (March 31, 2017: Rs.38.299 million) having written down value of Rs. 7.388 million (March 31,2017: Rs. 9.782 million).

12. DEPOSITS AND OTHER ACCOUNTS	Note	(Un-audited)	(Audited)
		March 31, 2018	December 31, 2017
----- Rupees in '000 -----			
Customers			
Fixed deposits		129,466,827	131,902,422
Savings deposits		53,941,421	47,266,416
Current accounts - non-remunerative		64,896,564	70,197,106
Margin accounts		4,658,060	3,967,204
		252,962,872	253,333,148
Financial institutions			
Remunerative deposits		45,645,963	34,012,154
Non-remunerative deposits		2,947,370	1,019,712
		48,593,333	35,031,866
	12.1	301,556,205	288,365,014
12.1 Particulars of deposits			
In local currency		286,471,096	275,209,678
In foreign currencies		15,085,109	13,155,336
		301,556,205	288,365,014

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
----- Rupees in '000 -----		
13. DEFERRED TAX LIABILITIES - net		
Deferred tax (debits) arising from:		
Unused tax losses	(56,765)	(48,043)
Provision against investments	(57,149)	(57,149)
Provision against loans and advances	(141,924)	(124,518)
Provision against other assets	(997)	(15,682)
Provision for donation	(1,022)	(197)
Surplus on revaluation of investment classified as available-for-sale	(169,637)	(46,941)
Provision for Sindh Workers' Welfare Fund	(41,994)	(46,332)
	(469,488)	(338,862)
Deferred tax credits arising due to:		
Operating fixed assets	211,903	220,463
Goodwill	512,268	512,268
Unrealized gain / (loss) on revaluation of investment classified as held-for-trading	494	(620)
Unrealised gain / (loss) on revaluation of derivative instruments	48,248	25,227
Surplus on revaluation of operating fixed assets	264,089	266,274
Surplus on revaluation of non-banking assets acquired in satisfaction of claims	2,163	2,191
	1,039,165	1,025,803
	569,677	686,941
14. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL		

During the period, issued, subscribed and paid-up capital of the Bank has increased by Rs. 2,250 million divided into 225 million ordinary shares of Rs. 10 each. The increase was on account of conversion of unlisted preference shares of Rs. 1,500 million divided into 150 million shares of Rs. 10 each at a conversion ratio of 1:1.5 (i.e. for every one preference share one and half ordinary shares were issued). The ordinary shares are issued at Rs. 6.67 per share i.e. at a discount of Rs. 3.33 per share as per the approvals of Securities and Exchange Commission of Pakistan vide its letter No. EMD/CI/102/2010 dated December 19, 2013 and State Bank of Pakistan vide its letter No. BPRD/BA&CA/649/19755/2013 dated December 30, 2013.

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

15. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
Note	----- Rupees in '000 -----	
Available-for-sale securities	205,899	329,226
Operating fixed assets	652,102	656,598
Non-banking assets acquired in satisfaction of claims	94,996	95,050
	<u>952,997</u>	<u>1,080,874</u>
Group's share	707,433	804,521
Non-controlling interest	245,564	276,353
	<u>952,997</u>	<u>1,080,874</u>

16. CONTINGENCIES AND COMMITMENTS

16.1 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	32,901,296	31,008,823
ii) Banking companies and other financial institutions	5,794,941	5,532,988
iii) Others	3,707,052	8,477,789
16.1.1	<u>42,403,289</u>	<u>45,019,600</u>

16.1.1 Included herein the outstanding guarantees of Rs.31.501 million (December 31, 2017: Rs.31.454 million) of related parties.

16.2 Trade-related contingent liabilities

Documentary credits	16.2.1	<u>21,904,796</u>	<u>21,558,098</u>
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16.2.1 Included herein is an outstanding amount of Rs.31.035 million (December 31, 2017: Rs.44.016 million) of related parties.

16.3 Commitments in respect of forward lending

Forward commitment to extend credit	<u>2,415,064</u>	<u>21,398,301</u>
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Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

	(Un-audited) March 31, 2018	(Audited) December 31, 2017
	----- Rupees in '000 -----	
16.4 Commitment in respect of capital expenditure	<u>219,668</u>	<u>94,975</u>
16.5 Commitments in respect of derivatives instruments		
16.5.1 Forward exchange contracts		
Purchase	<u>17,807,611</u>	<u>6,689,099</u>
Sale	<u>16,664,096</u>	<u>4,960,361</u>
16.5.2 Forward investment securities		
16.5.2.1 Government and equity securities		
Purchase	<u>-</u>	<u>1,496,072</u>
Sale	<u>920,459</u>	<u>439,443</u>
16.5.2.2 Foreign currency bonds		
Purchase	<u>241,401</u>	<u>1,496,072</u>
Sale	<u>-</u>	<u>439,443</u>
16.5.3 Cross currency swaps (notional principal)	<u>4,015,600</u>	<u>4,223,400</u>
16.5.4 Options (notional principal)	<u>2,533,271</u>	<u>2,421,402</u>
16.6 Bank Guarantee from a commercial Bank in favor of National Clearing Company of Pakistan Limited	<u>400,000</u>	<u>400,000</u>
16.7 Outstanding settlements against margin financing contracts - net	<u>8,001</u>	<u>4,529</u>

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

16.8 Contingencies in respect of subsidiaries

16.8.1 JS Global Capital Limited

For tax year 2015, an order dated November 23, 2016 was passed under section 4B of the Ordinance by the Deputy Commissioner Inland Revenue (DCIR). Through said order, an income of Rs.810.584 million was computed under section 4B of the Ordinance and resultant demand of super tax of Rs. 24.318 million was raised. An appeal was filed against the above order before CIR-A on December 01, 2016 identifying various errors / details not considered. The CIR-A, has confirmed DCIR's order vide his order dated May 30, 2017. In pursuance of the order of CIR-A, the Company has filed appeal before ATIR along with application for stay against recovery of demand. The appeal before ATIR has been heard and order is reserved whilst ATIR vide order dated July 18, 2017 has granted stay for 60 days and subsequently the said stay was further extended vide various orders by the ATIR until April 19, 2018.

A notice dated January 1, 2018 was issued under section 161(1A) of the Income Tax Ordinance, 2001 by the Assistant Commissioner Inland Revenue (ACIR). The ACIR demanded application of tax under section 150 of the Ordinance over the transaction of Buy Back of shares by the Company instead of treating it as generating capital gains in the hands of shareholders. The tax was computed as Rs. 82.75 million, being 15% of the taxable amount computed over the disposal of 11,993,000 shares purchased at the rate of Rs. 46 per share.

The Company filed a Constitutional Petition against the notice before the Honorable Sindh High Court (SHC) vide C.P. # D-444/2018 dated January 17, 2018. SHC refrained the Assistant Commissioner from taking any coercive action until SHC's decision.

Tax department has issued show cause notice dated June 08, 2015 confronting (alleged) non payment of Federal Excise Duty (FED) on Company's services under Federal Excise Act, 2005. In response thereto, an extension request was filed. The department however issued order without rejecting the application and raised FED demand of Rs.78.003 million on account of non-payment of Federal Excise Duty (FED) for tax year 2010 to tax year 2013. The Company filed a rectification appeal amounting to Rs. 55.3 million against the said order on account of certain computational errors as the remaining demand of Rs.22.526 million represented duplicate levy which the Company had already paid as SST under Sindh Sales Tax on Services Act, 2011 on such services. The Company has also filed an appeal in the SHC, through Stockbroker Association (of which the Company is also the member) against aforementioned order on the grounds that after 18th amendment to the Constitution, the services that were previously subjected to FED under the federal laws are now subject to the provincial sales tax and the Company has accordingly discharged its tax obligation. The SHC initially, stayed Federal Board of Revenue from demanding sales tax on services from stockbrokers and subsequently, disposed of the order in Company's favor. However, during the year an appeal filed before CIR-A against the said order by the relevant tax authorities was adjudicated in their favor vide order dated January 31, 2017. In pursuance of the order of CIR-A the Company has filed an appeal before Appellate Tribunal SRB along with application for stay of demand which was granted initially for 30 days and was subsequently extended vide various orders. Subsequently the Appellate Tribunal Inland Revenue through its order dated April 04, 2018, followed the decision passed by Hon'able Sindh High Court and declared the charge of FED for the services rendered after July 01, 2011 null and void.

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

- 16.9 There are no changes in contingent liabilities since the date of annual consolidated audited financial statements for the year ended December 31, 2017 except as disclosed above.

		(Un-audited) March 31, 2018	(Un-audited) March 31, 2017
17. EARNINGS PER SHARE	Note	----- Rupees in '000 -----	
Profit after taxation for the period - attributable to ordinary equity holders of the Holding Company for diluted earnings		376,043	317,725
Preference dividend paid for the year ended December 31, 2017 @ 12% p.a. (December 31, 2016: 12% p.a)		(180,000)	(180,000)
Profit attributable to ordinary equity holders of the Holding Company for basic earnings		<u>196,043</u>	<u>137,725</u>
		----- Numbers -----	
Weighted average number of outstanding ordinary shares during the period for basic and diluted earnings		<u>1,174,964,262</u>	<u>1,072,464,262</u>
		----- Rupee -----	
Basic and diluted earnings per share	17.1	<u>0.17</u>	<u>0.13</u>

- 17.1 The diluted earnings per share increased for the quarter ended when taking the convertible preference shares into account, therefore the convertible preference shares are anti-dilutive and are excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share.

18 FAIR VALUE OF FINANCIAL INSTRUMENTS

IFRS 13 "Fair Value Measurement" defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value of quoted securities other than those classified as held-to-maturity, is based on quoted market price. Fair value of fixed term loans, other assets, other liabilities and fixed term deposits cannot be calculated with sufficient reliability due to absence of current and active market for assets and liabilities and reliable data regarding market rates for similar instruments. The provision for impairment of loans and advances has been calculated in accordance with the Bank's accounting policy as stated in note 7.10 to the consolidated annual audited financial statements for the year ended December 31, 2017.

Management is of the view that the fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since assets and liabilities are either short term in nature or in the case of customer loans and deposits are frequently repriced.

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

Fair value hierarchy

IFRS 13 requires the Group to classify fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

18.1 Valuation techniques used in determination of fair values

Item	Valuation approach and input used
Units of mutual funds	Fair values of investments in units of mutual funds are determined based on redemption prices disclosed at the Mutual Funds Association of Pakistan (MUFAP) as at the close of the business days.
Shares of listed companies	Fair values of investments in listed equity securities are valued on the basis of closing quoted market prices available at the Pakistan Stock Exchange.
Pakistan investment bonds / market treasury bills	Fair values of Pakistan investment bonds and market treasury Bills are derived using PKRV rates (Reuters page).
Term finance certificates and bonds	Investments in debt securities (comprising term finance certificates, bonds and any other security issued by a company or a body corporate for the purpose of raising funds in the form of redeemable capital) are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the SECP.
Derivatives	The fair values of derivatives which are not quoted in active markets are determined by using valuation techniques. The valuation techniques take into account the relevant underlying parameters including foreign currency involved, interest rates, yield curves, volatilities, contracts duration, etc.

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

- 18.2 The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

	March 31, 2018 (Un-audited)			Total
	Level 1	Level 2	Level 3	
----- Rupees in '000 -----				
On balance sheet financial instruments				
Financial assets classified as 'held-for-trading securities'				
Market treasury bills	-	378,239	-	378,239
Ordinary shares of listed companies	920,337	-	-	920,337
Open end mutual funds	-	198,878	-	198,878
Sukuk certificates - listed	-	115,570	-	115,570
Term finance certificates - listed	-	14,307	-	14,307
	<u>920,337</u>	<u>706,994</u>	<u>-</u>	<u>1,627,331</u>
Financial assets classified as 'available-for-sale securities'				
Market treasury bills	-	11,403,178	-	11,403,178
Pakistan investment bonds	-	91,805,900	-	91,805,900
Ordinary shares of listed companies	4,105,438	-	-	4,105,438
Open end mutual funds	-	1,892,529	-	1,892,529
Foreign currency bonds	-	5,676,174	-	5,676,174
	<u>4,105,438</u>	<u>110,777,781</u>	<u>-</u>	<u>114,883,219</u>
	<u>5,025,775</u>	<u>111,484,775</u>	<u>-</u>	<u>116,510,550</u>
Non-Financial Assets				
Revalued operating fixed assets	-	-	2,414,141	2,414,141
Non banking asset acquired in satisfaction of claims	-	-	203,014	203,014
	<u>-</u>	<u>-</u>	<u>2,617,155</u>	<u>2,617,155</u>
	<u>5,025,775</u>	<u>111,484,775</u>	<u>2,617,155</u>	<u>119,127,705</u>
Off balance sheet financial instruments				
Forward foreign currency bonds				
Purchase	-	241,217	-	241,217
Forward equity securities				
Sale	916,121	-	-	916,121
Cross currency swaps (notional principal)	-	4,448,408	-	4,448,408
Options (notional principal)	-	2,535,522	-	2,535,522

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

As at December 31, 2017 (Audited)

Level 1	Level 2	Level 3	Total
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----- Rupees in '000 -----

On balance sheet financial instruments

Financial assets classified as 'held-for-trading securities'

Market treasury bills	-	7,761,553	-	7,761,553
Pakistan investment bonds	-	707,598	-	707,598
Ordinary shares of listed companies	322,414	-	-	322,414
Sukuk certificates - listed	-	69,678	-	69,678
Open end mutual funds	-	426,249	-	426,249
	322,414	8,965,078	-	9,287,492

Financial assets classified as 'available-for-sale securities'

Market treasury bills	-	14,492,712	-	14,492,712
Pakistan investment bonds	-	93,429,759	-	93,429,759
Ordinary shares of listed companies	3,595,918	-	-	3,595,918
Open end mutual funds	-	1,728,711	-	1,728,711
Foreign currency bonds	-	4,350,638	-	4,350,638
	3,595,918	114,001,820	-	117,597,738
	3,918,332	122,966,898	-	126,885,230

Non-Financial Assets

Revalued operating fixed assets	-	-	2,745,141	2,745,141
Non banking asset acquired in satisfaction of claims	-	-	203,339	203,339
	-	-	2,948,480	2,948,480
	3,918,332	122,966,898	2,948,480	129,833,710

Off balance sheet financial instruments

Forward government and equity securities

Purchase	-	1,495,823	-	1,495,823
Sale	-	439,632	-	439,632

Forward exchange contracts

Purchase	-	6,851,332	-	6,851,332
Sale	-	5,061,071	-	5,061,071

Cross currency swaps (notional principal)	-	4,489,958	-	4,489,958
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Options (notional principal)	-	2,426,276	-	2,426,276
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Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

19. SEGMENT DETAILS WITH RESPECT TO BUSINESS ACTIVITIES

The segment analysis with respect to business activities are as follows:

	Corporate finance	Trading and sales	Retail banking	Commercial banking	Payment and settlement	Brokerage	Asset Management	Others	Total
Rupees in '000									
March 31, 2018 (un-audited)									
Total income -external	315,875	3,077,682	1,659,114	2,790,269	57,214	221,100	90,509	36,570	8,248,333
Inter-segment revenues - net	-	(1,492,286)	2,222,159	(729,873)	-	-	-	-	-
Total income	315,875	1,585,396	3,881,273	2,060,396	57,214	221,100	90,509	36,570	8,248,333
Total expenses	(27,096)	(1,514,563)	(3,509,273)	(1,928,549)	(25,021)	(184,546)	(90,793)	(319,590)	(7,599,451)
(Provisions) / reversal	-	-	(20,535)	(29,495)	-	-	15,706	-	(34,324)
Current taxation	-	-	-	-	-	-	-	(220,525)	(220,525)
Prior year taxation	-	-	-	-	-	-	-	-	-
Deferred taxation	-	-	-	-	-	-	-	(5,839)	(5,839)
Net income / (loss)	288,779	70,813	351,465	102,352	32,193	36,554	15,422	(509,384)	388,194
Attributable to:									
Equity holders of the Bank									376,043
Non-controlling interest									12,151
									<u>388,194</u>
March 31, 2018 (un-audited)									
Segment assets (gross)	-	174,510,939	74,199,287	167,467,230	-	3,781,103	2,843,649	15,825,076	438,627,284
Segment non performing assets	-	1,094,732	677,106	2,724,450	-	745,784	90,806	13,299	5,346,177
Segment provision required	-	(1,071,851)	(401,108)	(2,388,235)	-	(745,784)	(90,806)	(13,299)	(4,711,083)
Segment liabilities	-	83,203,417	213,115,229	101,522,597	4,171,480	1,933,651	270,061	9,934,357	414,150,792
Rupees in '000									
March 31, 2017 (unaudited)									
Total income -external	103,066	2,830,590	910,944	1,256,553	42,947	236,130	72,756	16,241	5,469,227
Inter-segment revenues - net	-	(2,158,732)	1,917,227	241,505	-	-	-	-	-
Total income	103,066	671,858	2,828,171	1,498,058	42,947	236,130	72,756	16,241	5,469,227
Total expenses	(22,179)	(109,476)	(2,663,112)	(1,546,950)	(18,416)	(154,052)	(68,542)	(310,329)	(4,893,056)
Provisions / impairments	-	-	(14,578)	(44,321)	-	-	1,796	-	(57,103)
Current taxation	-	-	-	-	-	-	-	(79,993)	(79,993)
Prior year taxation	-	-	-	-	-	-	-	-	-
Deferred taxation	-	-	-	-	-	-	-	(96,806)	(96,806)
Net income / (loss)	80,887	562,382	150,481	(93,213)	24,531	82,078	6,010	(470,887)	342,269
Attributable to:									
Equity holders of the Bank									317,725
Non-controlling interest									24,544
									<u>342,269</u>
December 31, 2017 (audited)									
Segment assets (gross)	-	165,483,705	82,645,783	108,870,968	-	2,710,777	2,743,142	13,118,285	395,572,650
Segment non performing assets	-	1,622,691	613,448	2,644,549	-	745,784	106,512	10,861	5,743,845
Segment provision required	-	(1,071,851)	(283,887)	(2,355,075)	-	(745,784)	(106,512)	(55,665)	(4,618,774)
Segment liabilities	-	57,126,105	219,370,286	83,137,017	3,824,278	(636,426)	233,340	8,231,362	371,265,962

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

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 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 these consolidated condensed interim financial statements are as follows:

	Parent		Key management personnel		Companies in which parent company holds 20% or more		Companies having common directorship		Other related parties	
	(Un-audited) March 31, 2018	(Audited) December 31, 2017	(Un-audited) March 31, 2018	(Audited) December 31, 2017	(Un-audited) March 31, 2018	(Audited) December 31, 2017	(Un-audited) March 31, 2018	(Audited) December 31, 2017	(Un-audited) March 31, 2018	(Audited) December 31, 2017
Advances										
Opening balance	1,502,578	767,243	710,331	479,860	179,675	437,564	3,397	5,673	1,989,259	1,303,405
Disbursements	1,627,723	6,109,040	204,855	676,082	1,230,400	204,998	-	-	971,759	3,502,947
Repayments	(826,642)	(5,373,705)	(113,721)	(445,611)	(241,549)	(1,468,288)	(307)	(2,276)	(637,765)	(2,817,983)
Closing balance	2,303,659	1,502,578	796,665	710,331	143,124	179,675	3,090	3,397	2,323,253	1,989,259
Disbursements made during quarter ended March 31, 2017				119,413		234,597		-		579,723
Repayment made during quarter ended March 31, 2017				(60,515)		(309,029)		(249)		(805,308)
Mark-up / return / interest earned for the quarter ended March 31 (Un-audited)			8,451	6,098	6,072	8,670	36	75	60,958	21,447
Deposits										
Opening balance	1,502,578	767,243	36,632	56,583	3,834,390	3,617,557	4,673,999	956,255	2,793,991	3,438,466
Deposits during the period	1,627,723	6,109,040	463,696	1,213,860	15,582,711	69,326,794	3,243,998	36,180,984	6,047,223	30,187,288
Withdrawals during the period	(826,642)	(5,373,705)	(433,650)	(1,233,811)	(16,276,758)	(69,109,961)	(6,134,702)	(32,472,240)	(6,739,817)	(30,831,763)
Closing balance	2,303,659	1,502,578	66,846	361,632	3,140,343	3,834,390	1,783,295	4,673,999	2,101,397	2,793,991
Deposits during quarter ended March 31, 2017				391,743		19,550,907		5,188,815		8,293,661
Withdrawals made during quarter ended March 31, 2017				(345,626)		(20,064,216)		(4,114,419)		(8,230,441)
Mark-up / return / interest expensed for the quarter ended March 31 (Un-audited)	23,743	6,062	436	544	48,978	54,386	38,183	8,617	37,562	51,220

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

Lendings to financial institutions		Borrowings	
(Un-audited) March 31, 2018	(Audited) December 31, 2017	(Un-audited) March 31, 2018	(Audited) December 31, 2017

----- Rupees in '000 -----

Companies in which parent company holds 20% or more

Opening balance	-	-	4,000,000	-
Disbursements	600,000	-	27,900,000	110,840,000
Repayments	(600,000)	-	(31,900,000)	(106,840,000)
Closing balance	-	-	-	4,000,000
Mark-up / return / interest earned (expensed) for the quarter ended March 31, (Un-audited)	99	-	13,605	-

Material transactions with related parties are given below:

	(Un-audited)					
	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
----- Rupees in '000 -----						
Nature of transactions						
Sale of government securities	-	-	57,697,482	9,497,199	1,976,091	245,312
Purchase of government securities	-	-	1,536,725	-	51,126	52,332
Purchase of term finance certificate	-	-	-	-	-	-
Sale of sukuk / ijara sukuk	-	-	-	-	-	-
Sale of shares / units	-	-	-	-	272,543	54,039
Purchase of shares / units	-	-	-	-	267,543	20,500
Purchase of forward foreign exchange contracts	-	-	942,416	2,411,534	-	-
Sale of forward foreign exchange contracts	-	-	889,304	2,935,638	-	-
Letter of credits	9,076	10,082	-	-	30,058	27,746
Letter of guarantees	-	-	25,995	-	24,164	-
Payment to staff contribution plan	-	-	-	-	49,997	34,288
Payment to staff benefit plan	-	-	-	-	42,094	-
Remuneration of key management personnel	-	-	-	-	243,753	203,431
Director fees and allowances	-	-	-	-	4,950	2,625
Insurance claim received	-	-	3,320	4,769	-	-
Insurance premium paid	-	-	160,222	101,719	64,089	43,292
Rent income received / receivable	331	543	-	-	3,748	3,407
Expenses incurred on behalf	145	161	-	-	10,082	4,499
Reimbursement of expenses	240	-	-	-	6,888	5,169
Commission income	18	20	35,311	16,301	41,499	4,940
Advisory fee	-	-	-	-	10,500	10,500
Royalty expenses	-	-	-	-	2,500	-
Remunerative income	-	-	-	-	46,057	50,817
Preference dividend paid	-	-	-	-	1,479	1,479
Services received	-	-	-	-	199	10
Un-audited Parent company						
	March 31, 2018	March 31, 2017				
--- (Rupees in '000) ---						
Nature of transactions						
Rent and utilities expense paid / accrued	11,847	11,310				
Reimbursement of expenses	4,614	3,618				
Commission income	240	912				
Expenses incurred on behalf	15	5				
Preference dividend	174,450	174,450				

Notes to the Consolidated Condensed Interim Financial Statements

For the quarter ended March 31, 2018

21. GENERAL

21.1 The figures in these consolidated condensed interim financial statements have been rounded off to the nearest thousand.

22. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Bank in their meeting held on April 25, 2018.

Chairman

President and
Chief Executive Officer

Director

Director

Chief Financial
Officer



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