

1 CAPITAL ASSESSMENT AND ADEQUACY

1.1 Scope of Application

SBP Capital Adequacy Frameworks (Basel II and III) are applicable to JS Bank Limited on Standalone basis as well as on Consolidated basis by consolidating its partly owned subsidiaries - JS Global Capital Limited, JS Investments Limited and Bank Islami Pakistan Ltd. Standardised Approach is used for calculating the Capital Adequacy for Credit and Market risk, whereas, Basic Indicator Approach (BIA) is used for Operational Risk Capital Adequacy purposes.

1.2 Capital Structure- Basel III

Bank's regulatory capital is analyzed into two tiers:

Tier I capital (going concern capital) Which comprises of:

- a. Common equity Tier I which includes fully issued, subscribed and paid up capital, balance in share premium account, reserve for bonus issue, general reserves as per the financial statements and net un-appropriated profits etc. after deductions of investments in equity of subsidiary companies engaged in banking and financial activities, goodwill & other intangible assets and deficit on revaluation of available for sale investments due to insufficiency of Additional Tier I and Tier II to cover deductions.
- b. Additional Tier I which includes Instruments issued in the form of perpetual non-cumulative preference shares by the banks, share premium resulting from the issuance of the instruments after deduction of goodwill & other intangible assets, deficit on revaluation of available for sale investments and deferred tax assets.

Tier II capital (going concern or supplementary capital), which includes general provision for loan losses (up to maximum of 1.25% of risk weighted assets), reserve on the revaluation of fixed assets, equity investments and foreign exchange translation reserve and subordinated debt.

1.3 Capital Adequacy

Capital Management

The primary objective of the Bank's capital management is to ensure that the Bank complies with all regulatory capital requirements and at the same time maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholders' value.

Statutory Minimum Capital Requirement (MCR) and Capital Adequacy Ratio (CAR)

The State Bank of Pakistan (SBP) through its BSD Circular no. 7 dated April 15, 2009 require Banks to raise and maintain their paid up capital (net of losses) equivalent to Rs.10 billion. The paid-up capital (free of losses) of the Bank as at December 31, 2024 stood at Rs.20.506 billion. In addition banks are also required to maintain a minimum Capital Adequacy Ratio (CAR) of 11.5% of their risk weighted exposure. The Bank's CAR as at December 31, 2025 was approximately 13.12% of its risk weighted assets.

Note 1.4 Capital Adequacy Ratio (CAR) disclosure:

CAPITAL ADEQUACY RETURN AS OF DECEMBER 31, 2025

		2025	2024
		Rupees in '000	
		Amount	Amount
Common Equity Tier 1 capital (CET1): Instruments and reserves			
1	Fully Paid-up Capital/ Capital deposited with SBP	20,506,625	20,506,625
2	Balance in Share Premium Account	-	-
3	Reserve for issue of Bonus Shares	-	-
4	Discount on Issue of shares	-	-
5	General/ Statutory Reserves	7,680,779	7,113,695
6	Gain/(Losses) on derivatives held as Cash Flow Hedge	-	-
7	Unappropriated/unremitted profits/ (losses)	15,784,042	13,181,145
8	Minority Interests arising from CET1 capital instruments issued to third parties by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	-
9	CET 1 before Regulatory Adjustments	43,971,446	40,801,465
10	Total regulatory adjustments applied to CET1 (Note 1.4.1)	22,992,667	21,300,490
11	Common Equity Tier 1	20,978,778	19,500,975
Additional Tier 1 (AT 1) Capital			
12	Qualifying Additional Tier-1 capital instruments plus any related share premium	-	-
13	of which: Classified as equity	2,500,000	2,500,000
14	of which: Classified as liabilities	-	-
15	Additional Tier-1 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group AT 1)	-	-
16	of which: instrument issued by subsidiaries subject to phase out	-	-
17	AT1 before regulatory adjustments	2,500,000	2,500,000
18	Total regulatory adjustment applied to AT1 capital (Note 1.4.2)	-	-
19	Additional Tier 1 capital after regulatory adjustments	2,500,000	2,500,000
20	Additional Tier 1 capital recognized for capital adequacy	2,500,000	2,500,000
21	Tier 1 Capital (CET1 + admissible AT1) (11+20)	23,478,779	22,000,976
Tier 2 Capital			
22	Qualifying Tier 2 capital instruments under Basel III plus any related share premium	4,492,900	4,993,033
23	Tier 2 capital instruments subject to phaseout arrangement issued under pre-Basel 3 rules	-	-
24	Tier 2 capital instruments issued to third parties by consolidated subsidiaries (amount allowed in group tier 2)	-	-
25	of which: instruments issued by subsidiaries subject to phase out	-	-
26	General provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	165,763	52,515
27	Revaluation Reserves (net of taxes)	-	-
28	of which: Revaluation reserves on fixed assets	1,417,118	1,453,706
29	of which: Unrealized gains/losses on AFS	1,314,323	1,413,539
30	Foreign Exchange Translation Reserves	-	-
31	Undisclosed/Other Reserves (if any)	-	-
32	T2 before regulatory adjustments	7,390,104	7,912,793
33	Total regulatory adjustment applied to T2 capital (Note 1.4.3)	-	-
34	Tier 2 capital (T2) after regulatory adjustments	7,390,104	7,912,793
35	Tier 2 capital recognized for capital adequacy	7,275,853	6,767,800
36	Portion of Additional Tier 1 capital recognized in Tier 2 capital	-	-
37	Total Tier 2 capital admissible for capital adequacy	7,275,853	6,767,800
38	TOTAL CAPITAL (T1 + admissible T2) (21+37)	30,754,631	28,768,777
39	Total Risk Weighted Assets (RWA) {for details refer Note 1.7}	234,448,831	217,217,052
Capital Ratios and buffers (in percentage of risk weighted assets)			
40	CET1 to total RWA	8.95%	8.98%
41	Tier-1 capital to total RWA	10.01%	10.13%
42	Total capital to total RWA	13.12%	13.24%
43	Bank specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus any other buffer requirement)	7.50%	7.50%
44	of which: capital conservation buffer requirement	1.50%	1.50%
45	of which: countercyclical buffer requirement	0.00%	0.00%
46	of which: D-SIB or G-SIB buffer requirement	0.00%	0.00%
47	CET1 available to meet buffers (as a percentage of risk weighted assets)	8.95%	8.98%
National minimum capital requirements prescribed by SBP			
48	CET1 minimum ratio (Inclusive of CCB)	7.50%	7.50%
49	Tier I minimum ratio (Inclusive of CCB)	9.00%	9.00%
50	Total capital minimum ratio	11.50%	11.50%

2025 2024

Rupees in '000

Regulatory Adjustments and Additional Information		Rupees in '000		Amount
		Amount	Amounts subject to Pre-Basel III treatment*	
Note 1.4.1	Common Equity Tier 1 capital: Regulatory adjustments			
1	Goodwill (net of related deferred tax liability)	702,540	-	702,541
2	All other intangibles (net of any associated deferred tax liability)	5,066,038	-	3,189,462
3	Shortfall in provisions against classified assets	-	-	-
4	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	-	-
5	Defined-benefit pension fund net assets	-	-	-
6	Reciprocal cross holdings in CET1 capital instruments of banking, financial and insurance entities	-	-	-
7	Cash flow hedge reserve	-	-	-
8	Investment in own shares/ CET1 instruments	-	-	-
9	Securitization gain on sale	-	-	-
10	Capital shortfall of regulated subsidiaries	-	-	-
11	Deficit on account of revaluation from bank's holdings of fixed assets/ AFS	-	-	-
12	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
13	Significant investments in the common stocks of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	17,066,988	17,066,988	17,196,329
14	Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	-	-
15	Amount exceeding 15% threshold	157,101	157,101	212,158
16	of which: significant investments in the common stocks of financial entities	-	-	-
17	of which: deferred tax assets arising from temporary differences	-	-	-
18	National specific regulatory adjustments applied to CET1 capital	-	-	-
19	Investments in TFCs of other banks exceeding the prescribed limit	-	-	-
20	Any other deduction specified by SBP (mention details)	-	-	-
21	Adjustment to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	-	-
22	Total regulatory adjustments applied to CET1 (sum of 1 to 21)	22,992,667		21,114,698
Note 1.4.2	Additional Tier-1 & Tier-1 Capital: regulatory adjustments			
23	Investment in mutual funds exceeding the prescribed limit [SBP specific adjustment]	-	-	-
24	Investment in own AT1 capital instruments	-	-	-
25	Reciprocal cross holdings in Additional Tier 1 capital instruments of banking, financial and insurance entities	-	-	-
26	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
27	Significant investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
28	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from additional tier-1 capital	-	-	-
29	Adjustments to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	-	-
30	Total regulatory adjustment applied to AT1 capital (sum of 23 to 29)	-	-	-
Note 1.4.3	Tier 2 Capital: regulatory adjustments			
31	Portion of deduction applied 50:50 to Tier-1 and Tier-2 capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	-	-
32	Reciprocal cross holdings in Tier 2 instruments of banking, financial and insurance entities	-	-	-
33	Investment in own Tier 2 capital instrument	-	-	-
34	Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	-	-
35	Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	-	-
36	Total regulatory adjustment applied to T2 capital (sum of 31 to 35)	-	-	-

Note 1.4.4	Additional Information	2025 Rupees in '000		2024 Rupees in '000
		Amount		Amount
	Risk Weighted Assets subject to pre-BaseI III treatment			
37	Risk weighted assets in respect of deduction items (which during the transitional period will be risk weighted subject to Pre-BaseI III Treatment)	-	-	-
(i)	of which: deferred tax assets	-	-	-
(ii)	of which: Defined-benefit pension fund net assets	-	-	-
(iii)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is less than 10% of the issued common share capital of the entity	-	-	-
(iv)	of which: Recognized portion of investment in capital of banking, financial and insurance entities where holding is more than 10% of the issued common share capital of the entity	-	-	-
	Amounts below the thresholds for deduction (before risk weighting)			
38	Non-significant investments in the capital of other financial entities	-	-	-
39	Significant investments in the common stock of financial entities	-	-	-
40	Deferred tax assets arising from temporary differences (net of related tax liability)	-	-	-
	Applicable caps on the inclusion of provisions in Tier 2			
41	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	165,763	-	52,515
42	Cap on inclusion of provisions in Tier 2 under standardized approach	2,009,855	-	1,951,005
43	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	-	-	-
44	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	-	-	-

1.5 Capital Structure Reconciliation 2025

Step : 1

	As Per Balance Sheet	Under regulatory scope of consolidation
December 31, 2025		
Rupees in '000		
Assets		
Cash and balances with treasury banks	40,697,301	40,697,301
Balanced with other banks	5,197,190	5,197,190
Lending to financial institutions	19,838,794	19,838,794
Investments	278,028,312	278,028,312
Advances	249,776,370	249,776,370
Operating fixed assets	22,397,431	22,397,431
Deferred tax assets	-	-
Other assets	39,700,933	39,700,933
Total assets	655,636,331	655,636,331
Liabilities & Equity		
Bills payable	7,839,367	7,839,367
Borrowings	26,128,080	26,128,080
Deposits and other accounts	543,502,051	543,502,051
Sub-ordinated loans	3,193,531	3,193,531
Liabilities against assets subject to finance lease	8,493,900	8,493,900
Deferred tax liabilities	694,409	694,409
Other liabilities	19,124,285	19,124,285
Total liabilities	608,975,623	608,975,623
Share capital/ Head office capital account	20,506,625	20,506,625
Reserves	7,680,779	7,680,779
Unappropriated/ Unremitted profit/ (losses)	15,397,262	15,397,262
Minority Interest	-	-
Surplus on revaluation of assets	3,076,042	3,076,042
Total Equity	46,660,708	46,660,708
Total liabilities & equity	655,636,331	655,636,331

Step : 2

	As Per Balance Sheet	Under regulatory scope of consolidation	Reference
December 31, 2025			
Assets			
Cash and balances with treasury banks	40,697,301	40,697,301	
Balances with other banks	5,197,190	5,197,190	
Lending to financial institutions	19,838,794	19,838,794	
Investments	278,028,312	278,028,312	
<i>of which: Non-significant capital investments in capital of other financial institutions exceeding 10% threshold</i>	-	-	a
<i>of which: significant capital investments in financial sector entities exceeding regulatory threshold</i>	17,066,988	17,066,988	b
<i>of which: Mutual Funds exceeding regulatory threshold</i>	-	-	c
<i>of which: reciprocal crossholding of capital instrument</i>	-	-	d
<i>of which: Investment in TFCs of other banks exceeding the prescribed limit</i>	-	-	e
Advances	249,776,370	249,776,370	
<i>shortfall in provisions/ excess of total EL amount over eligible provisions under IRB</i>	-	-	f
<i>general provisions reflected in Tier 2 capital</i>	165,763	165,763	g
Fixed Assets	22,397,431	22,397,431	
Deferred Tax Assets	-	-	
<i>of which: DTAs excluding those arising from temporary differences</i>	-	-	h
<i>of which: DTAs arising from temporary differences exceeding regulatory threshold</i>	-	-	i
Other assets	39,700,933	39,700,933	
<i>of which: Goodwill</i>	702,540	746,448	j
<i>of which: Intangibles</i>	5,066,038	2,593,435	k
<i>of which: Defined-benefit pension fund net assets</i>	-	-	l
Total assets	655,636,331	655,636,331	

	As Per Balance Sheet	Under regulatory scope of consolidation	Reference
	December 31, 2025		
	Rupees in '000		
Liabilities & Equity			
Bills payable	7,839,367	7,839,367	
Borrowings	26,128,080	26,128,080	
Deposits and other accounts	543,502,051	543,502,051	
Sub-ordinated loans	8,493,900	8,493,900	
<i>of which: eligible for inclusion in AT1</i>	2,500,000	2,500,000	m
<i>of which: eligible for inclusion in Tier 2</i>	5,993,900	5,993,900	n
Liabilities against assets subject to finance lease	3,193,531	3,193,531	
Deferred tax liabilities	694,409	694,409	
<i>of which: DTLs related to goodwill</i>	761,084	761,084	o
<i>of which: DTLs related to intangible assets</i>	-	-	p
<i>of which: DTLs related to defined pension fund net assets</i>	-	-	q
<i>of which: other deferred tax liabilities</i>	(66,675)	(66,675)	r
Other liabilities	19,124,285	19,124,285	
Total liabilities	608,975,623	608,975,623	
Share capital	20,506,625	20,506,625	
<i>of which: amount eligible for CET1</i>	20,506,625	20,506,625	s
<i>of which: amount eligible for AT1</i>	-	-	t
Reserves	7,680,779	7,680,779	
<i>of which: portion eligible for inclusion in CET1(provide breakup)</i>	7,680,779	7,680,779	u
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	v
Unappropriated profit/ (losses)	15,397,262	15,397,262	w
Minority Interest	-	-	
<i>of which: portion eligible for inclusion in CET1</i>	-	-	x
<i>of which: portion eligible for inclusion in AT1</i>	-	-	y
<i>of which: portion eligible for inclusion in Tier 2</i>	-	-	z
Surplus on revaluation of assets	3,076,042	3,076,042	
<i>of which: Revaluation reserves on Property</i>	-	-	aa
<i>of which: Unrealized Gains/Losses on AFS</i>	-	-	
<i>In case of Deficit on revaluation (deduction from CET1)</i>	-	-	ab
Total liabilities & Equity	655,636,331	655,636,331	

2025

Component of
regulatory capital
reported by bank
(Rupees in '000)

Reference

Common Equity Tier 1 capital (CET1): Instruments and reserves

Fully Paid-up Capital/ Capital deposited with SBP	20,506,625	(s)
Balance in Share Premium Account	-	
Reserve for issue of Bonus Shares	-	
Discount on issue of Shares (enter negative number)	-	
General/ Statutory Reserves	7,680,779	(u)
Gain/(Losses) on derivatives held as Cash Flow Hedge	-	
Unappropriated/unremitted profits/(losses)	15,784,042	(w)
Minority Interests arising from CET1 capital instruments issued to third party by consolidated bank subsidiaries (amount allowed in CET1 capital of the consolidation group)	-	(x)
	43,971,446	

CET 1 before Regulatory Adjustments

Common Equity Tier 1 capital: Regulatory adjustments

Goodwill (net of related deferred tax liability)	702,540	(j) - (o)
All other intangibles (net of any associated deferred tax liability)	5,066,038	(k) - (p)
Shortfall of provisions against classified assets	-	(f)
Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-	{{(h) - (r)} * x%
Defined-benefit pension fund net assets	-	{{(l) - (q)} * x%
Reciprocal cross holdings in CET1 capital instruments	-	(d)
Cash flow hedge reserve	-	
Investment in own shares/ CET1 instruments	-	
Securitization gain on sale	-	
Capital shortfall of regulated subsidiaries	-	
Deficit on account of revaluation from bank's holdings of property/ AFS	-	(ab)
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(a) - (ac) - (ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	(b) - (ad) - (af)
	17,066,988	
Deferred Tax Assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-	(i)
Amount exceeding 15% threshold	157,101	
of which: significant investments in the common stocks of financial entities	-	
of which: deferred tax assets arising from temporary differences	-	
National specific regulatory adjustments applied to CET1 capital	-	
Investment in TFCs of other banks exceeding the prescribed limit	-	
Any other deduction specified by SBP (mention details)	-	
Regulatory adjustment applied to CET1 due to insufficient AT1 and Tier 2 to cover deductions	-	
	22,992,667	
Total regulatory adjustments applied to CET1 (sum of 9 to 25)	22,992,667	
Common Equity Tier 1	20,978,779	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Additional Tier 1 (AT 1) Capital		
Qualifying Additional Tier-1 instruments plus any related share premium	2,500,000	
of which: Classified as equity		(t)
of which: Classified as liabilities	2,500,000	(m)
Additional Tier-1 capital instruments issued by consolidated subsidiaries and held by third parties (amount allowed in group AT 1)	-	(y)
of which: instrument issued by subsidiaries subject to phase out	-	
AT1 before regulatory adjustments	2,500,000	
Additional Tier 1 Capital: regulatory adjustments		
Investment in mutual funds exceeding the prescribed limit (SBP specific adjustment)	-	
Investment in own AT1 capital instruments	-	
Reciprocal cross holdings in Additional Tier 1 capital instruments	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ac)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(ad)
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-BaseI III treatment which, during transitional period, remain subject to deduction from tier-1 capital	-	
Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	
Total of Regulatory Adjustment applied to AT1 capital	-	
Additional Tier 1 capital	2,500,000	
Additional Tier 1 capital recognized for capital adequacy	2,500,000	
Tier 1 Capital (CET1 + admissible AT1)	23,478,779	
Tier 2 Capital		
Qualifying Tier 2 capital instruments under Basel III	4,492,900	
Capital instruments subject to phase out arrangement from tier 2 (Pre-BaseI III instruments)	-	(n)
Tier 2 capital instruments issued to third party by consolidated subsidiaries (amount allowed in group tier 2)	-	(z)
of which: instruments issued by subsidiaries subject to phase out	-	
General Provisions or general reserves for loan losses-up to maximum of 1.25% of Credit Risk Weighted Assets	165,763	(g)
Revaluation Reserves eligible for Tier 2	2,731,441	
of which: portion pertaining to Property	1,417,118	
of which: portion pertaining to AFS securities	1,314,323	portion of (aa)
Foreign Exchange Translation Reserves	-	(v)
Undisclosed/Other Reserves (if any)	-	
T2 before regulatory adjustments	7,390,104	

	Component of regulatory capital reported by bank (Rupees in '000)	Reference
Tier 2 Capital: regulatory adjustments		
Portion of deduction applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from tier-2 capital	-	
Reciprocal cross holdings in Tier 2 instruments	-	
Investment in own Tier 2 capital instrument	-	
Investments in the capital instruments of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-	(ae)
Significant investments in the capital instruments issued by banking, financial and insurance entities that are outside the scope of regulatory consolidation	-	(af)
Amount of Regulatory Adjustment applied to T2 capital	-	
Tier 2 capital (T2)	-	
Tier 2 capital recognized for capital adequacy	7,275,852	
Excess Additional Tier 1 capital recognized in Tier 2 capital	-	
Total Tier 2 capital admissible for capital adequacy	7,275,852	
TOTAL CAPITAL (T1 + admissible T2)	30,754,631	

1.6 Main Features of Regulatory Capital Instruments

	Main Features	Common Shares	Common Shares	Sub-debt	Sub-debt	Sub-debt
1	Issuer	JS Bank	JS Bank	JS Bank	JS Bank	JS Bank
2	Unique identifier (eg KSE Symbol or Bloomberg Identifier etc.)	JSB	JSB	JSB	JSB	JSB
3	Governing law(s) of the instrument	SECP	SECP	SECP	SECP	SECP
	Regulatory treatment					
4	Transitional Basel III rules	Common Equity Tier-1	Common Equity Tier-1	Additional Tier-1	Tier-2	Tier-2
5	Post-transitional Basel III rules	Common Equity Tier-1	Common Equity Tier-1	Additional Tier-1	Tier-2	Tier-2
6	Eligible at solo/ group/ group&solo	Solo and Group	Solo and Group	Solo and Group	Solo and Group	Solo and Group
7	Instrument type	Ordinary Shares	Ordinary Shares	Subordinated Debt	Subordinated Debt	Subordinated Debt
8.a	Outstanding Amount (Currency in PKR thousands, as of reporting date)	10,119,242	10,387,383	2,500,000	2,496,000	3,497,900
8.b	Amount recognized in regulatory capital (Currency in PKR thousands, as of reporting date)	10,119,242	10,387,383	2,500,000	997,800	3,495,100
9	Par value of instrument	10	10	100,000	100,000	100,000
10	Accounting classification	Shareholders Equity	Shareholders Equity	Liability	Liability	Liability
11	Original date of issuance	2006	2023	31-Dec-18	28-Dec-21	30-Aug-23
12	Perpetual or dated	No Maturity	No Maturity	Perpetual	Dated	Dated
13	Original maturity date	NA	NA	NA	28-Dec-28	30-Aug-33
14	Issuer call subject to prior supervisory approval	No	No	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	NA	NA	On any profit payment date after 5 years from issue date, partially or fully	On or after 10th redemption, on any profit date, partially or fully	On any profit payment date on or after five years from the Issue Date.
16	Subsequent call dates, if applicable	NA	NA	NA	NA	NA
	Coupons / dividends					
17	Fixed or floating dividend/ coupon	NA	NA	Floating	Floating	Floating
18	coupon rate and any related index/ benchmark	NA	NA	Floating at 6 Months KIBOR*(Base Rate) plus 225 basis points semi annually without any floor or CAP	Floating at 6 Months KIBOR*(Base Rate) plus 200 basis points per annum without any floor or CAP	Floating at 3 Months KIBOR*(Base Rate) plus 200 basis points per annum without any floor or CAP
19	Existence of a dividend stopper	NA	NA	Yes, the issuer will not make any dividend payments on equity/common shares in the event of non-payment of mark-up on TFCs	NA	NA
20	Fully discretionary, partially discretionary or	NA	NA	Fully discretionary	Fully discretionary	Fully discretionary
21	Existence of step up or other incentive to redeem	NA	NA	NA	NA	NA
22	Noncumulative or cumulative	NA	NA	Noncumulative	Cumulative	Cumulative
23	Convertible or non-convertible	NA	NA	Convertible	Convertible	Convertible
24	If convertible, conversion trigger (s)	NA	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of: 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable, 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of: 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable, 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of: 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable, 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.
25	If convertible, fully or partially	NA	NA	May convert fully or partially	May convert fully or partially	May convert fully or partially
26	If convertible, conversion rate	NA	NA	To be determined in the case of trigger event	To be determined in the case of trigger event	To be determined in the case of trigger event
27	If convertible, mandatory or optional conversion	NA	NA	Optional	Optional	Optional
28	If convertible, specify instrument type convertible	NA	NA	Ordinary Shares	Ordinary Shares	Ordinary Shares
29	If convertible, specify issuer of instrument it	NA	NA	NA	NA	NA
30	Write-down feature	NA	NA	Yes	Yes	Yes
31	If write-down, write-down trigger(s)	NA	NA	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of: 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable, 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of: 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable, 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.	At the option of supervisor it can be converted into common equity upon occurrence of certain trigger events , called point of non viability(PONV). The PONV is the earlier of: 1. A decision made by SBP that a conversion or temporary/ permanent write off is necessary without which the bank would become non viable, 2. the decision to make a public sector injection of capital, or equivalent support, without which the bank would have become non viable, as determined by SBP.
32	If write-down, full or partial	NA	NA	Either partially or fully	Either partially or fully	Either partially or fully
33	If write-down, permanent or temporary	NA	NA	Permanent	Permanent	Permanent
34	If temporary write-down, description of write-up mechanism	NA	NA	NA	NA	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA	NA	Deposits	Deposits	Deposits
36	Non-compliant transitioned features	NA	NA	No	No	No
37	If yes, specify non-compliant features	NA	NA	NA	NA	NA

1.7 Capital Adequacy

	Capital Requirements		Risk Weighted Assets		
	December 31, 2025	December 31, 2024	December 31, 2025	December 31, 2024	
Rupees in '000					
Credit Risk					
On balance sheet					
Corporate	4,673,652	5,006,790	40,640,451	43,537,307	
Retail	5,207,440	4,589,453	45,282,087	39,908,284	
Banks and DFIs	625,588	264,120	5,439,896	2,296,697	
Public sector entity	-	-	-	-	
Sovereign (include GoP and SBP)	-	109,412	-	951,407	
Residential mortgage finance	392,376	362,482	3,411,963	3,152,021	
Past due loans	481,366	694,350	4,185,794	6,037,828	
Fixed assets	1,824,793	1,937,770	15,867,769	16,850,176	
Other assets	1,540,573	1,394,817	13,396,287	12,128,846	
	14,745,788	14,359,195	128,224,247	124,862,566	
Off balance sheet					
Non market related	2,376,737	2,155,559	20,667,274	18,743,989	
Market related	52,406	41,263	455,701	358,805	
	2,429,142	2,196,821	21,122,976	17,113,694	
Equity Exposure Risk in the Banking Book					
Listed	1,392,336	1,496,088	12,107,265	13,009,461	
Unlisted	33,014	33,977	287,082	295,456	
	1,425,350	1,530,066	12,394,347	11,718,607	
Total Credit Risk	18,600,280	18,086,082	161,741,569	157,270,277	
Market Risk					
Interest rate risk	576,781	225,445	5,015,490	1,960,391	
Equity position risk etc.	-	-	-	-	
Foreign exchange risk	27,613	42,925	240,116	373,263	
Total Market Risk	604,395	268,370	5,255,606	2,333,654	
Operational Risk					
<u>Capital Requirement for operational risks</u>	7,756,940	6,625,509	67,451,655	57,613,121	
TOTAL	26,961,615	24,979,961	234,448,831	217,217,052	
Capital Adequacy Ratio					
Total eligible common equity tier 1 capital held	(e)	<u>20,978,779</u>		19,500,976	
Total eligible tier 1 capital held	(f)	<u>23,478,779</u>		22,000,976	
Total eligible regulatory capital held	(e)	<u>30,754,631</u>		28,768,776	
Total Risk Weighted Assets	(i)	<u>234,448,831</u>		217,217,053	
		Required	Actual	Required	Actual
CET1 to total RWA		7.50%	8.95%	7.50%	8.98%
Tier-1 capital to total RWA		9.00%	10.01%	9.00%	10.13%
Total capital to total RWA		11.50%	13.12%	11.50%	13.24%

1.8 Leverage Ratio

Total eligible tier 1 capital held	23,478,779	22,000,976
Total Exposure	720,521,074	728,556,636
Leverage Ratio	<u>3.26%</u>	<u>3.02%</u>

1.1.2.1 Credit exposures and comparative figures subject to the standardised approach

Exposures	Rating category No.	Rating risk weighted	31-Dec-25			
			Amount outstanding	Deduction CRM	Net amount	Risk weighted asset
			----- Rupees in '000 -----			
Cash and Cash Equivalents		0%	11,388,992	-	11,388,992	-
Corporate	0	0%	-	-	-	-
	1	20%	63,203,153	39,446,470	23,756,683	4,751,337
	2	50%	23,473,529	4,865,213	18,608,316	9,304,158
	3,4	100%	2,237,962	1,347,955	890,007	890,007
	5,6	150%	-	-	-	-
	Unrated	100%	33,492,665	11,954,055	21,538,610	21,538,610
	Unrated-2	125%	5,427,645	2,102,574	3,325,071	4,156,339
			127,834,954	59,716,267	68,118,687	40,640,451
Retail		0%	-	-	-	-
		20%	-	-	-	-
		50%	-	-	-	-
		75%	86,730,787	26,354,670	60,376,116	45,282,087
			86,730,787	26,354,670	60,376,116	45,282,087
Banks						
- Over 3 Months		0%	-	-	-	-
	1	20%	1,434,505	10,572	1,423,934	284,787
	2,3	50%	1,706,366	152,736	1,553,630	776,815
	4,5	100%	24,237	399	23,838	23,838
	6	150%	-	-	-	-
	Unrated	50%	72,009	216	71,792	35,896
			3,237,117	163,923	3,073,194	1,121,336
- Maturity Upto and under 3 Months in FCY	1,2,3	0%	-	-	-	-
	4,5	20%	5,469,375	1,369	5,468,006	1,093,601
	6	50%	346,797	-	346,797	173,399
	unrated	150%	66	-	66	99
		20%	651,794	634	651,160	130,232
			6,468,032	2,003	6,466,029	1,397,331
- Maturity Upto and under 3 Months in PKR		0%	-	-	-	-
- Maturity Upto and under 3 Months in PKR		20%	28,047,982	13,441,836	14,606,146	2,921,229
			28,047,982	13,441,836	14,606,146	2,921,229
Residential Mortgage Finance		35%	9,748,465	-	9,748,465	3,411,963
		25%	3,812,795	-	3,812,795	953,199
			13,561,260	-	13,561,260	4,365,162
Public Sector Entity						
		0%	-	-	-	-
	1	20%	-	-	-	-
	2,3	50%	-	-	-	-
	4,5	100%	-	-	-	-
	6	150%	-	-	-	-
	Unrated	50%	21,863,037	21,863,037	-	-
			21,863,037	-	-	-
Sovereigns (SBP / GoP)		0%	214,506,021	-	216,101,621	-
Equity Investments - Listed		100%	2,782,613	-	2,782,613	2,782,613
- Unlisted		150%	191,387	-	191,387	287,082
Significant Investment and DTA		250%	3,729,861	-	3,729,861	9,324,653
			6,703,861	-	6,703,861	12,394,347
Past Due Loans (Not Secured by Residential Mortgages)	S.P less than 20%	150%	1,660,594	-	1,065,951	1,598,927
	S.P between 20% to 50%	100%	1,099,424	-	1,097,345	1,097,345
	S.P greater than 50%	50%	2,991,890	-	2,979,043	1,489,521
Past Due Loans (Secured by Residential Mortgages)	S.P less than 20%	100%	-	-	-	-
	S.P greater than 50%	50%	-	-	-	-
			5,751,907	-	5,142,339	4,185,794
Investment in fixed assets		100%	15,867,769	-	15,867,769	15,867,769
Other assets		100%	12,443,090	-	12,443,090	12,443,090
Total			554,404,809	99,678,699	433,849,104	140,618,595

* Credit Risk Mitigation (CRM)

140,618,595

Liquidity Risk

Liquidity risk is the potential loss to the Bank arising from its inability either to meet its obligations (financial) or to fund increases in assets as they fall due without incurring unacceptable costs or losses.

JSBL's liquidity at various levels (day to day, short term, long term) is managed by the Treasury with oversight from with the Asset and Liability Management Committee (ALCO). The Risk management department reviews the Liquidity Profile, monitoring key liquidity ratios, assess viable funding mix, depositor concentration, and review Contingency Funding Plans etc.

Liquidity risk is defined as the potential loss arising from the Bank's inability to meet in an orderly way its contractual obligations when due. Liquidity risk arises in the general funding of the Bank's activities and in the management of its assets. The Bank maintains sufficient liquidity to fund its day-to-day operations, meet customer deposit withdrawals either on demand or at contractual maturity, meet customers' demand for new financings, participate in new investments when opportunities arise, and to meet any other commitments. Hence, liquidity is managed to meet known as well as unanticipated cash funding needs.

Bank calculates the Liquidity Coverage Ratio (LCR) on monthly basis as per SBP Basel III Liquidity Standards issued under BPRD circular no 08 dated June 23, 2016. The objective of LCR is to ensure the short-term resilience of the liquidity risk profile of Bank which requires banks to maintain sufficient High Quality Liquid Assets (HQLAs) to meet stressed cash outflows over a prospective 30 calendar-days period.

The objective of Net Stable Funding Ratio (NSFR) is to reduce funding risk over a longer time horizon by requiring banks to fund their activities with sufficiently stable sources of funding in order to mitigate the risk of future funding stress. Banks are expected to meet the NSFR requirement of at least 100% on an ongoing basis.

Governance of Liquidity risk management

Liquidity and related risks are managed through standardized processes established in the Bank. Board and senior management are apprised about liquidity profile of the Bank on periodic basis so as to ensure proactive liquidity management and to avoid abrupt shocks. The management of liquidity risk within the Bank is undertaken within limits and other policy parameters set by ALCO, which meets periodically and reviews compliance with policy parameters. Day to day monitoring is done by the treasury while overall compliance is monitored and coordinated by the ALCO and includes reviewing the actual and planned strategic growth of the business and its impact on the statement of financial position and monitoring the Bank's liquidity profile and associated activities. Bank's treasury function has the primary responsibility for assessing, monitoring and managing bank's liquidity and funding strategy. Market Risk Function being part of Risk management group is responsible for the independent identification, monitoring & analysis of risks inherent in treasury activities. The Bank has in place duly approved Treasury investment policy and Liquidity Risk Management Policy along with liquidity risk tolerance/appetite levels. These are communicated at various levels so as to ensure effective liquidity management for the Bank.

Funding Strategy

Bank's prime source of liquidity is the customer's deposit base. Within deposits, Bank strives to maintain a healthy core deposit base in form of current and saving deposits and avoid concentration in particular products, tenors and dependence on large fund providers. Further, Bank relies on Interbank Lending/Borrowing for stop gap funding arrangements. Within acceptance, sources of funding are also diversified to minimize concentration. Usually interbank Lending/Borrowing is for short term. The Bank also Participate in SBP Open Market Operation (OMO) to manage Liquidity. Moreover, the Bank has also received funding through various SBP Refinancing Schemes. The Bank follows centralized funding strategy so as to ensure achievement of strategic and business objectives of the Bank.

Liquidity Risk Mitigation techniques

Various tools and techniques are used to measure and monitor the possible liquidity risk. These include monitoring of different liquidity ratios like Liquid Assets to deposits, Advances to deposit ratio, liquid assets to total Assets, Top 20 deposits to total deposits which are monitored on regular basis against different trigger levels and communicated to senior management and to ALCO forum regularly. Further, Bank also prepares the maturity profile of assets and liabilities to monitor the liquidity gaps over different time buckets. For maturity analysis, behavioural study techniques are also used to determine the behaviour of non-contractual assets and liabilities based on historic data and statistical techniques. The Bank also ensures to maintain statutory cash and liquidity requirements all times.

Liquidity Stress Testing

As per SBP FSD Circular No. 01 of 2020, liquidity stress testing is being conducted under various stress scenarios. Shocks include the withdrawals of deposits/Unsecured Borrowings, Withdrawal of Wholesale & FI Deposits, Withdrawal of Top Concentrated Depositors, Shocks to HQLA and Outflows for LCR and Shocks to Required Stable Funding/Available Stable funding for NSFR assessment under various scenarios. Results of same are escalated at the senior level so as to enable the senior management to take proactive actions to avoid liquidity crunch for the Bank.

Contingency Funding Plan

Contingency Funding Plan (CFP) is a part of liquidity management framework of the bank which identifies the trigger events that could cause a liquidity crisis and describes the actions to be taken to manage the crisis. At Bank, a comprehensive liquidity contingency funding plan is prepared which highlights liquidity management chain that needs to be followed. Responsibilities and crisis management phases are also incorporated in order to tackle the liquidity crisis. Moreover, CFP highlights possible funding sources, in case of a liquidity crisis.

Main drivers of LCR Results

Main drivers of LCR Results are High Quality Liquid Assets and Net cash outflows. Outflows are mainly deposit outflows net of cash inflows which consist of inflows from financing and money market placements up to 1 month. The inputs for calculation of LCR are as prescribed by the regulator.

Composition of High Quality Liquid Assets - HQLA

High Quality Liquid Assets composed of Level-1 Assets which can be included in the stock of liquid assets at 100% of their market value. Bank has taken Cash & treasury balances, Investments in Government of Pakistan Securities and foreign currency placements issued by sovereigns in FVOCI/FVTPL category. Further, Level 2-A asset category includes investment in corporate Debt, while Level 2-B Assets include Main Index Equities.

Concentration of Funding Sources

Being a commercial bank, it relies on funds provided by various depositors. However the Bank has been continuously improving upon its ratio of core deposits. The funding sources for the Bank remain well diversified.

Currency Mismatch in the LCR

Currency mismatch is minimal as FCY deposits are 9.68% of Bank's total deposits.

LCR Disclosure		Average for CY2025	
		TOTAL UNWEIGHTED VALUE (average)	TOTAL WEIGHTED VALUE (average)
<i>(in local currency)</i>			
HIGH QUALITY LIQUID ASSETS			
1	Total high quality liquid assets (HQLA)		303,483,999
CASH OUTFLOWS			
2	Retail deposits and deposits from small business customers of which:	299,673,010	27,305,890
2.1	stable deposit	53,228,213	2,661,411
2.2	Less stable deposit	246,444,797	24,644,480
3	Unsecured wholesale funding of which:	118,120,186	55,935,387
3.1	Operational deposits (all counterparties)	-	-
3.2	Non-operational deposits (all counterparties)	118,120,186	55,935,387
3.3	Unsecured debt	-	-
4	Secured wholesale funding		-
5	Additional requirements of which:	35,002,630	5,608,387
5.1	Outflows related to derivative exposures and other collateral requirements	5,608,387	5,608,387
5.2	Outflows related to loss of funding on debt products	-	-
5.3	Credit and Liquidity facilities	29,394,243	-
6	Other contractual funding obligations	28,941,866	28,941,866
7	Other contingent funding obligations	137,455,554	6,872,778
8	TOTAL CASH OUTFLOWS		124,664,308
CASH INFLOWS			
9	Secured lending	28,541,061	16,724,425
10	Inflows from fully performing exposures	-	-
11	Other Cash inflows	4,165,725	776,098
12	TOTAL CASH INFLOWS	-	17,500,524
21	TOTAL HQLA		303,483,999
22	TOTAL NET CASH OUTFLOWS		107,163,784
23	LIQUIDITY COVERAGE RATIO		283.20%

NSFR Disclosure

LR IX

CY2025

(Amount in PKR in thousands)

		unweighted value by residual maturity				weighted value
		No Maturity	< 6 months	6 months to < 1 yr	≥ 1 yr	
ASF Item						
1	Capital:					
2	Regulatory capital	55,152,675				55,152,675
3	Other capital instruments					
4	Retail deposits and deposit from small business customers:					
5	Stable deposits	-	57,969,465	449,352	52,925	55,497,875.62
6	Less stable deposits	-	269,864,467	20,507,205	650,373	261,334,504.47
7	Wholesale funding:					
8	Operational deposits		71,864,982	4,457,496	-	38,161,238.92
9	Other wholesale funding	-	112,987,058	2,964,844	-	57,975,950.90
10	Other liabilities:					
11	NSFR derivative liabilities				441,137	-
12	All other liabilities and equity not included in other categories		42,519,491	638,979	15,557,021	16,581,117.66
13	Total ASF					484,703,363
RSF item						
14	Total NSFR high-quality liquid assets (HQLA)				258,066,326	1,826,769
15	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
16	Performing loans and securities:					
17	Performing loans to financial institutions secured by Level 1 HQLA	-	40,070,037	140,074	144,147	4,007,004
18	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	19,838,794	-	-	2,975,819
19	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:	-	121,640,893	3,296,073	67,753,460	149,499,674
20	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	-	-	-	11,458,372	7,447,942
21	Securities that are not in default and do not qualify as HQLA including exchange-traded equities.	1,101,240	-			936,054
22	Other assets:					
23	Physical traded commodities, including gold	-				-
24	Assets posted as initial margin for derivative contracts				-	-
25	NSFR derivative assets				156,302	
26	NSFR derivative liabilities before deduction of variation margin posted				88,227	88,227
27	All other assets not included in the above categories		38,847,025	4,130,143	89,149,750	112,363,509
28	Off-balance sheet items		64,573,730	6,832,694	108,262,516	8,983,447
29	Total RSF					288,128,445
30	Net Stable Funding Ratio (%)					168.22%