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JS Bank Limited

Interim Condensed Financial Statements
for the Quarter Ended March 31st, 2010 (Un-Audited).

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COMPANY INFORMATION

Board of Directors	Chairman	Mr. Jahangir Siddiqui Mr. Mazharul Haq Siddiqui Mr. Maqbool A. Soomro Mr. Ashraf Nawabi Mr. Rafique R. Bhimjee Syed Amjad Ali Mr. Basir Shamsie
President & Chief Executive Officer		Mr. Naveed Qazi
Audit Committee	Chairman Member Member	Mr. Jahangir Siddiqui Mr. Maqbool A. Soomro Mr. Rafique R. Bhimjee
Company Secretary		Mr. Muhammad Yousuf Amanullah
Auditors		Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants <small>(Member firm of Ernst & Young Global Limited)</small>
Legal Advisors		Bawaney & Partners Liaquat Merchant Associates
Share Registrar		Technology Trade (Pvt.) Limited 241-C, Block-2, P.E.C.H.S., Karachi
Registered Office		JS Bank Limited Shaheen Commercial Complex Dr. Ziauddin Ahmed Road P.O. Box 4847 Karachi-74200, Pakistan.

11. DATE OF AUTHORISATION FOR ISSUE

These interim condensed financial statements were authorised for issue by the Board of Directors on April 21, 2010.

12. GENERAL

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

Jahangir Siddiqui
Chairman

Naveed Qazi
President & Chief Executive

Rafique R. Bhimjee
Director

Syed Amjad Ali
Director

Relationship with the bank	Nature of transactions	March 31,	December 31,	----- (Rupees in '000) -----
		2010	2009	
Companies having common directorship				
	Purchase of Term Finance Certificates	-	-	
	Sale of Term Finance Certificates	141,088	291,075	
	Sale of Government Securities	855,774	3,146,230	
	Purchase of sukuk	-	48,718	
	Sale of sukuk	-	48,718	
	Sale of shares	-	19	
	Insurance claim received	-	3,078	
	Commission earned	11,628	23,010	
	Services received	200	-	
	Payment of insurance premium	2,921	16,204	
Parent company				
	Subscription in right shares	-	432,761	
	Reimbursement of expenses	-	61	
	Sale of shares	-	54	
Companies in which parent company holds 20% or more				
	Purchase of Term Finance Certificates	-	291,489	
	Sale of Term Finance Certificates	1,591	246,800	
	Purchase of Government Securities	542,289	3,015,633	
	Sale of Government Securities	783,699	5,470,426	
	Sale of shares	-	4,162	
	Rent expense paid / accrued	582	3,971	
	Call lending / Reverse Repo	1,196,000	8,944,000	
	Call borrowing / Repo	500,000	-	
	Commission paid / accrued	1,159	3,633	
	Commission income	1,050	6,049	
	Dividend income	-	8,746	
	Reimbursement of expenses	386	2,525	
	Redemption of Term Finance Certificates	12,048	25,179	
	Purchase of forward foreign exchange contracts	846,797	15,018,998	
	Sale of forward foreign exchange contracts	1,254,267	13,184,539	
Other related parties				
	Trustee fee	-	2,479	
	Purchase of shares	-	97,763	
	Sale of shares	53,748	66,320	
	Consultancy fee	600	900	
	Purchase of Government Securities	-	4,908	
	Sale of Government Securities	-	9,834	
	Services rendered	-	243	
	Sale of units	-	80,000	
	Dividend income	-	3,151	
	Services received	25	-	
	Commission earned/ unearned	2,230	14,611	

DIRECTORS' REPORT

On behalf of the Board of Directors, I am pleased to present the un-audited financial statements for the first quarter ended March 31, 2010.

Pakistan's economy continued on the path to recovery in the first quarter of 2010 as evident from the much contained current account deficit and exchange rate stability. Moreover, industry wide banking deposits rose by 2.3% in line with improving Net Domestic Assets which rose by Rs. 29 billion. Provisions however continue to remain a major concern, despite a decrease in the accretion rate. Credit offtake in the first quarter 2010 dropped by 0.5%, hinting that overall economic recovery is still at an early stage. Furthermore, the tight liquidity conditions and resurgence of inflationary pressures remained sources of concern for the economy's health due to which the State Bank of Pakistan remained cautious in its monetary stance and kept the policy rate intact at 12.5%.

Our long term strategy is to make the Bank a leading bank in Pakistan. We remain committed to expanding our network presence to achieve broader coverage of our market. During the first quarter under review, the balance sheet of your bank grew, with the asset side improving due to higher business volumes. Total assets stood at Rs. 34.14 billion from Rs 32.89 billion as at December 31, 2009. The Bank's deposit base grew to Rs. 22.42 billion as compared to Rs. 21.31 billion. The bank has suffered a net loss after taxation of Rs 188.57 million primarily due to provisioning against non-performing loans and operating costs attributable to new branches opened during the later part of 2009.

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

Karachi: April 21, 2010

On behalf of the Board

Naveed Qazi
President and Chief Executive Officer

INTERIM CONDENSED BALANCE SHEET
As at March 31, 2010

	Note	Un-Audited March 31, 2010	Audited December 31, 2009
----- (Rupees in '000) -----			
ASSETS			
Cash and balances with treasury banks		1,565,167	1,764,403
Balances with other banks		347,745	1,820,857
Lendings to financial institutions	4	5,994,302	3,482,564
Investments	5	9,909,245	9,535,555
Advances	6	11,677,412	11,689,653
Operating fixed assets	7	3,017,184	3,039,329
Deferred tax assets		965,935	924,907
Other assets		668,182	637,652
		<u>34,145,172</u>	<u>32,894,920</u>
LIABILITIES			
Bills payable		294,821	320,492
Borrowings		5,466,212	5,039,635
Deposits and other accounts	8	22,418,377	21,313,791
Sub-ordinated loans		-	-
Liabilities against assets subject to finance lease		-	-
Deferred tax liabilities		-	-
Other liabilities		590,582	566,443
		<u>28,769,992</u>	<u>27,240,361</u>
NET ASSETS		<u>5,375,180</u>	<u>5,654,559</u>
REPRESENTED BY:			
Share capital		6,127,605	6,127,605
Reserves		18,040	18,040
Accumulated losses		(711,764)	(523,192)
		<u>5,433,881</u>	<u>5,622,453</u>
(Deficit) / surplus on revaluation of assets - net of tax		(58,701)	32,106
		<u>5,375,180</u>	<u>5,654,559</u>
CONTINGENCIES AND COMMITMENTS			
	9		

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Naveed Qazi
President & Chief Executive

Rafique R. Bhimjee
Director

Syed Amjad Ali
Director

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9.2 Trade-related Contingent Liabilities

Documentary credits	<u>2,049,572</u>	<u>1,772,874</u>
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9.3 Other Contingencies

Claims not acknowledged as debts	<u>66,432</u>	<u>66,435</u>
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9.4 Commitments in respect of forward exchange contracts

Purchase	<u>5,845,544</u>	<u>3,018,450</u>
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Sale	<u>4,574,774</u>	<u>4,285,469</u>
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9.5 Other commitments

Forward commitments in respect of sale of Government securities	<u>172,007</u>	<u>160,836</u>
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Forward commitments in respect of purchase of Government securities	<u>48,711</u>	<u>27,514</u>
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Commitments for the acquisition of operating fixed assets	<u>14,987</u>	<u>101,610</u>
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10. RELATED PARTY TRANSACTIONS

Related parties comprise the parent company, directors and key management personnel of the bank and its parent. The bank in the normal course of business carries out transactions with various related parties. The transactions with the related parties are made at normal market prices.

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

	March 31, 2010		December 31, 2009	
	Key management personnel	Other related parties	Key management personnel	Other related parties
----- (Rupees in '000) -----				
Advances				
Opening balance	36,709	1,451,187	39,346	941,246
Disbursements	-	21,303,648	3,386	23,631,418
Repayments	(1,495)	(20,668,342)	(6,023)	(23,121,477)
Closing balance	<u>35,214</u>	<u>2,086,493</u>	<u>36,709</u>	<u>1,451,187</u>
Mark-up / return / interest earned	<u>735</u>	<u>45,134</u>	<u>3,576</u>	<u>178,299</u>
Deposits				
Opening balance	24,175	1,148,445	37,959	4,246,435
Deposits during the period / year	59,579	42,653,591	259,624	299,291,572
Withdrawals during the period / year	(69,987)	(42,403,406)	(273,408)	(302,389,562)
Closing balance	<u>13,767</u>	<u>1,398,630</u>	<u>24,175</u>	<u>1,148,445</u>
Mark-up / return / interest expensed	<u>251</u>	<u>35,117</u>	<u>1,320</u>	<u>221,522</u>

The related party status of outstanding receivables and payable as at March 31, 2010 are included in respective notes to the interim condensed financial statements. Material transactions with related parties are given below:

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Category of Classification

	December 31, 2009				
	(Rupees in '000)				
	Domestic	Overseas	Total	Provision Required	Provision Held
Other assets especially mentioned					
Substandard	107,493	-	107,493	23,111	23,111
Doubtful	277,764	-	277,764	87,360	87,360
Loss	471,802	-	471,802	362,611	362,611
	<u>857,059</u>	<u>-</u>	<u>857,059</u>	<u>473,082</u>	<u>473,082</u>
			March 31, 2010	December 31, 2009	
			(Rupees in '000)		
7. OPERATING FIXED ASSETS					
Capital work-in-progress			17,564	41,976	
Property and equipment			1,391,569	1,385,635	
Intangible assets			1,608,051	1,611,718	
			<u>3,017,184</u>	<u>3,039,329</u>	
8. DEPOSITS AND OTHER ACCOUNTS					
Customers					
Fixed deposits			10,147,226	9,173,400	
Savings deposits			5,894,953	5,645,387	
Current accounts – non-remunerative			4,541,865	4,832,167	
Margin accounts			78,411	48,505	
			<u>20,662,455</u>	<u>19,699,459</u>	
Financial Institutions					
Remunerative deposits			1,528,260	1,532,365	
Non-remunerative deposits			227,662	81,967	
			1,755,922	1,614,332	
			<u>22,418,377</u>	<u>21,313,791</u>	
Particulars of deposits					
In local currency			20,628,131	19,450,027	
In foreign currencies			1,790,246	1,863,764	
			<u>22,418,377</u>	<u>21,313,791</u>	
9. CONTINGENCIES AND COMMITMENTS					
9.1 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			359,021	321,368	
ii) Banking companies and other financial institutions			28,747	19,660	
iii) Others			696,753	626,217	
			<u>1,084,521</u>	<u>967,245</u>	

INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
for the Quarter Ended March 31, 2010

	March 31, 2010	March 31, 2009
	(Rupees in '000)	
Mark-up / return / interest earned	781,137	599,525
Mark-up / return / interest expensed	543,965	408,917
Net mark-up / interest income	237,172	190,608
Provision against non-performing loans and advances	(66,316)	(109,022)
Provision for impairment in value of investments	-	(149,196)
Bad debts written off directly	-	-
	<u>(66,316)</u>	<u>(258,218)</u>
Net mark-up / interest income after provisions	170,856	(67,610)
NON MARK-UP / INTEREST INCOME		
Fee, commission and brokerage income	37,389	22,406
Dividend income	11,350	1,753
Income from dealing in foreign currencies	1,337	(95)
Gain on sale / redemption of securities	22,445	45,366
Unrealised gain / (loss) on revaluation of investments classified as held for trading	-	3,957
Other income	(792)	-
Total non-markup / interest income	<u>71,729</u>	<u>73,387</u>
	242,585	5,777
NON MARK-UP / INTEREST EXPENSES		
Administrative expenses	426,843	353,082
Other (reversal)/provisions / write offs	-	-
Other charges	50	182
Total non-markup / interest expenses	<u>426,893</u>	<u>353,264</u>
	(184,308)	(347,487)
Extra ordinary / unusual items	-	-
LOSS BEFORE TAXATION	(184,308)	(347,487)
Taxation		
- Current	4,264	-
- Prior years	-	-
- Deferred	-	-
	<u>4,264</u>	<u>-</u>
LOSS AFTER TAXATION	(188,572)	(347,487)
Accumulated (loss)/ Unappropriated profit brought forward	(523,192)	71,744
Accumulated loss	<u>(711,764)</u>	<u>(275,743)</u>
Basic and diluted (loss) per share (Rupee)	<u>(0.3077)</u>	<u>(0.5749)</u>

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Naveed Qazi
President & Chief Executive

Rafique R. Bhimjee
Director

Syed Amjad Ali
Director

INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
for the Quarter Ended March 31, 2010

	March 31, 2010	March 31, 2009
	----- (Rupees in '000) -----	
CASH FLOW FROM OPERATING ACTIVITIES		
Loss before taxation	(184,308)	(347,487)
Less: Dividend income	(11,350)	(1,753)
	<u>(195,658)</u>	<u>(349,240)</u>
Adjustments:		
Depreciation	55,896	35,651
Amortisation of intangibles	3,667	13,289
Charge for defined benefit plan	7,847	5,372
Unrealised gain on revaluation of investments classified as held for trading	-	(3,957)
Reversal of provision against non-performing advances	(1,598)	(895)
Provision against non-performing advances	67,914	109,917
(Reversal) / provision for impairment in value of investments	-	149,196
Loss on sale of fixed assets	-	792
	<u>134,518</u>	<u>308,573</u>
	(61,140)	(40,667)
(Increase) / decrease in operating assets		
Lendings to financial institutions	(2,511,738)	419,265
Held for trading securities	-	(76,237)
Advances	(54,075)	442,060
Other assets	(34,095)	6,547
	<u>(2,599,908)</u>	<u>791,635</u>
Increase / (decrease) in operating liabilities		
Bills payable	(25,671)	95,802
Borrowings	439,552	3,617,411
Deposits	1,104,586	(1,707,216)
Other liabilities	16,292	5,033
	<u>1,534,759</u>	<u>2,011,030</u>
	(1,126,289)	2,761,998
Income tax paid	(699)	(477)
Net cash flow from operating activities	<u>(1,126,987)</u>	<u>2,761,521</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net investment in available for sale securities	(505,526)	(1,039,250)
Dividend income	11,350	1,753
Investment in operating fixed assets	(39,896)	(213,642)
Sale proceeds of property and equipment disposed-off	1,686	-
Net cash used in from investing activities	<u>(532,386)</u>	<u>(1,251,139)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Issue of share capital	-	432,761
Increase / (decrease) in cash and cash equivalents	(1,659,373)	1,943,143
Cash and cash equivalents at beginning of the period	<u>3,572,285</u>	<u>1,954,373</u>
Cash and cash equivalents at end of the period	<u><u>1,912,912</u></u>	<u><u>3,897,516</u></u>

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Naveed Qazi
President & Chief Executive

Rafique R. Bhimjee
Director

Syed Amjad Ali
Director

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5.1.2 This includes investment in Agritech Limited (formally Pak American Fertilizer Limited), amounting to Rs.149.88 (December 31, 2009: Rs.149.88) million and Azgard Nine Limited, amounting to Rs.149.88 (December 31, 2008: Rs.149.91) million which are related party.

5.1.3 Included herein are investments in following related parties:

- JS Large Cap Fund (formerly UTP Large Cap Fund) amounting to Rs.193.646 million (December 31, 2009: Rs.193.646 million) and having market value of Rs.102.875 million (December 31, 2009: Rs.111.347 million)
- JS Value Fund amounting to Rs.99.7 million (December 31, 2009: Rs.99.7 million) and having market value of Rs.37.169 million (December 31, 2009: Rs.55.673 million)

	March 31, 2010	December 31, 2009			
	----- (Rupees in '000) -----				
6. ADVANCES					
Loans, cash credits, running finances, etc.					
In Pakistan	11,315,657	11,100,389			
Outside Pakistan	-	-			
	<u>11,315,657</u>	<u>11,100,389</u>			
Net investment in finance lease					
In Pakistan	-	-			
Outside Pakistan	-	-			
	<u>-</u>	<u>-</u>			
Bills discounted and purchased (excluding market treasury bills)					
Payable in Pakistan	905,638	1,060,996			
Payable outside Pakistan	-	5,835			
	<u>905,638</u>	<u>1,066,831</u>			
Financing in respect of Continuous Funding System (CFS)	-	-			
Advances - gross	<u>12,221,295</u>	<u>12,167,220</u>			
Provision for non-performing advances					
- specific	(539,973)	(473,082)			
- general (against consumer financing)	(3,910)	(4,485)			
	<u>(543,883)</u>	<u>(477,567)</u>			
Advances - net of provision	<u><u>11,677,412</u></u>	<u><u>11,689,653</u></u>			
Category of Classification					
	March 31, 2010				
	----- (Rupees in '000) -----				
	Domestic	Overseas	Total	Provision Required	Provision Held
Other assets especially mentioned					
Substandard	99,655	-	99,655	7,477	7,477
Doubtful	164,442	-	164,442	50,648	50,648
Loss	562,899	-	562,899	481,848	481,848
	<u>826,996</u>	<u>-</u>	<u>826,996</u>	<u>539,973</u>	<u>539,973</u>

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4. LENDINGS TO FINANCIAL INSTITUTIONS

	March 31, 2010	December 31, 2009
	----- (Rupees in '000) -----	
Call money lendings	1,910,000	1,865,000
Term Deposits	420,439	252,725
Repurchase agreement lendings (Reverse Repo)	3,663,863	1,364,839
	<u>5,994,302</u>	<u>3,482,564</u>

5. INVESTMENTS

Note	March 31, 2010			December 31, 2009		
	Held by bank	Given as collateral	Total	Held by bank	Given as collateral	Total
----- (Rupees in '000) -----						
5.1 INVESTMENTS BY TYPES:						
Held for trading securities						
Pakistan Investment Bonds	-	-	-	-	-	-
Ordinary Shares of listed companies	-	-	-	-	-	-
Close end mutual funds	-	-	-	-	-	-
Available for sale securities						
Market Treasury Bills	3,403,888	3,256,101	6,659,989	2,424,736	2,922,331	5,347,067
Pakistan Investment Bonds	605,256	-	605,256	744,828	481,924	1,226,752
Ordinary Shares of listed companies	484,100	-	484,100	668,558	-	668,558
Preference Shares of listed company	95,503	-	95,503	95,503	-	95,503
Term Finance Certificates-listed	1,173,701	-	1,173,701	1,217,718	-	1,217,718
Term Finance Certificates-unlisted	603,067	-	603,067	506,540	-	506,540
Sukuk Certificates- unlisted	172,355	-	172,355	158,330	-	158,330
Close end mutual funds	321,510	-	321,510	321,511	-	321,511
Open end mutual funds	-	-	-	122,606	-	122,606
US dollar bonds	115,603	-	115,603	116,232	-	116,232
	<u>6,974,983</u>	<u>3,256,101</u>	<u>10,231,084</u>	<u>6,376,562</u>	<u>3,404,255</u>	<u>9,780,817</u>
Total investments at cost	6,974,983	3,256,101	10,231,084	6,376,562	3,404,255	9,780,817
Less: provision for impairment in value of investment	(239,397)	-	(239,397)	(294,656)	-	(294,656)
Investments (net of provision)	6,735,586	3,256,101	9,991,687	6,081,906	3,404,255	9,486,161
Surplus / (deficit) on revaluation of held for trading securities	-	-	-	-	-	-
(Deficit)/ surplus on revaluation of available for sale securities	(78,162)	(4,280)	(82,442)	48,070	1,324	49,394
	<u>6,657,424</u>	<u>3,251,821</u>	<u>9,909,245</u>	<u>6,129,976</u>	<u>3,405,579</u>	<u>9,535,555</u>

5.1.1 This includes investment in Azgard Nine Limited, a related party, amounting to Rs.96.036 million (December 31, 2009: Rs.96.036 million) and having market value of Rs 43.493 million (December 31, 2009 Rs 64.865 million)

STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) for the Quarter Ended March 31, 2010

	March 31, 2010	March 31, 2009
	----- (Rupees in '000) -----	
Loss for the period	(188,572)	(347,487)
Other comprehensive income	-	-
Total Comprehensive loss for the period	<u>(188,572)</u>	<u>(347,487)</u>

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Naveed Qazi
President & Chief Executive

Rafique R. Bhimjee
Director

Syed Amjad Ali
Director

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
for the Quarter Ended March 31, 2010

	Issued, Subscribed and paid-up share capital	Statutory reserve	Unappropriated profit / (accumulated loss)	Total
----- (Rupees in '000) -----				
Balance as at January 1, 2009	5,694,844	18,040	71,744	5,784,628
Issue of ordinary shares of Rs.10/- each against cash	432,761	-	-	432,761
Loss for the current period	-	-	(347,487)	(347,487)
Balance as at March 31, 2009	<u>6,127,605</u>	<u>18,040</u>	<u>(275,743)</u>	<u>5,869,902</u>
Loss for the current period	-	-	(247,449)	(247,449)
Transfer to statutory reserve	-	-	-	-
Balance as at December 31, 2009	<u>6,127,605</u>	<u>18,040</u>	<u>(523,192)</u>	<u>5,622,453</u>
Loss for the current period	-	-	(188,572)	(188,572)
Issue of ordinary shares of Rs.10/- each against cash	-	-	-	-
Balance as at March 31, 2010	<u><u>6,127,605</u></u>	<u><u>18,040</u></u>	<u><u>(711,764)</u></u>	<u><u>5,433,881</u></u>

The annexed notes from 1 to 12 form an integral part of these interim condensed financial statements.

Jahangir Siddiqui
Chairman

Naveed Qazi
President & Chief Executive

Rafique R. Bhimjee
Director

Syed Amjad Ali
Director

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENT (UN-AUDITED)
for the Quarter Ended March 31, 2010

1. STATUS AND NATURE OF BUSINESS

JS Bank Limited (the bank), incorporated in Pakistan, is a scheduled bank, engaged in commercial banking and related services. The bank is listed on Karachi Stock Exchange in Pakistan. The bank is a subsidiary of Jahangir Siddiqui & Company Limited. The registered office of the bank is situated at Shaheen Commercial Complex, Dr. Ziauddin Ahmed Road, Karachi and it operates with 101 (December 31, 2009: 101) branches/ sub branches in Pakistan. The Pakistan Credit Agency (Private) Limited has assigned the long term credit rating of the Bank at A ("single A") and the short term rating at A1 ("A One").

As disclosed in the note 1.3 to the financial statements for the year ended December 31, 2009, the bank has been granted an exemption till June 30, 2010 to meet the minimum capital requirement by the State Bank of Pakistan, subject to certain conditions.

2. STATEMENT OF COMPLIANCE

These interim condensed financial statements for three months have been prepared in accordance with the approved accounting standards as applicable to banks in Pakistan and the requirements of the Companies Ordinance, 1984 and the Banking Companies Ordinance, 1962. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirement of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962 or directives issued by the Securities and Exchange Commission of Pakistan and the State Bank of Pakistan (SBP) differ with the requirement of these standards, the requirement of the Companies Ordinance, 1984, Banking Companies Ordinance, 1962, or the requirements of the said directives take precedence.

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

The disclosures made in these interim condensed financial statements have been limited based on the format prescribed by the SBP vide BSD Circular letter No. 2 dated May 12, 2004 and IAS 34, "Interim Financial Reporting". They do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the bank for the year ended December 31, 2009.

3. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these interim condensed financial statements are the same as those applied in the preparation of the annual financial statements of the bank for the year ended December 31, 2009.

JS Bank Limited

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