



JS Bank Limited

Condensed Interim Financial Information
for the First Quarter Ended March 31, 2013
(Un-Audited)



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Company Information

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



DIRECTORS' REPORT TO THE MEMBERS

On behalf of the Board of Directors, I am pleased to present the un-audited Financial Statements for the first quarter ended March 31, 2013.

The Economy

In line with the consensus expectation, the State Bank of Pakistan (SBP) opted to maintain the policy rate at 9.5% in the first Monetary Policy statement of 2013. SBP once again expressed its concerns over the substantial fiscal deficit and the pressure on the overall Balance of Payments due to IMF repayments, and gave these as the reasons for maintaining the discount rate at the same level, despite a very soft inflation number which averaged 7.36%YoY in 3QFY13 (the lowest level since 1QFY08). The low inflation was mainly due to a decline in food prices, most notably wheat, with the Mar-2013 food inflation being reported as 6.50% YoY. As a result, the inflation for 9MFY13 stood at 7.98% versus last year's inflation of 10.79%. Furthermore, exports and remittances continued to rise in 8MFY13 reaching US\$ 15.9 billion (up 4.99%YoY) and US\$ 9.23 billion (up 7.4%YoY), respectively. Imports, on the other hand, declined slightly by 2.4%YoY to US\$ 29.1 billion during the same period. Resultantly, the current account registered a deficit of only US\$700 million in 8MFY13, down from a huge deficit of US\$3.2 billion in the same period last year.

On the banking front, cumulative industry deposits and investments reported a growth of 3%QoQ and 1%QoQ in 1Q2013, to Rs. 6,777 billion and Rs. 4,024 billion respectively. In contrast, advances remained flat at Rs 3,873 billion, thereby reducing the industry wide Advances/Deposit ratio to 57% in 1Q2013, from 58% in December 2012.

Financial Performance

The Bank has earned a profit before tax of Rs. 130.59 million and a post-tax profit of Rs. 84.23 million in the 1st Quarter of 2013, as compared to Rs. 268.62 million and Rs 202.59 million respectively, in the corresponding period last year. The decrease in profit is mainly due to additional provisions for non-performing advances, and an increase in administrative expenses mainly due to the opening of new branches. The balance sheet size of your bank registered a YoY growth of 62.09% to reach Rs 89.79 billion as at March 31, 2013. At the same time, Deposits increased to Rs 64.65 billion, recording a YoY growth of 46.78%. Advances grew to Rs 22.06 billion as at March 31, 2013, reflecting a YoY growth of 10.58%. This healthy growth was achieved through a sound business strategy, continued hard-work, dedication, commitment and good teamwork of the management and the staff, and the valuable guidance provided by the Board.

Business Review

The Retail Banking Group (RBG) continued to show growth in deposits, advances, Bancassurance and Remittance businesses. With an impressive retail network of 185 branches across 100 cities, JS Bank is well poised to show continued growth in core and ancillary revenues through 2013.

Our growth strategy is based on offering the right products to the right customer, expansion of our network and Alternate Delivery Channels (ADC), and enhancing our service menu and delivery, to enrich our customers' banking experience. RBG is currently working on rolling out our Credit Cards business, which will be one of JS Bank's leading consumer banking products. Our Bancassurance product menu is also being enhanced through new targeted solutions for our customers. In addition to the growth in deposits, the change in the deposit mix towards low cost Current and Savings Accounts helped reduce the Bank's cost of funds.



As always, we continued to pursue our vision to be a bank with the highest Service Quality standards, and in pursuit of that goal we placed great focus on further improving the level of service delivery at all our branch locations across Pakistan.

The Retail Banking business at JS Bank continues to gain momentum, and our customers' growing trust and confidence in our products and services enable us to take this growth to even greater heights during the remaining part of this year, and thereafter.

The Corporate and Commercial Banking Group continued its focus on trade and non-fund based activities, and the launching of new products – including structured trade transactions and cash management solutions, while steadily expanding their advances portfolio to achieve higher profitability, on a sound basis.

The Treasury and Investment Banking Group played its due role in contributing to the bottom line with both fund based and ancillary business income.

Acknowledgments

We would like to express our gratitude for the guidance and support provided to us by the State Bank of Pakistan, the Securities and Exchange Commission of Pakistan and the Karachi Stock Exchange. At the same time, we would like to thank our valued clients for their continued patronage and confidence. The Board would also like to place on record its appreciation of the hard work, dedication, professionalism and sincere efforts of the management and the staff for the greater progress and profitability of the Bank.

Karachi: April 25, 2013

On behalf of the Board

Kalim-ur-Rahman
President &
Chief Executive Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2013

		(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Note	(Rupees in '000)	
ASSETS			
Cash and balances with treasury banks		4,739,441	5,027,797
Balances with other banks		315,478	1,178,265
Lendings to financial institutions	7	4,894,065	3,940,958
Investments - net	8	52,395,020	46,259,398
Advances - net	9	22,056,341	20,054,921
Operating fixed assets	10	3,274,575	3,165,117
Deferred tax assets - net		712,229	699,272
Other assets		1,401,140	1,244,267
		89,788,289	81,569,995
LIABILITIES			
Bills payable		896,436	713,747
Borrowings	11	14,049,941	8,222,273
Deposits and other accounts	12	64,654,404	62,543,793
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,213,063	1,134,373
		80,813,844	72,614,186
NET ASSETS		8,974,445	8,955,809
REPRESENTED BY:			
Share capital		10,724,643	10,724,643
Reserves		248,458	231,613
Discount on issue of shares		(2,105,401)	(2,105,401)
Accumulated losses		(8,997)	(76,377)
		8,858,703	8,774,478
Surplus on revaluation of assets - net of tax	13	115,742	181,331
		8,974,445	8,955,809
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 20 form an integral part of this unconsolidated condensed interim financial information.

Chairman

President & Chief Executive Officer

Director

Director

UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

	(Unaudited) March 31, 2013	(Unaudited) March 31, 2012
Note	(Rupees in '000)	
Mark-up / return / interest earned	1,618,672	1,274,387
Mark-up / return / interest expensed	1,152,046	787,348
Net mark-up / interest income	<u>466,626</u>	<u>487,039</u>
(Provision) / reversal against non-performing loans and advances	(94,022)	64
Reversal against diminution in value of investments	7,159	14,908
Bad debts written off directly	-	-
	<u>(86,863)</u>	<u>14,972</u>
Net mark-up / interest income after provisions	<u>379,763</u>	<u>502,011</u>

NON MARK-UP / INTEREST INCOME

Fee, commission and brokerage income	152,015	131,338
Dividend income	148,169	51,050
Income from dealing in foreign currencies	54,659	41,557
Gain on sale / redemption of securities	98,000	30,230
Unrealised loss on revaluation of investments classified as held for trading	(6,937)	(1,858)
Other income	12,304	14,406
Total non-mark-up / interest income	<u>458,210</u>	<u>266,723</u>
	<u>837,973</u>	<u>768,734</u>

NON MARK-UP / INTEREST EXPENSES

Administrative expenses	707,362	500,117
Other provisions / write offs	-	-
Other charges	21	-
Total non-mark-up / interest expenses	<u>707,383</u>	<u>500,117</u>
Extra ordinary / unusual items	-	-

PROFIT BEFORE TAXATION

Taxation		
- Current	(24,005)	(19,722)
- Prior years	-	-
- Deferred	(22,360)	(46,307)
	<u>(46,365)</u>	<u>(66,029)</u>
PROFIT AFTER TAXATION	<u>84,225</u>	<u>202,588</u>

	Rupee	
Basic and diluted earnings per share	<u>0.08</u>	<u>0.20</u>

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

Chairman

President & Chief Executive Officer

Director

Director



UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

	(Unaudited) March 31, 2013 (Rupees in '000)	(Unaudited) March 31, 2012
Profit after taxation for the period	84,225	202,588
Other comprehensive income	-	-
Total comprehensive income for the period	<u>84,225</u>	<u>202,588</u>

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

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

Chairman

President & Chief Executive Officer

Director

Director

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

	Issued, Subscribed and paid-up share capital	Statutory reserve	Discount on issue of shares	Accumulated losses	Total
	(Rupees in '000)				
Balance as at January 01, 2012	10,002,930	89,978	(1,944,880)	(642,918)	7,505,110
Comprehensive Income					
Profit after taxation for the quarter ended March 31, 2012	-	-	-	202,588	202,588
Other comprehensive Income - net of tax	-	-	-	-	-
	-	-	-	202,588	202,588
Transfers					
Transfer to statutory reserve	-	40,518	-	(40,518)	-
Balance as at March 31, 2012	10,002,930	130,496	(1,944,880)	(480,848)	7,707,698
Comprehensive Income					
Profit after taxation for the nine months period ended December 31, 2012	-	-	-	505,588	505,588
Other comprehensive Income - net of tax	-	-	-	-	-
	-	-	-	505,588	505,588
Transaction with owners recorded directly in equity					
Issue of shares during the period	721,713	-	-	-	721,713
Discount on issue of shares	-	-	(160,521)	-	(160,521)
	721,713	-	(160,521)	-	561,192
Transfers					
Transfer to statutory reserve	-	101,117	-	(101,117)	-
Balance as at December 31, 2012	10,724,643	231,613	(2,105,401)	(76,377)	8,774,478
Comprehensive Income					
Profit after taxation for the quarter ended March 31, 2013	-	-	-	84,225	84,225
Other comprehensive Income - net of tax	-	-	-	-	-
	-	-	-	84,225	84,225
Transfers					
Transfer to statutory reserve	-	16,845	-	(16,845)	-
Balance as at March 31, 2013	10,724,643	248,458	(2,105,401)	(8,997)	8,858,703

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

Chairman

President & Chief Executive Officer

Director

Director

UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

	March 31, 2013	March 31, 2012
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	130,590	268,617
Less: Dividend income	(148,169)	(51,050)
	<u>(17,579)</u>	<u>217,567</u>
Adjustments:		
Depreciation	60,455	52,485
Amortisation of intangibles	4,935	4,641
Charge for defined benefit plan	11,025	9,270
Unrealised loss on revaluation of investments classified as held for trading	6,937	1,858
Provision / (reversal) of provision against non-performing loans and advances	94,022	(64)
Reversal for diminution in the value of investments	(7,159)	(14,908)
Gain on sale of fixed assets	(12,304)	(14,406)
Provision for workers' welfare fund	2,666	-
	<u>160,577</u>	<u>38,876</u>
	<u>142,998</u>	<u>256,443</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(953,107)	1,499,008
Held for trading securities	(17,293,297)	(555,863)
Advances	(2,095,442)	(1,927,177)
Other assets (excluding advance taxation)	(179,621)	(700,875)
	<u>(20,521,467)</u>	<u>(1,684,907)</u>
Increase / (decrease) in operating liabilities		
Bills payable	182,689	(562,945)
Borrowings	5,774,884	(615,917)
Deposits	2,110,611	2,560,696
Other liabilities	87,962	(68,284)
	<u>8,156,146</u>	<u>1,313,550</u>
	<u>(12,222,323)</u>	<u>(114,914)</u>
Income tax paid	(1,257)	(4,556)
Gratuity paid	(22,963)	(75,000)
Net cash used in operating activities	<u>(12,246,543)</u>	<u>(194,470)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	11,056,991	(141,561)
Dividend income	148,169	51,050
Investment in operating fixed assets	(178,676)	(103,336)
Sale proceeds of property and equipment disposed off	16,132	21,049
Net cash flow from / (used in) investing activities	<u>11,042,616</u>	<u>(172,798)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	-
Decrease in cash and cash equivalents	<u>(1,203,927)</u>	<u>(367,268)</u>
Cash and cash equivalents at beginning of the period	<u>6,157,353</u>	<u>4,016,008</u>
Cash and cash equivalents at end of the period	<u>4,953,426</u>	<u>3,648,740</u>

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

Chairman

President & Chief Executive Officer

Director

Director

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

1. STATUS AND NATURE OF BUSINESS

1.1 JS Bank Limited (the Bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 185 (December 31, 2012: 185) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the long-term entity rating of JS Bank from "A" to "A+" (Single A Plus), while maintaining the short term rating at "A1" (A One).

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

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

The Bank has signed a Sale and Purchase Agreement on September 10, 2012 with HSBC Middle East Limited for acquisition of HSBC - Pakistan operations. In this regard the Bank has applied to the SBP for an approval. Once the approval is received, the Bank will proceed towards completing other procedural formalities.

1.3 The State Bank of Pakistan (SBP) through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid up capital (net of losses) for Banks / Development Finance Institutions be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.9 billion paid-up capital (free of losses) by the end of the financial year 2012. To meet the shortfall in the Minimum Capital Requirement (MCR) of the SBP, In 2011, the Bank acquired 25,525,169 shares of JS Global Capital Limited (JSGCL) from Jahangir Siddiqui & Co. Ltd. (JSCL) and other shareholders of JSGCL in exchange of issuance of 185,321,537 new shares of the Bank. Further in previous year, the Bank acquired 52,236,978 shares of JS Investments Limited (JSIL) from JSCL and other shareholders of JSIL in exchange for issue of 72,171,251 shares of the Bank. As a result of these transactions the paid up capital of the Bank increased by 1.885 billion. The paid-up capital (free of losses) of the Bank as at March 31, 2013 stood at Rs. 8.610 billion.

To meet the shortfall in the required MCR, the Bank has plans based on which the SBP has granted an extension upto June 30, 2013 for compliance, subject to certain conditions.

2. STATEMENT OF COMPLIANCE

This unconsolidated condensed interim financial information of the Bank for the quarter ended March 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting (IAS 34), provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

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

The disclosures made in this unconsolidated condensed interim financial information has been limited based on a format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and IAS 34, do not include all the disclosures required in the annual financial statements. Accordingly, this unconsolidated condensed interim financial information should be read in conjunction with the annual audited financial statements of the Bank for the year ended December 31, 2012.

3. BASIS OF MEASUREMENT

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the Annual Financial Statements of the Bank for the year ended December 31, 2012.

5. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the Annual Financial Statements for the year ended December 31, 2012.

5.1 ACCOUNTING FOR EMPLOYEE BENEFITS - IAS - 19

The revised IAS 19 amends the accounting for defined benefit plans including actuarial gains and losses that are now required to be recognized in other comprehensive income (OCI) and permanently excluded from profit and loss. Non-vested past service cost as the date, if any, is also recognized in OCI at the earlier of when amendment occurs or when the related restructuring cost are recognized. The tax impact on above is under review with reference to the allowability of expense/income taken to OCI. Hence impacts of any restatement have not been incorporated in this unconsolidated condensed interim financial information.

6. FINANCIAL RISK MANAGEMENT

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

		(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Note	(Rupees in '000)	
7. LENDINGS TO FINANCIAL INSTITUTIONS			
Call money lendings		600,000	600,000
Lendings to financial institutions		1,892,184	1,136,983
Repurchase agreement lendings (Reverse Repo)	7.1 & 7.2	2,401,881	2,203,975
		<u>4,894,065</u>	<u>3,940,958</u>

7.1 Included herein a sum of Rs. NIL (December 31, 2012: 200 million) having a market value of Rs. NIL (December 31, 2012: Rs. 204.675 million) due from a related party.

7.2 Repurchase agreement lendings are secured through Pakistan Investment Bonds, Market Treasury Bills and Term Finance Certificates having total market value of Rs. 2,402.959 million (December 31, 2012: Rs. 2,241.724 million)

8. INVESTMENTS

	(Unaudited)			(Audited)		
	March 31, 2013			December 31, 2012		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
Note ----- (Rupees in '000) -----						
8.1 INVESTMENTS BY TYPES:						
Held-for-trading securities						
Market Treasury Bills	5,824,583	12,924,729	18,749,312	1,444,063	-	1,444,063
Pakistan Investment Bonds	565,773	-	565,773	505,542	-	505,542
Ijara Sukuk	78,183	-	78,183	149,440	-	149,440
	6,468,539	12,924,729	19,393,268	2,099,045	-	2,099,045
Available-for-sale securities						
Market Treasury Bills	23,450,218	-	23,450,218	26,937,159	7,041,450	33,978,609
Pakistan Investment Bonds	2,577,059	-	2,577,059	3,746,352	-	3,746,352
Ordinary Shares of Listed Companies	840,640	-	840,640	1,042,548	-	1,042,548
Ordinary Shares of Unlisted Companies	11,000	-	11,000	-	-	-
Preference Shares of a Listed Company	143,740	-	143,740	143,739	-	143,739
Term Finance Certificates-listed	1,383,061	-	1,383,061	1,589,004	-	1,589,004
Term Finance Certificates-unlisted	565,350	-	565,350	627,750	-	627,750
Sukuk Certificates	150,000	-	150,000	105,294	-	105,294
Closed End Mutual Funds	127,195	-	127,195	109,331	-	109,331
Open End Mutual Funds	-	-	-	40,000	-	40,000
US Dollar Bonds	1,864,425	-	1,864,425	787,052	-	787,052
	31,112,688	-	31,112,688	35,128,229	7,041,450	42,169,679
Investments in subsidiaries	8.15	1,919,121	-	1,919,121	-	1,919,121
Investments at cost		39,500,348	12,924,729	52,425,077	39,146,395	7,041,450
Less: Provision for diminution in value of investments	8.1.6 & 8.1.7	(201,185)	-	(201,185)	(208,344)	-
Investments (net of provision)		39,299,163	12,924,729	52,223,892	38,938,051	7,041,450
Unrealised (loss) / gain on revaluation of investments classified as held-for-trading		1,706	(8,643)	(6,937)	926	-
Surplus on revaluation of available-for-sale securities	13	178,065	-	178,065	262,883	16,088
Total investments at carrying value		39,478,934	12,916,086	52,395,020	39,201,860	7,057,538

8.1.1 During the period, in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act), the Bank has received 3,034,603 shares of Rs. 10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange Limited (ISEL) in lieu of its Membership card held by the Bank. In the first phase the Bank has received 40% equity shares with trading rights i.e. 1,213,841 shares whereas the remaining 60% shares, i.e. 1,820,762 shares, are transferred to blocked CDC account maintained by ISEL.

Further, the management believes that the carrying value of these shares is less than face value of shares therefore, no value has been allocated to TREC.

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

8.1.3 Included herein is the investment of Rs.99.701 million (December 31, 2012: Rs.99.701 million) and having market value of Rs.90.955 million (December 31, 2012: Rs.78.711 million) in JS Value Fund, a related party.

8.1.4 Included herein are the investments in following related parties:

- a) JS Funds of Funds, a related party, amounting to Rs.NIL (December 31, 2012: 10.000 million) and having market value of Rs. NIL (December 31, 2012: 10.478 million).
- b) JS Islamic Fund, a related party, amounting to Rs.NIL (December 31, 2012: 30.000 million) and having market value of Rs. NIL (December 31, 2012: 30.615 million).

8.1.5 Included herein are the investments in the following subsidiaries:

	Number of shares	Percentage holding	Cost	
			(Unaudited) March 31, 2013	(Audited) December 31, 2012
JS Global Capital Limited (JSGCL)	25,525,169	51.05%	1,357,929	1,357,929
JS Investments Limited (JSIL)	52,236,978	52.24%	561,192	561,192
			<u>1,919,121</u>	<u>1,919,121</u>

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

8.1.7 The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD(Policy)/2013-1857 dated February 15, 2013 has allowed the relaxation to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 25% of the required provision in this unconsolidated condensed interim financial information whereas the remaining provision will be made in phased manner at 50%, 75% and 100% by end of each quarter till December 31, 2013. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 112.395 million.

9. ADVANCES - net	Note	(Unaudited)	(Audited)
		March 31, 2013	December 31, 2012
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		20,565,351	19,222,256
Outside Pakistan		330,224	245,323
		<u>20,895,575</u>	<u>19,467,579</u>
Net Investment in Finance lease - in Pakistan		388,528	388,725
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		486,056	104,080
Payable outside Pakistan		1,351,457	1,065,790
		<u>1,837,513</u>	<u>1,169,870</u>
Advances - gross		<u>23,121,616</u>	21,026,174
Provision for non-performing advances			
- specific	9.1	(1,063,810)	(970,062)
- general (against consumer financing)		(1,465)	(1,191)
		<u>(1,065,275)</u>	<u>(971,253)</u>
Advances - net of provision		<u>22,056,341</u>	<u>20,054,921</u>

- 9.1 Advances include Rs. 2,989.602 million (December 31, 2012: Rs.3,037.264 million) which have been placed under non-performing status as detailed below:

Category of classification

		(Unaudited) March 31, 2013			Provision required	Provision held
Domestic	Overseas	Total				
------(Rupees in '000)-----						
Other assets especially mentioned	-	-	-	-	-	-
Substandard	1,761	-	1,761	175	175	175
Doubtful	974,087	-	974,087	242,778	242,778	242,778
Loss	2,013,754	-	2,013,754	820,857	820,857	820,857
9.1.1	<u>2,989,602</u>	<u>-</u>	<u>2,989,602</u>	<u>1,063,810</u>	<u>1,063,810</u>	<u>1,063,810</u>

Category of classification

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

- 9.1.1 The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD(Policy)/2013-1857 dated February 15, 2013 has allowed the relaxation to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 25% of the required provision in this unconsolidated condensed interim financial information whereas the remaining provision will be made in phased manner at 50%, 75% and 100% by end of each quarter till December 31, 2013. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 548.234 million.

		(Unaudited) March 31, 2013	(Audited) December 31, 2012
		(Rupees in '000)	
		Note	
10. OPERATING FIXED ASSETS			
Capital work-in-progress		156,717	60,272
Property and equipment		1,531,254	1,508,088
Intangible assets	10.1	<u>1,586,604</u>	<u>1,596,757</u>
		<u>3,274,575</u>	<u>3,165,117</u>
10.1 Intangible assets			
Stock exchange card	8.1.1	-	11,000
Computer Software		122,980	122,133
Goodwill	10.1.1 & 10.1.2	<u>1,463,624</u>	<u>1,463,624</u>
		<u>1,586,604</u>	<u>1,596,757</u>



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

10.1.2 Key assumptions used in value in use calculation

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

	(Audited) December 31, 2012	(Audited) December 31, 2011
Cost of equity	21.29%	23.86%
Terminal growth rate	10.00%	10.00%

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

(a) Interest margins

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

(b) Discount rates

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

(c) Key business assumptions

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

(d) Sensitivity to changes in assumptions

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 750.135 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount:

	Change required for carrying amount to equal recoverable amount (%)	
	(Audited) December 31, 2012	(Audited) December 31, 2011
Cost of equity	1.79	1.86
Terminal growth rate	(2.86)	(3.17)



	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
11. BORROWINGS		
Secured		
Borrowings from SBP under export refinancing scheme	1,035,600	1,023,474
Repurchase agreement borrowings	<u>12,912,848</u>	<u>7,050,090</u>
	13,948,448	8,073,564
Unsecured		
Call borrowings	-	100,000
Overdrawn nostro accounts	<u>101,493</u>	<u>48,709</u>
	14,049,941	8,222,273
12. DEPOSITS AND OTHER ACCOUNTS		
Customers		
Fixed deposits	22,669,134	20,771,890
Savings deposits	18,804,877	17,964,800
Current accounts - non-remunerative	16,407,400	16,845,870
Margin accounts	<u>345,439</u>	<u>317,491</u>
	58,226,850	55,900,051
Financial institutions		
Remunerative deposits	5,806,293	6,420,235
Non-remunerative deposits	<u>621,261</u>	<u>223,507</u>
	6,427,554	6,643,742
	64,654,404	62,543,793
12.1 Particulars of deposits		
In local currency	59,812,452	58,657,117
In foreign currencies	<u>4,841,952</u>	<u>3,886,676</u>
	64,654,404	62,543,793
13. SURPLUS / (DEFICIT) ON REVALUATION OF ASSETS - net of tax		
Surplus / (deficit) on revaluation of available-for-sale securities - net of tax		
Term finance certificates-listed	(73,930)	(70,227)
Ordinary shares-listed	201,631	206,198
Preference shares-listed	13,120	14,507
Closed end mutual funds	59,815	47,422
Open end mutual funds	-	1,093
US dollar bonds	21,250	7,589
Government securities	<u>(43,821)</u>	<u>72,389</u>
	178,065	278,971
Related deferred tax liability	<u>(62,323)</u>	<u>(97,640)</u>
	115,742	181,331
	(Unaudited) March 31, 2013	(Unaudited) March 31, 2012
14. OTHER CHARGES	(Rupees in '000)	
Penalties imposed by State Bank of Pakistan	<u>21</u>	<u>-</u>



	(Unaudited) March 31, 2013	(Audited) December 31, 2012
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	1,762,686	1,950,045
ii) Banking companies and other financial institutions	129,743	588,099
iii) Others	222,308	293,522
15.1.1	<u>2,114,737</u>	<u>2,831,666</u>
15.1.1 Included herein the outstanding guarantees of Rs. 5.613 million (December 31, 2012: Rs.430.295 million) of related parties.		
15.2 Trade-related contingent liabilities		
Documentary credits	<u>4,003,013</u>	4,992,746
15.3 Other contingencies		
Claims not acknowledged as debts	<u>66,746</u>	66,718
15.4 Commitments in respect of forward exchange contracts		
Purchase	<u>2,547,818</u>	2,292,630
Sale	<u>2,888,564</u>	2,450,968
15.5 Commitments in respect of forward lending		
Forward commitment to extend credit	<u>439,647</u>	604,511
15.6 Other commitments		
Commitment in respect of capital expenditure	<u>66,092</u>	33,149
16. TAXATION		
In view of the tax losses of the Bank, tax provision has been made subject to minimum taxation @ 0.5% under section 113 of Income Tax Ordinance, 2001 in this unconsolidated condensed interim financial information.		
	(Unaudited) March 31, 2013	(Unaudited) March 31, 2012
17. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation for the period - attributable to ordinary equity holders of the Bank (Rs. in '000)	<u>84,225</u>	202,588
Weighted average number of outstanding ordinary shares during the period (in '000)	<u>1,072,464</u>	1,000,293
Basic and diluted earnings per share - Rupee	<u>0.08</u>	0.20

18. RELATED PARTY TRANSACTIONS

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

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

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

	Key management personnel		Subsidiary company		Other related parties		Total	
	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	----- (Rupees in '000) -----							
Advances								
Opening balance	93,552	39,651	156,193	-	1,378,039	2,975,684	1,627,784	3,015,335
Disbursements during the period	3,623	67,600	178,772	391,434	1,134,797	7,356,245	1,317,192	7,815,279
Repayments during the period	(6,013)	(13,699)	(196,675)	(235,241)	(1,196,114)	(8,953,890)	(1,398,802)	(9,202,830)
Balance as at	<u>91,162</u>	<u>93,552</u>	<u>138,290</u>	<u>156,193</u>	<u>1,316,722</u>	<u>1,378,039</u>	<u>1,546,174</u>	<u>1,627,784</u>
Mark-up / return / interest earned three months (un-audited)	<u>1,014</u>	<u>538</u>	<u>5,490</u>	<u>-</u>	<u>37,182</u>	<u>113,439</u>	<u>43,686</u>	<u>113,977</u>

	Parent		Key management personnel		Subsidiary company		Other related parties		Total	
	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	----- (Rupees in '000) -----									
Deposits										
Opening balance	2,002,829	560,818	16,731	10,994	621,493	1,316,216	4,387,934	1,733,460	7,028,987	3,621,488
Deposits during the period	2,085,110	8,747,957	74,061	270,304	58,365,792	247,805,896	9,145,083	40,912,613	69,670,046	297,736,770
Withdrawals during the period	(2,843,871)	(7,305,946)	(70,768)	(264,567)	(58,249,223)	(248,500,619)	(9,126,789)	(38,258,139)	(70,290,651)	(294,329,271)
Balance as at	<u>1,244,068</u>	<u>2,002,829</u>	<u>20,024</u>	<u>16,731</u>	<u>738,062</u>	<u>621,493</u>	<u>4,406,228</u>	<u>4,387,934</u>	<u>6,408,382</u>	<u>7,028,987</u>
Mark-up / return / interest expensed three months (un-audited)	<u>33,060</u>	<u>7,024</u>	<u>150</u>	<u>116</u>	<u>8,710</u>	<u>8,844</u>	<u>78,879</u>	<u>43,437</u>	<u>120,799</u>	<u>59,421</u>

Material transactions with related parties are given below:

	Subsidiary company		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	------(Unaudited)-----									
	------(Rupees in '000)-----									
Nature of transactions										
Sale of Term Finance Certificates	-	79,068	-	-	-	-	-	-	-	79,068
Purchase of Term Finance Certificates	-	105,480	-	-	-	-	-	16,347	-	121,827
Sale of Government Securities	4,850,541	4,716,578	8,816,820	9,700,799	-	-	133,521	81,454	13,800,882	14,498,831
Purchase of Government Securities	3,706,228	2,721,446	491,123	6,659,853	-	-	-	-	4,197,351	9,381,299
Sale of Sukuk / Ijara	-	-	-	30,000	-	-	-	-	-	30,000
Sale of shares / Units	-	-	-	-	-	-	44,946	142,896	44,946	142,896
Purchase of shares / Units	-	-	-	-	-	-	-	48,237	-	48,237
Rent Received / Receivable	499	220	-	-	-	241	-	-	499	461
Reverse Repo / Call money lendings	3,068,440	865,073	-	-	-	-	-	-	3,068,440	865,073
Call borrowing / Repo	-	-	-	-	3,000,000	1,300,000	-	-	3,000,000	1,300,000
Purchase of forward foreign exchange contracts	-	-	-	-	2,107,124	2,686,662	-	-	2,107,124	2,686,662
Sale of forward foreign exchange contracts	-	-	-	-	2,643,685	2,583,904	-	-	2,643,685	2,583,904

	Subsidiary company		Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Unaudited)									
	(Rupees in '000)									
Nature of transactions										
Insurance claim received	-	-	2,003	4,323	-	-	-	-	2,003	4,323
Insurance premium paid	-	-	29,049	20,279	-	-	-	-	29,049	20,279
Markup income on reverse repo	2,650	-	-	-	-	-	-	25,325	2,650	25,325
Markup expense on repo	-	-	-	-	777	-	-	-	777	-
Reimbursement of expenses	936	174	-	-	-	208	4	-	940	382
Rent expense paid / accrued	323	-	-	-	-	-	-	-	323	-
Services received	149	-	-	-	-	-	-	-	149	-
Commission paid / accrued	1,395	484	-	-	-	-	-	-	1,395	484
Commission income	-	800	17,023	17,549	-	389	944	4	17,967	18,742
Dividend income	128,812	51,050	-	-	-	-	-	-	128,812	51,050
Consultancy fee	-	-	-	-	-	-	4,500	1,500	4,500	1,500

Parent company

	March 31, 2013	March 31, 2012
		(Unaudited)
	(Rupees in '000)	
Nature of transactions		
Sale of Government Securities	1,016,605	-
Rent expense paid / accrued	242	225
Reimbursement of expenses	471	21



19. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorised for issue by the Board of Directors on April 25, 2013.

20. GENERAL

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

Chairman

President & Chief Executive Officer

Director

Director



Consolidated Condensed Interim Financial Information
for the First Quarter Ended March 31, 2013
(Un-Audited)

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013

		(Unaudited) March 31, 2013	(Audited) December 31, 2012
ASSETS	Note	(Rupees in '000)	
Cash and balances with treasury banks		4,739,579	5,027,942
Balances with other banks		331,013	1,193,864
Lendings to financial institutions	7	4,894,065	3,740,958
Investments - net	8	53,591,165	47,884,719
Advances - net	9	21,927,751	19,909,385
Operating fixed assets	10	3,498,877	3,412,167
Deferred tax assets - net		876,332	860,704
Other assets		2,010,542	1,989,038
		91,869,324	84,018,777
LIABILITIES			
Bills payable		896,436	713,747
Borrowings	11	14,298,419	8,704,685
Deposits and other accounts	12	63,916,342	61,934,787
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		1,889,173	1,730,620
		81,000,370	73,083,839
NET ASSETS		10,868,954	10,934,938
REPRESENTED BY:			
Share capital		10,724,643	10,724,643
Reserves		248,458	231,613
Discount on issue of shares		(2,105,401)	(2,105,401)
Non-controlling interest		1,789,541	1,863,194
Accumulated losses		(72,856)	(62,157)
		10,584,385	10,651,892
Surplus on revaluation of assets - net of tax	13	284,569	283,046
		10,868,954	10,934,938
CONTINGENCIES AND COMMITMENTS	15		

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

Chairman

President & Chief Executive Officer

Director

Director

CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

	(Unaudited) March 31, 2013	(Unaudited) March 31, 2012
Note	(Rupees in '000)	
Mark-up / return / interest earned	1,657,736	1,319,922
Mark-up / return / Interest expensed	1,157,670	782,719
Net mark-up / interest income	500,066	537,203
(Provision) / reversal against non-performing loans and advances	(94,022)	64
Reversal against diminution in value of investments	7,159	14,908
Bad debts written off directly	-	-
	(86,863)	14,972
Net mark-up / interest income after provisions	413,203	552,175
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	263,451	181,282
Dividend income	79,228	1,737
Income from dealing in foreign currencies	54,697	41,637
Gain on sale / redemption of securities	109,215	45,890
Unrealised gain / (loss) on revaluation of investments classified as held-for-trading	2,756	(1,700)
Other income	21,429	16,060
Total non-mark-up / Interest Income	530,776	284,906
	943,979	837,081
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	828,009	568,299
Other provisions / write offs	-	-
Other charges	21	-
Total non-mark-up / Interest expenses	828,030	568,299
	115,949	268,782
Extra ordinary / unusual items	-	-
PROFIT BEFORE TAXATION	115,949	268,782
Taxation		
- Current	(43,464)	(30,553)
- Prior years	-	-
- Deferred	(18,801)	(46,307)
	(62,265)	(76,860)
PROFIT AFTER TAXATION	53,684	191,922
Attributable to :		
Equity holders of the Bank	6,146	172,292
Non-controlling interest	47,538	19,630
	53,684	191,922
	Rupee	
Basic and diluted earnings per share	0.01	0.17

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

Chairman

President & Chief Executive Officer

Director

Director



**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

FOR THE QUARTER ENDED MARCH 31, 2013

	(Unaudited) March 31, 2013 (Rupees in '000)	(Unaudited) March 31, 2012
Profit after taxation for the period	53,684	191,922
Other comprehensive income	-	-
Total comprehensive income for the period	<u>53,684</u>	<u>192,922</u>
Attributable to :		
Equity holders of the Bank	6,146	172,292
Non-controlling interest	<u>47,538</u>	<u>19,630</u>
	<u>53,684</u>	<u>191,922</u>

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

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

Chairman

President & Chief Executive Officer

Director

Director

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) FOR THE QUARTER ENDED MARCH 31, 2013

	Issued, Subscribed and paid-up share capital	Statutory reserve	Discount on issue of shares	Accumulated losses	Sub total	Non- Controlling Interest	Total
	(Rupees in '000)						
Balance as at January 1, 2012	10,002,930	89,978	(1,944,880)	(642,058)	7,505,970	1,303,146	8,809,116
Comprehensive Income							
Profit after taxation for the period ended March 31, 2012	-	-	-	172,292	172,292	19,630	191,922
Other comprehensive income - net of tax	-	-	-	-	-	-	-
Dividend for the period ended December 31, 2011 @ Rs. 2 per ordinary share paid to non-controlling interest	-	-	-	172,292	172,292	19,630	191,922
	-	-	-	-	-	(48,950)	(48,950)
Transfers							
Transfer to statutory reserve	-	40,518	-	(40,518)	-	-	-
Balance as at March 31, 2012	10,002,930	130,496	(1,944,880)	(510,284)	7,678,262	1,273,826	8,952,088
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	550,026	550,026
Purchase of non controlling interest by the Parent	-	-	-	-	-	(2,613)	(2,613)
Comprehensive Income							
Profit after taxation for the nine months period ended December 31, 2012	-	-	-	549,244	549,244	78,667	627,911
Other comprehensive income - net of tax	-	-	-	-	-	-	-
	-	-	-	549,244	549,244	78,667	627,911
Transaction with owners recorded directly in equity							
Issue of shares during the period	721,713	-	-	-	721,713	-	721,713
Discount on issue of shares	-	-	(160,521)	-	(160,521)	-	(160,521)
	721,713	-	(160,521)	-	561,192	-	561,192
Dividend for the period ended December 31, 2012 @ Rs. 1.5 per ordinary share paid to non-controlling interest	-	-	-	-	-	(36,712)	(36,712)
Transfers							
Transfer to statutory reserve	-	101,117	-	(101,117)	-	-	-
Balance as at December 31, 2012	10,724,643	231,613	(2,105,401)	(62,157)	8,788,698	1,863,194	10,651,892
Comprehensive Income							
Profit after taxation for the period ended March 31, 2013	-	-	-	6,146	6,146	47,538	53,684
Other comprehensive income - net of tax	-	-	-	-	-	-	-
	-	-	-	6,146	6,146	47,538	53,684
Dividend for the period ended December 31, 2012 @ Rs. 4 per ordinary share payable to non-controlling interest	-	-	-	-	-	(121,191)	(121,191)
Transfers							
Transfer to statutory reserve	-	16,845	-	(16,845)	-	-	-
Balance as at March 31, 2013	10,724,643	248,458	(2,105,401)	(72,856)	8,794,844	1,789,541	10,584,385

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

Chairman

President & Chief Executive Officer

Director

Director

CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

	March 31, 2013	March 31, 2012
	(Rupees in '000)	
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	115,949	268,782
Less: Dividend income	(79,228)	(1,737)
	<u>36,721</u>	<u>267,045</u>
Adjustments:		
Depreciation	64,917	54,543
Amortisation of intangibles	5,058	4,668
Charge for defined benefit plan	11,025	9,270
Unrealised (gain) / loss on revaluation of investments classified as held-for-trading	(2,756)	1,700
Provision / (reversal) against non-performing advances	94,022	(64)
Reversal of provision against diminution in value of investments	(7,159)	(14,908)
Gain on sale of fixed assets	(12,304)	(19,914)
Provision for workers' welfare fund	8,850	-
	<u>161,653</u>	<u>35,295</u>
	<u>198,374</u>	<u>302,340</u>
(Increase) / decrease in operating assets		
Lendings to financial institutions	(1,153,107)	1,331,514
Held-for-trading securities	(16,784,775)	(1,418,746)
Advances	(2,112,388)	(1,924,096)
Other assets	(40,724)	(920,900)
	<u>(20,090,994)</u>	<u>(2,932,228)</u>
Increase / (decrease) in operating liabilities		
Bills payable	182,689	(562,945)
Borrowings	5,540,950	(843,222)
Deposits	1,981,555	3,785,517
Other liabilities	40,450	181,114
	<u>7,745,644</u>	<u>2,560,464</u>
	<u>(12,146,976)</u>	<u>(69,424)</u>
Income tax paid	(24,244)	(17,518)
Gratuity paid	(22,963)	(75,000)
Net cash flows used in operating activities	<u>(12,194,183)</u>	<u>(161,942)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available-for-sale securities	11,055,338	(135,556)
Dividend received	79,228	1,737
Investment in operating fixed assets	(160,513)	(106,658)
Sale proceeds of property and equipment disposed off	16,132	27,313
Net cash flows from / (used in) investing activities	<u>10,990,185</u>	<u>(213,164)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	-
Decrease in cash and cash equivalents	<u>(1,203,998)</u>	<u>(375,106)</u>
Cash and cash equivalents at beginning of the period	<u>6,173,097</u>	<u>4,044,289</u>
Cash and cash equivalents at end of the period	<u>4,969,099</u>	<u>3,669,183</u>

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

Chairman

President & Chief Executive Officer

Director

Director

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)

FOR THE QUARTER ENDED MARCH 31, 2013

1. STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of:

1.1.1 Holding Company

JS Bank Limited (the Bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The Bank's ordinary shares are listed on Karachi Stock Exchange in Pakistan. The Bank is a subsidiary of Jahangir Siddiqui & Co. Ltd. (JSCL). The registered office of the Bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi. The Bank operates with 185 (December 31, 2012: 185) branches / sub-branches in Pakistan. The Pakistan Credit Rating Agency (Private) Limited (PACRA) has upgraded the long-term entity rating of JS Bank from "A" to "A+" (Single A Plus), while maintaining the short term rating at "A1" (A One).

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

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

The Bank has signed a Sale and Purchase Agreement on September 10, 2012 with HSBC Middle East Limited for acquisition of HSBC - Pakistan operations. In this regard the Bank has applied to the SBP for an approval. Once the approval is received, the Bank will proceed towards completing other procedural formalities.

1.1.2 Subsidiary Companies

JS Global Capital Limited (JSGCL)

JS Global Capital Limited (JSGCL), the Company, is principally owned by the Bank, holding 51.05% of its equity interest. The Bank acquired effective controlling interest in JSGCL on December 21, 2011. JSGCL is a public listed company incorporated in Pakistan under the Companies Ordinance, 1984. The shares of the Company are listed on Karachi and Islamabad Stock Exchanges. Further, the Company is a corporate member of Karachi Stock Exchange Limited and member of Pakistan Merchantile Exchange (formerly National Commodity Exchange Limited). The principal business of the Company is to carry out share brokerage, money market, forex and commodity brokerage, advisory and consultancy services. Other activities include investment in a mix of listed and unlisted equity and debt securities and reverse repurchase transactions. The registered office of the Company is situated at 6th floor, Faysal House, Shahra-e-Faisal, Karachi, Pakistan.

JS Investments Limited (JSIL)

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

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

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

Closed end funds:

- JS Growth Fund
- JS Value Fund Limited

Open end funds:

- Unit Trust of Pakistan
- JS Income Fund
- JS Islamic Fund
- JS Aggressive Asset Allocation Fund
- JS Fund of Funds
- JS KSE-30 Index Fund
- JS Aggressive Income Fund
- JS Cash Fund
- JS Large Cap Fund

Pension funds:

- JS Pension Savings Fund
- JS Islamic Pension Savings Fund

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

JS ABAMCO Commodities Limited (JSACL)

JS Bank Limited 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 Ordinance, 1984 and is a wholly owned subsidiary company of JSIL. The principal activities of JSACL are to deal and effectuate commodity contracts; to become member of commodity exchange including National Commodity Exchange Limited and to carry on the business as brokers, advisory and consultancy services, dealers and representative of all kinds of commodity contracts and commodity backed securities. The registered office of the Company is situated at 7th floor, 'The Forum', Khayaban-e-Jami, Clifton, Karachi. The Company has not commenced its commercial operations up to the balance sheet date.

1.2 Compliance with Minimum Capital Requirement

The State Bank of Pakistan (SBP) through its BSD Circular No. 7 dated April 15, 2009 has prescribed that the minimum paid up capital (net of losses) for Banks / Development Finance Institutions be raised to Rs.10 billion by the year ending December 31, 2013. The raise is to be achieved in a phased manner requiring Rs.9 billion paid-up capital (free of losses) by the end of the financial year 2012. To meet the shortfall in the Minimum Capital Requirement (MCR) of the SBP, In 2011, the Bank acquired 25,525,169 shares of JS Global Capital Limited (JSGCL) from Jahangir Siddiqui & Co. Ltd. (JSCL) and other shareholders of JSGCL in exchange of issuance of 185,321,537 new shares of the Bank. Further in previous year, the Bank acquired 52,236,978 shares of JS Investments Limited (JSIL) from JSCL and other shareholders of JSIL in exchange for issue of 72,171,251 shares of the Bank. As a result of these transactions the paid up capital of the Bank increased by 1.885 billion. The paid-up capital (free of losses) of the Bank as at March 31, 2013 stood at Rs. 8.610 billion.



To meet the shortfall in the required MCR, the Bank has plans based on which the SBP has granted an extension upto June 30, 2013 for compliance, subject to certain conditions.

1.3 Basis of consolidation

The basis of consolidation adopted in the preparation of this consolidated interim financial information is the same as those applied in the preparation of the Consolidated Annual Financial Statements for the year ended December 31, 2012.

2. STATEMENT OF COMPLIANCE

This consolidated condensed interim financial information of the Bank for the quarter ended March 31, 2013 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting, provisions of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). In case where requirements differ, the provisions of the Companies Ordinance, 1984, the Banking Companies Ordinance, 1962 and the said directives have been followed.

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

The disclosures made in this consolidated condensed interim financial information has been limited based on a format prescribed by the SBP vide BSD Circular No. 2 dated May 12, 2004 and IAS 34, 'Interim Financial Reporting' and do not include all the disclosures required in the annual financial statements. Accordingly, this consolidated condensed interim financial information should be read in conjunction with the Consolidated Annual Financial Statements of the Bank for the year ended December 31, 2012.

3. BASIS OF MEASUREMENT

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

4. ACCOUNTING ESTIMATES AND JUDGMENTS

The estimates / judgments and associated assumptions used in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the Consolidated Annual Financial Statements of the Bank for the year ended December 31, 2012.

5. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the Consolidated Annual Financial Statements of the Bank for the year ended December 31, 2012.

5.1 ACCOUNTING FOR EMPLOYEE BENEFITS - IAS - 19

The revised IAS 19 amends the accounting for defined benefit plans including actuarial gains and losses that are now required to be recognized in other comprehensive income (OCI) and permanently excluded from profit and loss. Non-vested past service cost as the date, if any, is also recognized in OCI at the earlier of when amendment occurs or when the related restructuring cost are recognized. The tax impact on above is under review with reference to the allowability of expense/income taken to OCI. Hence impacts of any restatement have not been incorporated in this consolidated condensed interim financial information.

6. FINANCIAL RISK MANAGEMENT

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



7. LENDINGS TO FINANCIAL INSTITUTIONS	Note	(Unaudited)	(Audited)
		March 31, 2013	December 31, 2012
Call money lendings		600,000	600,000
Lendings to financial institutions		1,892,184	1,136,983
Repurchase agreement lendings (Reverse Repo)	7.1	2,401,881	2,003,975
		<u>4,894,065</u>	<u>3,740,958</u>

7.1 Repurchase agreement lendings are secured through Pakistan Investment Bonds, Market Treasury Bills and Term Finance Certificates having total market value of Rs. 2,402.959 million (December 31, 2012: Rs. 2,037.049 million)

8. INVESTMENTS

8.1 INVESTMENTS BY TYPES:	Note	(Unaudited) March 31, 2013			(Audited) December 31, 2012		
		Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
(Rupees in '000)							
Held-for-trading securities							
Market Treasury Bills		6,293,575	12,924,729	19,218,304	1,933,372	228,700	2,162,072
Pakistan Investment Bonds		617,707	-	617,707	709,286	-	709,286
National Saving Bonds		-	-	-	186	-	186
Ijara Sukuk		78,183	-	78,183	149,440	-	149,440
Term Finance Certificates- listed	8.1.1	117,524	-	117,524	72,731	-	72,731
Term Finance Certificates- unlisted		6,231	-	6,231	20,527	-	20,527
Engro Rupiya Certificates		40,588	-	40,588	39,143	-	39,143
Ordinary Shares of Listed Companies		88,072	-	88,072	-	-	-
Open End Mutual Funds	8.1.2	756,308	-	756,308	912,801	-	912,801
		<u>7,998,188</u>	<u>12,924,729</u>	<u>20,922,917</u>	<u>3,837,486</u>	<u>228,700</u>	<u>4,066,186</u>
Available-for-sale securities							
Market Treasury Bills		23,450,218	-	23,450,218	26,937,159	7,041,450	33,978,609
Pakistan Investment Bonds		2,577,059	-	2,577,059	3,746,352	-	3,746,352
Ordinary Shares of Listed Companies		840,640	-	840,640	1,042,548	-	1,042,548
Ordinary Shares of Unlisted Companies	8.1.3	32,000	-	32,000	-	-	-
Preference Shares of a Listed Company		143,740	-	143,740	143,739	-	143,739
Term Finance Certificates-listed		1,383,061	-	1,383,061	1,589,004	-	1,589,004
Term Finance Certificates-unlisted	8.1.4	906,806	-	906,806	974,206	-	974,206
Sukuk Certificates		150,000	-	150,000	105,294	-	105,294
Closed End Mutual Funds	8.1.2	1,278,154	-	1,278,154	1,151,696	-	1,151,696
Open End Mutual Funds	8.1.2	602,891	-	602,891	765,832	-	765,832
US Dollar Bonds		1,864,425	-	1,864,425	787,052	-	787,052
		<u>33,228,994</u>	<u>-</u>	<u>33,228,994</u>	<u>37,242,882</u>	<u>7,041,450</u>	<u>44,284,332</u>
Investments at cost		41,227,182	12,924,729	54,151,911	41,080,368	7,270,150	48,350,518
Less: Provision for diminution in value of investments	8.1.2 & 8.1.5	(1,432,381)	-	(1,432,381)	(1,439,540)	-	(1,439,540)
Investments (net of provision)		<u>39,794,801</u>	<u>12,924,729</u>	<u>52,719,530</u>	<u>39,640,828</u>	<u>7,270,150</u>	<u>46,910,978</u>
Unrealised gain on revaluation of investments classified as held-for-trading		9,847	(8,643)	1,204	69,516	-	69,516
Surplus on revaluation of available-for-sale securities	8.1.6	870,431	-	870,431	888,137	16,088	904,225
		<u>40,675,079</u>	<u>12,916,086</u>	<u>53,591,165</u>	<u>40,598,481</u>	<u>7,286,238</u>	<u>47,884,719</u>

8.1.1 Included herein is the investment of Rs.15 million (December 31, 2012: Rs. 15 million) in Jahangir Siddiqui & Co. Ltd. a related party.

8.1.2 Included herein are investments in following related parties:

Name of the company	Cost		Impairment		Market Value	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
(Rupees in '000)						
Held-for-trading securities						
Open End Mutual Funds						
JS Cash Fund	289,086	250,216	-	-	294,331	289,086
JS Income Fund	325,494	308,754	-	-	328,875	325,793
Available-for-sale securities						
Closed End Mutual Funds						
JS Value Fund Ltd	490,097	479,034	(351,879)	(351,879)	326,349	272,202
JS Growth Fund	760,563	663,032	(418,607)	(418,607)	479,675	421,807
Open End Mutual Funds						
JS Large Cap Fund Class B	373,041	373,041	(231,668)	(231,668)	453,892	393,017
JS Pension Savings Fund Equity	30,000	30,000	(11,529)	(11,529)	46,938	41,808
JS Pension Savings Fund Debt	17,776	18,894	-	-	31,793	33,269
JS Pension Savings Fund Money Market	17,746	18,970	-	-	26,119	26,940
JS Islamic Pension Savings Fund Equity	25,000	25,000	(2,288)	(2,288)	58,780	53,193
JS Islamic Pension Savings Fund Debt	21,385	23,269	-	-	34,071	36,470
JS Islamic Pension Savings Fund Money Market	22,230	23,659	-	-	31,120	32,618
JS Fund of Funds	55,000	65,000	-	-	59,458	65,502
JS Aggressive Income Fund	40,712	90,000	-	-	41,222	90,189
JS Islamic Fund	-	30,000	-	-	-	30,615
JS KSE 30 Index Fund	-	68,000	-	-	-	67,870

8.1.3 During the period, in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act), the Group has received 7,041,986 shares of Rs. 10 each including trading right entitlement certificate (TREC) of the Islamabad Stock Exchange Limited (ISEL) and Karachi Stock Exchange Limited (KSEL) in lieu of its Membership cards held by the Group. In the first phase the Group has received 40% equity shares with trading rights i.e. 2,816,794 shares whereas the remaining 60% shares, i.e. 4,225,192 shares, are transferred to blocked CDC account maintained by ISEL and KSEL. Further, the management believes that the carrying value of these shares is less than face value of shares therefore, no value has been allocated to TREC.

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

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

8.1.5 The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD(Policy)/2013-1857 dated February 15, 2013 has allowed the relaxation to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 25% of the required provision in this consolidated condensed interim financial information whereas the remaining provision will be made in phased manner at 50%, 75% and 100% by end of each quarter till December 31, 2013. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 112.395 million.

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

9. ADVANCES - net	Note	(Unaudited)	(Audited)
		March 31, 2013	December 31, 2012
		(Rupees in '000)	
Loans, cash credits, running finances, etc.			
In Pakistan		20,436,761	19,076,720
Outside Pakistan		330,224	245,323
		<u>20,766,985</u>	<u>19,322,043</u>
Net Investment in Finance lease - in Pakistan		388,528	388,725
Bills discounted and purchased (excluding market treasury bills)			
Payable in Pakistan		486,056	104,080
Payable outside Pakistan		1,351,457	1,065,790
		<u>1,837,513</u>	<u>1,169,870</u>
Financing in respect of margin trading system		-	-
Advances - gross		<u>22,993,026</u>	<u>20,880,638</u>
Provision for non-performing advances			
- specific	9.1	(1,063,810)	(970,062)
- general (against consumer financing)		(1,465)	(1,191)
		<u>(1,065,275)</u>	<u>(971,253)</u>
Advances - net of provision		<u>21,927,751</u>	<u>19,909,385</u>

9.1 Advances include Rs. 2,989.602 million (December 31, 2012: Rs.3,037.264 million) which have been placed under non-performing status as detailed below:

Category of classification

Note	(Unaudited)				
	March 31, 2013				
	Domestic	Overseas	Total	Provision required	Provision held
(Rupees in '000)					
Other assets especially mentioned	-	-	-	-	-
Substandard	1,761	-	1,761	175	175
Doubtful	974,087	-	974,087	242,778	242,778
Loss	2,013,754	-	2,013,754	820,857	820,857
9.1.1	<u>2,989,602</u>	<u>-</u>	<u>2,989,602</u>	<u>1,063,810</u>	<u>1,063,810</u>

Category of classification

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

- 9.1.1** The State Bank of Pakistan (SBP) vide its letter number BPRD/BRD(Policy)/2013-1857 dated February 15, 2013 has allowed the relaxation to the Bank from provision required in respect of the Bank's exposure in Agritech Limited. The provision is held at 25% of the required provision in this consolidated condensed interim financial information whereas the remaining provision will be made in phased manner at 50%, 75% and 100% by end of each quarter till December 31, 2013. Had the relaxation not been granted by the SBP, the provision charge for the period would have been increased by Rs. 548.234 million.

		(Unaudited) March 31, 2013	(Audited) December 31, 2012
	Note	(Rupees in '000)	
10. OPERATING FIXED ASSETS			
Capital work-in-progress		160,183	66,014
Property and equipment		1,642,871	1,619,054
Intangible assets	10.1	1,695,823	1,727,099
		<u>3,498,877</u>	<u>3,412,167</u>

10.1 Intangible assets

Membership Cards			
- Stock exchange card	8.1.3	-	32,000
- Pakistan Mercantile Exchange Limited	10.1.1	3,500	3,500
Rights of ICP Mutual Funds	10.1.2	105,000	105,000
Computer Software		123,699	122,975
Goodwill	10.1.3 & 10.1.4	1,463,624	1,463,624
		<u>1,695,823</u>	<u>1,727,099</u>

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

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

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

10.1.4 Key assumptions used in value in use calculation

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

	(Audited) December 31, 2012	(Audited) December 31, 2011
Cost of equity	21.29%	23.86%
Terminal growth rate	10.00%	10.00%



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

(a) Interest margins

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

(b) Discount rates

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

(c) Key business assumptions

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

(d) Sensitivity to changes in assumptions

The estimated recoverable amount of the 'Trading and Sales' CGU exceeds its carrying amount by approximately Rs. 750.135 million. Management has identified two key assumptions for which there could be a reasonably possible change that could cause the carrying amount to exceed the recoverable amount. The following table shows the amount that these two assumptions are required to change individually in order for the estimated recoverable amount to be equal to the carrying amount:

	Change required for carrying amount to equal recoverable amount (%)	
	(Audited) December 31, 2012	(Audited) December 31, 2011
Cost of equity	1.79	1.86
Terminal growth rate	(2.86)	(3.17)
	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in '000)	

11. BORROWINGS

Secured

Borrowings from SBP under export refinancing scheme	1,035,600	1,023,474
Repurchase agreement borrowings	12,912,848	7,281,278
Short-term running finance	248,478	251,224
	14,196,926	8,555,976

Unsecured

Call borrowings	-	100,000
Overdrawn nostro accounts	101,493	48,709
	14,298,419	8,704,685



(Unaudited) March 31, 2013	(Audited) December 31, 2012
(Rupees in '000)	

12. DEPOSITS AND OTHER ACCOUNTS

Customers

Fixed deposits	22,669,134	20,771,890
Savings deposits	18,804,877	17,360,619
Current accounts - non-remunerative	16,407,400	16,841,045
Margin accounts	345,439	317,491
	<u>58,226,850</u>	<u>55,291,045</u>

Financial institutions

Remunerative deposits	5,070,800	6,420,235
Non-remunerative deposits	618,692	223,507
	<u>5,689,492</u>	<u>6,643,742</u>
	<u>63,916,342</u>	<u>61,934,787</u>

12.1 Particulars of deposits

In local currency	59,079,207	58,052,891
In foreign currencies	4,837,135	3,881,896
	<u>63,916,342</u>	<u>61,934,787</u>

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

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

Term finance certificates-listed	(73,930)	(70,227)
Ordinary shares-listed	208,650	213,217
Preference shares-listed	13,120	14,507
Closed end mutual funds	114,201	110,632
Open end mutual funds	107,422	32,579
US dollar bonds	21,250	7,589
Government securities	(43,821)	72,389
	<u>346,892</u>	<u>380,686</u>
Related deferred tax liability	(62,323)	(97,640)
	<u>284,569</u>	<u>283,046</u>

14. OTHER CHARGES

Penalties imposed by
State Bank of Pakistan

(Unaudited) March 31, 2013	(Unaudited) March 31, 2012
(Rupees in '000)	

21	-
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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	1,762,686	1,950,045
ii) Banking companies and other financial institutions	129,743	188,099
iii) Others	222,308	293,522
	<u>2,114,737</u>	<u>2,431,666</u>

Note (Rupees in '000)

- 15.1.1** Included herein the outstanding guarantees of Rs. 5.613 million (December 31, 2012: Rs.30.295 million) of related parties.

	(Unaudited) March 31, 2013	(Audited) December 31, 2012
	(Rupees in '000)	
15.2 Trade-related contingent liabilities		
Documentary credits	<u>4,003,013</u>	<u>5,392,746</u>
15.3 Other contingencies		
Claims not acknowledged as debts	<u>66,746</u>	<u>66,718</u>
15.4 Commitments in respect of forward exchange contracts		
Purchase	<u>2,547,818</u>	<u>2,292,630</u>
Sale	<u>2,888,564</u>	<u>2,450,968</u>
15.5 Commitments in respect of forward lending		
Forward commitment to extend credit	<u>439,647</u>	<u>604,511</u>
15.6 Other commitments		
Future commitment in respect of sale of equity and other securities	<u>87,650</u>	<u>-</u>
Royalty and advisory payment	<u>10,000</u>	<u>10,000</u>
Commitment in respect of capital expenditure	<u>69,192</u>	<u>33,229</u>
Motor Vehicle acquired under ijarah from Bank Islami Limited - related party		
- Due in one year	<u>-</u>	<u>2,480</u>
- Due in two to five years	<u>-</u>	<u>1,240</u>

16. TAXATION

In view of the tax losses of the Bank and JS Investments Limited (the subsidiary), tax provision has been made subject to minimum taxation @ 0.5% under section 113 of Income Tax Ordinance, 2001 in this consolidated condensed interim financial information.

	(Unaudited) March 31, 2013	(Unaudited) March 31, 2012
17. BASIC AND DILUTED EARNINGS PER SHARE		
Profit after taxation for the period - attributable to ordinary equity holders of the Bank (Rs. in '000)	<u>6,146</u>	<u>172,292</u>
Weighted average number of outstanding ordinary shares during the period (Rs. in '000)	<u>1,072,464</u>	<u>1,000,293</u>
Basic and diluted earnings per share - Rupee	<u>0.01</u>	<u>0.17</u>

18. RELATED PARTY TRANSACTIONS

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

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

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

	Parent		Key management personnel		Other related parties		Total	
	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012	(Unaudited) March 31, 2013	(Audited) December 31, 2012
(Rupees in '000)								
Advances								
Opening balance	94,071	39,651	1,378,039	2,975,684	1,472,110	3,015,335		
Disbursements during the period	3,623	69,045	1,134,797	7,356,245	1,138,420	7,425,290		
Repayments during the period	(6,532)	(14,625)	(1,196,114)	(8,953,890)	(1,202,646)	(8,968,515)		
Balance as at	<u>91,162</u>	<u>94,071</u>	<u>1,316,722</u>	<u>1,378,039</u>	<u>1,407,884</u>	<u>1,472,110</u>		
Mark-up / return / interest earned three months (un-audited)	<u>1,014</u>	<u>660</u>	<u>37,182</u>	<u>113,439</u>	<u>38,196</u>	<u>114,099</u>		
(Rupees in '000)								
Deposits								
Opening balance	2,002,829	560,818	16,731	10,994	4,387,067	1,733,460	6,406,627	2,305,272
Deposits during the period	2,085,110	8,747,957	74,061	270,304	9,145,083	40,912,613	11,304,254	49,930,874
Withdrawals during the period	(2,843,871)	(7,305,946)	(70,768)	(264,567)	(9,126,789)	(38,259,006)	(12,041,428)	(45,829,519)
Balance as at	<u>1,244,068</u>	<u>2,002,829</u>	<u>20,024</u>	<u>16,731</u>	<u>4,405,361</u>	<u>4,387,067</u>	<u>5,669,453</u>	<u>6,406,627</u>
Mark-up / return / interest expensed three months (un-audited)	<u>33,060</u>	<u>7,024</u>	<u>150</u>	<u>116</u>	<u>78,879</u>	<u>43,437</u>	<u>112,089</u>	<u>50,577</u>

Material transactions with related parties are given below:

Nature of transactions	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	(Unaudited)							
	(Rupees in '000)							
Purchase of Term Finance Certificates	-	-	-	-	-	16,347	-	16,347
Sale of Government Securities	8,816,820	9,700,799	-	-	133,521	81,454	8,950,341	9,782,253
Purchase of Government Securities	491,123	6,659,853	-	-	-	-	491,123	6,659,853
Sale of Sukuk / Ijara	-	30,000	-	-	-	-	-	30,000
Sale of shares / Units	-	-	-	142,896	170,246	-	170,246	142,896
Purchase of shares / Units	-	-	-	-	-	123,237	-	123,237
Rent Receivable	-	-	-	241	746	-	746	241
Call borrowing / Repo	-	-	3,000,000	1,300,000	-	-	3,000,000	1,300,000
Purchase of forward foreign exchange contracts	-	-	2,107,124	2,686,662	-	-	2,107,124	2,686,662
Sale of forward foreign exchange contracts	-	-	2,643,685	2,583,904	-	-	2,643,685	2,583,904

	Companies having common directorship		Companies in which parent company holds 20% or more		Other related parties		Total	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
	----- (Unaudited) -----							
	----- (Rupees in '000) -----							

Nature of transactions

Insurance claim received	2,003	4,323	-	-	-	-	2,003	4,323
Insurance premium paid	31,305	20,279	-	-	-	-	31,305	20,279
Markup income on reverse repo	-	-	-	-	-	25,325	-	25,325
Markup expense on repo	-	-	777	-	-	-	777	-
Rent Received / Receivable	-	-	-	-	249	517	249	517
Reimbursement of expenses	-	-	-	208	11,010	16,155	11,010	16,363
Services rendered	-	-	-	-	2,435	-	2,435	-
Commission income	17,023	17,549	-	389	3,354	4	20,377	17,942
Dividend income	-	-	-	-	58,142	1,737	58,142	1,737
Consultancy fee	-	-	-	-	4,500	1,500	4,500	1,500
Ijarah rental expense	-	-	597	-	-	-	597	-
Royalty expenses	-	-	-	-	2,500	-	2,500	-
Remunerative income	-	-	-	-	63,285	-	63,285	-

Parent company

March 31, 2013	March 31, 2012
(Unaudited)	
(Rupees in '000)	

Nature of transactions

Sale of Government Securities	1,016,605	-
Rent expense paid / accrued	242	225
Reimbursement of expenses	491	21

19. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue by the Board of Directors on April 25, 2013.

20. GENERAL

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

Chairman

President & Chief Executive Officer

Director

Director



JS Bank Limited

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